

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees November 28, 2018

Meeting#: 1150
Called to order: 10:13 a.m.
Place: Boardroom, 100 E. Erie St., Chicago, IL
Presiding: Robert T. Regan, Vice-President

	<u>Present</u>
Trustees:	
John P. Dalton, President	
Robert T. Regan, Vice-President	X
Hon. Mariyana T. Spyropoulos, Secretary	X
Hon. Barbara J. McGowan	X
Joseph F. Kennedy	X
Stephen J. Carmody	X
Kathleen T. Meany	X
Staff present:	
Susan Boutin, Executive Director	
Mary Wilson, Operations Manager	
Brian Gillespie, Financial Analyst	
Ksenija Hrvojevic, Benefits Manager	
Also present:	
Mr. Kweku Obed, Marquette Associates	
Mr. Alberto Ribero, Marquette Associates	
Members of the public	

Regular Business:

Public Comments

Mr. Regan solicited public comments; Ms. Stephanie Angliss with the Garofalo Law Group addressed the Board representing the estate of deceased retiree Michael O'Brien. Commissioner Spyropoulos instructed Ms. Angliss to provide Ms. Boutin with updates on the criminal investigation, and Mr. Regan instructed Ms. Angliss to put her request in writing, addressed to Ms. Boutin. Commissioner McGowan requested that Ms. Boutin keep the Board apprised of this issue.

Approval of Minutes

A motion was made by Ms. Meany, seconded by Mr. Kennedy, to approve the minutes of the Regular Board Meeting held on October 24, 2018. The motion was unanimously approved by roll call vote.

Regular Business, continued:

Consent Agenda

Expenses

Administrative expenses to be paid in December 2018 in the amount of \$899,362.81 were presented for approval.

A motion was made by Ms. Meany, seconded by Mr. Kennedy to approve the Administrative Expenses. The motion was unanimously approved by roll call vote.

Employee Annuitants

The applications for nine new employee annuitants with a total monthly annuity benefit of \$43,088.76 were presented with the recommendation that they be approved and granted as follows:

Byrnes, Marc R.	Laboratory Technician	11/01/2018	18.42	0.00
Cannici, Joseph	Former Assistant Director of Information	11/01/2018	28.00	3.00
Connelly, Thomas R.	Buyer	10/01/2018	14.00	1.50
Dangles, Chris	Senior Environmental Specialist	11/01/2018	46.10	0.00
Glymph-Martin, Auralene	Senior Environmental Microbiologist	11/01/2018	11.88	0.00
Gordon, Gary	Compliance Officer	11/01/2018	10.00	0.00
Hunt, George E.	Structural Ironworker	11/01/2018	29.56	0.00
Prignano, Joseph N.	Operating Engineer II	11/01/2018	29.70	0.00
Tomasek, Frederick C.	Former Laboratory Technician II	06/01/2018	10.72	16.19

A motion was made by Mr. Carmody, seconded by Commissioner Spyropoulos to approve the Employee Annuitant applications. The motion was unanimously approved by roll call vote.

Surviving Spouse & Child Annuitants

The application for two new surviving spouse annuities with a total monthly annuity benefit of \$11,920.57 was presented with the recommendation that they be approved and granted as follows:

<u>Name</u>	<u>Spouse (S)</u> <u>Child (C)</u>	<u>Deceased</u> <u>Retiree/EE</u>	<u>Annuity</u> <u>Begins</u>
Barbre-Johnson, Wanda S	S	Johnson, Charles K.	11/01/2018
Zambrzycki, Barbara E.	S	Zambrzycki, Andrew	11/01/2018

A motion was made by Mr. Carmody, seconded by Mr. Kennedy to approve the Employee Annuitant applications. The motion was unanimously approved by roll call vote.

Regular Business, continued:

Consent Agenda continued:

Refunds and Final Payments

The applications for nine refunds and final payments in the amount of \$147,779.62 were presented with the recommendation that they be approved and granted as follows:

<u>Employee/Annuitant Name</u>	<u>Date</u>	<u>Remarks</u>
Amelio, Kenneth S.	10/19/2018	Resignation
Byrnes, Marc R.	10/12/2018	No Spouse Refund
Cannon, Sharon Y.	08/31/2017	Resignation
Dangles, Chris E.	10/31/2018	Excess Optional
Divizio, Joseph B.	09/18/2018	Resignation
Hernandez, Sandra	10/26/2018	Resignation
Hunt, George E.	10/26/2018	No Spouse Refund
Prignano, Joseph N.	10/31/2018	Excess Optional
Tomasek, Frederick C.	05/31/2018	No Spouse Refund

A motion was made by Mr. Kennedy, seconded by Ms. Meany to approve the Refund applications. The motion was unanimously approved by roll call vote.

Duty Disability

The twenty applications for Duty Disability benefits were presented with the recommendation that they be approved and granted.

A motion was made by Ms. Meany, seconded by Mr. Kennedy to approve the Duty Disability applications. The motion was unanimously approved by roll call vote.

Ordinary Disability

The ten applications for Ordinary Disability benefits were presented with the recommendation that they be approved and granted.

A motion was made by Mr. Carmody, seconded by Mr. Kennedy to approve the Ordinary Disability applications. The motion was unanimously approved by roll call vote.

Administrative:

Cash Allocation for January 1, 2019 Annuitant Payroll

Ms. Boutin made the recommendation to defer this motion until the December 19, 2018 Board meeting due to market volatility.

Cash Transfers

Ms. Boutin reported on the actual vs. planned transfers as follows:

<i>November 2018 (In Millions)</i>	<i>Approved</i>	<i>Transferred</i>	<i>Difference</i>
SSGA Bd Market Index	\$3.0	\$3.8	(\$0.8)
SSGA S&P 500	6.1	5.7	0.4
Decatur LCG	3.5	2.8	0.7
Total	\$12.6	\$12.3	\$0.3

Administrative, continued:

Oath of Office – Robert T. Regan

Ms. Boutin reported that Robert T. Regan will sign the Fund's Oath of Office as Trustee for his four-year term beginning December 1, 2018 through November 30, 2022. His Oath of Office, also signed by the Trustees, will be provided to the Clerk of the District.

Office Services Assistant Job Posting

Ms. Boutin reported that on October 22, 2018, Sandra Hernandez, the Fund's Office Services Assistant submitted a letter of resignation. Her last date of employment was October 26, 2018. Ms. Boutin requested approval to post the Office Services Assistant position. We are recommending that the job posting position be posted on our website, sent to all District employees and sent to the Illinois Dept of Employment Security.

Mr. Kennedy made the motion to approve the job posting for the RF Office Services Assistant. Mr. Carmody seconded the motion, which was approved unanimously by roll call vote.

Ordinary Disability Account Receivable

Ms. Wilson reviewed an atypical case in which Ordinary Disability was overpaid to a District employee during periods in 2015, 2017 and 2018 when the employee was on OD. The amount of the overpayment is \$4,299.11 minus \$306.89 which was collected or a total of \$3,992.22. This error was in calculating the OD daily rate which should have been limited to the the Tier II salary cap. Trustees discussed the employee's situation of great hardship (serious illness, unpaid LOA) and made the decision to not charge interest due to staff error in the calculation. A recommendation was made to require that the employee sign a promissory note agreement allowing for the repayment to be made upon return to work without interest. Ms. Wilson stated that risk of loss to the Fund in the case of an employee is minimal since the accounts receivable could be collected from any refund or benefit paid to the employee.

Mr. Kennedy made the motion to not assess interest on the account receivable, and to require the employee to sign a promissory note allowing the employee to begin repayment six months after return to work, and allowing 12 months to repay the balance of \$3,992.22. Mr. Carmody seconded the motion, which was approved unanimously by roll call vote.

Tentative 2019 Meeting Schedule

Ms. Boutin distributed the meeting schedule for 2019 for Trustee review. She requested feedback by December 14th, so the schedule can be approved and distributed at the December 19th Board meeting.

Tentative 2019 Budget

Ms. Boutin distributed the tentative 2019 RF Budget for Trustee review before adoption at the December Meeting and requested feedback by December 14th.

IT Study Session Date

Ms. Boutin reviewed topics for the planned IT Study Session, and was directed to decide the date through email with the Trustees; the date chosen will be before the next Board Meeting on December 19th.

Investments

Reports by Staff

Minority Broker/Dealer Commissions for YTD through 3rd Quarter ending September 30, 2018

Mr. Gillespie presented the Q3 2018 Commissions Summary report which showed that overall our managers are exceeding the Fund's minority brokerage goals; the exception is Standish in fixed income, who reports that at 10/31/18 they were above 20%, and are on track to exceed the goal by year-end as well. Goals are 30%, 10% and 20%-of-par, respectively for equities, international equities, and fixed income. Report is on file.

Securities Lending Report

Mr. Gillespie presented the Q3 2018 Securities Lending Report which showed income from the SSgA lending program in the Aggregate Bond Fund was just over \$12,000. Income from the BNYM securities lending program was \$52,967. Report is on file.

Reports by Managers

Bank of New York Mellon – Ms. Diana Bellini, relationship executive, presented a business overview for 2018, updates on BNYM's asset servicing business, account specific information including the Fund's securities lending program. Ms. Bellini reported assets of the Fund as of October 31, 2018 were \$1.3 billion. She also presented the report of purchases and sales of securities in October. Reports are on file

Other Investment Related Issues

Reports by Consultant

October 2018 Market Environment & Performance Report

Mr. Obed reviewed the recent market environment and performance. He responded to an inquiry by Mr. Regan about the trade war and Trump's plan to impose more tariffs, stating that due to interconnectedness, there can be no foregone conclusions as to who will win and who will lose.

DWS Core Open-End Real Estate Allocation Funding

Ms. Boutin reported that DWS has informed us that the expected capital call amount for 4th Quarter for our Fund will be \$8.75M which will be due on January 2, 2019 and made the recommendation to transfer the required funds from the SSgA Aggregate Bond Market Index.

Mr. Kennedy made the motion to approve the expected capital call of \$8.75M and to transfer the funds from the SSgA Aggregate Bond Market Index to fund the DWS Core Open-End portfolio on January 2, 2019. Ms. Meany seconded the motion which was approved unanimously by roll call vote.

(Whereupon a short break was taken.)

(Exit Commissioner Spyropoulos at 11:37 p.m)

Legal and Legislative

Executive Session for Potential Litigation in accordance with 5 ILCS 120/2(c)(11) and for Personnel Matters – In accordance with 5 ILCS 120/2(c)(1)

Ms. Meany made the motion to go into Executive Session to discuss personnel matters. Mr. Kennedy seconded the motion which was unanimously approved by roll call vote.

(The Regular Session was recessed at 11:37 a.m. The Executive Session was recessed and the Regular Session was reconvened at 12:38 p.m.)

(Note: Commissioner McGowan exited at 11:57 p.m during the Executive Session)

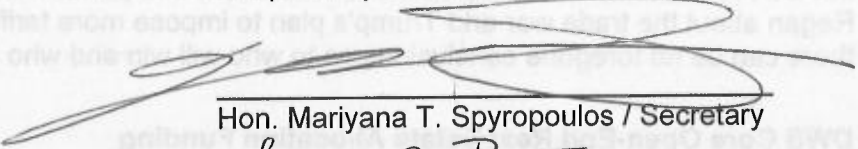
Mr. Kennedy made a recommendation to defer approval of the Employee Handbook since there were only four Trustees present.

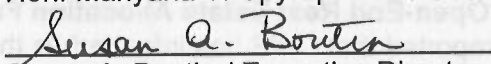
Mr. Kennedy made the motion to authorize the Executive Director and the President of the Board of Trustees to support a lawsuit recommended by a securities monitoring firm under the Private Securities Litigation Reform Act subject to final negotiations and due diligence. Mr. Carmody seconded the motion which was approved by roll call vote.

Adjournment

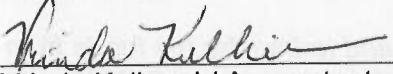
Mr. Carmody motioned to adjourn, seconded by Mr. Kennedy was approved by roll call vote, whereupon the meeting was adjourned by Mr. Regan at 12:41 p.m.

Respectfully submitted,


Hon. Mariyana T. Spyropoulos / Secretary


Susan A. Boutin / Executive Director

Prepared by:


Vrinda Kulkarni / Accountant