

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees January 23, 2019

Meeting#: 1152
Called to order: 10:05 a.m.
Place: Boardroom, 100 E. Erie St., Chicago, IL
Presiding: John P. Dalton, President

		<u>Present</u>
Trustees:	John P. Dalton, President	X
	Robert T. Regan, Vice-President	X
	Hon. Mariyana T. Spyropoulos, Secretary	X
	Hon. Barbara J. McGowan	
	Joseph F. Kennedy	X
	Stephen J. Carmody	X
	Kathleen T. Meany	

Staff present: Susan Boutin, Executive Director
Mary Wilson, Operations Manager
Brian Gillespie, Financial Analyst
Ksenija Hrvojevic, Benefits Manager

Also present: MWRD Commissioner Kimberly Du Buclet
Ms. Nichole Roman-Bhatty, Marquette Associates
Mr. Alberto Rivera, Marquette Associates
Members of the public

Regular Business:

Public Comments

Mr. Dalton solicited public comments; none responded.

Approval of Minutes

A motion was made by Ms. Spyropoulos, seconded by Mr. Carmody, to approve the minutes of the Regular Board Meeting held on December 19, 2018. The motion was unanimously approved by roll call vote.

Consent Agenda

Expenses

Administrative expenses to be paid in February 2019 in the amount of \$99,718.37 were presented for approval.

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

Regular Business, continued:
Consent Agenda, continued

Employee Annuitants

The applications for five new employee annuitants with a total monthly annuity benefit of \$31,665.86 were presented with the recommendation that they be approved and granted as follows:

<u>Employee Name</u>	<u>Position</u>	<u>Annuity Begins</u>	<u># Years @ MWRD</u>	<u># Years Reciprocal</u>
Cavin, Bernice D.	Environmental Specialist	01/01/2019	33.00	0.00
Coolidge, Donna A.	Assistant Director of M&R	01/01/2019	35.00	0.00
Kratzmeyer, Mary K.	Administrative Clerk	03/01/2018	14.80	1.50
Okal, John H.	IT Support Analyst I	11/01/2018	14.00	10.50
Williams, Larry	Computer Systems Administrator	12/01/2018	21.03	9.00

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

Surviving Spouse & Child Annuitants

The application for one new surviving spouse annuity with a monthly annuity benefit of \$5,543.26 was presented with the recommendation that it be approved and granted as follows:

<u>Name</u>	<u>Spouse (S) Child (C)</u>	<u>Deceased Retiree/EE</u>	<u>Annuity Begins</u>
Niedoborski, Elizabeth J.	S	Niedoborski, Robert J.	1/1/2019

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

Refunds and Final Payments

The applications for eight refunds and final payments in the amount of \$123,745.45 were presented with the recommendation that they be approved and granted as follows:

<u>Employee/Annuitant Name</u>	<u>Date</u>	<u>Remarks</u>
Black, Jeremy L.	12/03/2018	Refund of Contributions
Cavin, Bernice D.	12/31/2018	Excess Optional
Coolidge, Donna A.	12/31/2018	Excess Optional
Coyle, Jenna M.	10/14/2016	Refund of Contributions
Okal, John H.	10/31/2018	No Spouse Refund
Taylor, Gillespie J.	12/03/2018	Refund of Contributions
Walsh, David J.	12/03/2018	Refund of Contributions
Williams, Larry	11/30/2018	No Spouse Refund

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

Duty Disability

The fourteen applications for Duty 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 Duty Disability applications. The motion was unanimously approved by roll call vote.

Regular Business, continued:

Consent Agenda, continued

Ordinary Disability

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

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

Administrative:

Cash Allocation for February 2019 Payrolls

Ms. Boutin made the recommendation for the February 1st transfers required to fund the annuity, staff and disability payrolls to be paid in February 2019.

Mr. Kennedy made the motion to transfer a maximum \$7.8 million from the following portfolios: \$2.6 million from Wasatch Small Cap Value, \$2.6 million from Mellon Investments Corporation Global Fixed Income portfolio, \$1.5 million from the DFA Emerging Markets Core portfolio, and the remaining balance of approximately \$1.1 million from the LSV Large Cap Value portfolio to supplement funds available to cover the Feb 2019 payroll and expenses estimated to be \$14.0 million. Mr. Carmody seconded the motion which was unanimously approved by roll call vote.

Cash Allocation – March 2019 Payrolls

Ms. Boutin made the recommendation for the March 1st transfers required to fund the annuity, staff and disability payrolls to be paid in March 2019.

Mr. Kennedy made the motion to transfer a maximum \$13.5 million from the SSgA Bond Market Index to supplement funds available to cover the Mar 2019 payroll and expenses estimated to be \$15.1 million. Mr. Carmody seconded the motion which was unanimously approved by roll call vote.

Cash Transfers

<i>January 1, 2019 Transfers (In Millions)</i>	<i>Approved 12/19/18</i>	<i>Transferred</i>	<i>Difference</i>
SSgA Bond Mkt Index	\$8.0	\$8.0	\$0.0
Neuberger Berman	3.3	3.7	(0.4)
Mellon Investment Corp	.7	0.0	0.7
Total	\$12.0	\$11.7	\$0.3

Administrative, continued:

Human Resources Services – HRBoost

Mr. Dalton stated that over the last few months Trustees have been considering potentially outsourcing some human resource functions currently handled in-house (e.g. ADA and FMLA). At the Trustees request, Ms. Susan Waldman of HR Boost gave a presentation on how HRBoost, a full HR outsource organization, provides support to small and medium size business with a highly experienced staff since 2010. The services could be provided on an a la carte basis, a project basis, or a full shared service. She described a typical FMLA project and how FMLA eligibility is determined. Ms. Waldman also described another level of service called the small business bundle. Discussion followed.

Novitas Consulting Group Update

Ms. Boutin stated that at the December Board meeting, the Trustees approved the Novitas 2019 proposal which estimated 80 hours of work monthly at a rate of \$175 per hour or a total not to exceed \$168,000. At that time she informed the Board that Novitas had entered into subcontractor agreements with Bradley Consulting Group and Chicago Software Solutions in December. The Fund's current (2013) agreement with Novitas states that Novitas cannot utilize subcontractors for our work without written approval of the Fund.

Fund attorney Joseph Burns was to review the agreements with the hope that the Board would be able to give their approval during the month of January, however the review of the agreements has been delayed. Ms. Boutin reported that Jim Chang of Novitas informed her that the delay will not impact his current work on the Tier 2 FAS, the database documentation and cleanup, and the vendor and payroll transition to Great Plaines. Ms. Boutin expects to be able to request Trustee approval of the subcontractor agreements at the February Board meeting.

Trustee Education Certification for 2018

Ms. Boutin stated that in accordance with PA 96-0006, all Board members of a retirement system must attend ethics training of at least 8 hours per year. Each board shall annually certify its members' compliance and submit an annual certification to the Division of Insurance of the Department of Financial and Professional Regulation. Ms. Boutin requested that each trustee sign a certification form which states that he/she has attended at least 8 hours of training in 2018. This form will be sent to the Department of Financial and Professional Regulation.

Trustee Training and Education

Ms. Boutin presented the upcoming opportunities for education and training. She stated that it is still early and there will likely be others announced later in the year.

- **Institutional Investors Forum - Redefining Fixed Income** on May 14th & 15th at the Four Seasons Hotel. Cost yet to be confirmed. *(Last year the cost was \$125).*
- **6th Annual Midwest Institutional Investor Forum** – June 4, 2019 at the Chicago Board of Options Exchange 400 S. LaSalle St. the cost to attend is \$95
- **P&I Conference** – ESG Investing – May 14, 2019 at the Standard Club, 320 S. Plymouth. 7:30 am to 1:30 pm. Sept 24th – Emerging Markets and November 12th Multi-Asset Investing. No fee to Attend.

Legal and Legislative

Reminder: PA 97-0651 Requirement to Report Fraud

Ms. Boutin made the annual reminder that Trustees and staff are required to report any fraud of which they become aware to either the Board or to the State's Attorney.

Investments

Reports by Staff

Custodian Report

Mr. Gillespie presented the BNYM Custodial Report which showed assets as of December 31st of \$1.26B. He also presented the report of purchases and sales of securities in December. Reports are on file.

Reports by Managers

Mr. Dalton reminded the Trustees that the presentation by Ariel Investments was rescheduled to the next Board meeting in February.

Other Investment Related Issues

Reports by Consultant

December 2018 Market Environment & Performance Report

Ms. Roman-Bhatty of Marquette Associates reviewed the recent market environment, performance, and the overall uncertainty in the macro environment that has resulted in recent market volatility. Some discussion followed to address inquiries by Trustees.

New Broker/Dealer – American Veterans Group

Ms. Boutin reported that American Veterans Group PBC, a disabled veteran-owned brokerage firm located in Melville, NY submitted a request to be added to the Fund's list of approved Minority-Owned Broker/Dealers. The firm provided with a completed Request for Information of the firm's credentials, which included the firm's financial status and the disabled veteran certification for the State of New York. Ms. Boutin recommended the addition of the firm to the Fund's list of MWDVOB Broker/Dealers.

Ms. Boutin and Mr. Kennedy described the history of the current process of adding to the approved MWDVOB brokers list in response to an inquiry by Commissioner Du Buclet.

Mr. Carmody made the motion to add American Veterans Group PBC, a service-disabled veteran-owned brokerage firm, to the Fund's list of MWDVOB Broker/Dealers. Mr. Regan seconded the motion which was unanimously approved by roll call vote.

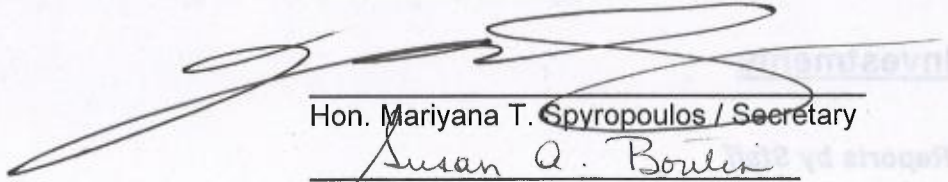
Reminder

IT Study Session will follow the Board Meeting at approximately 11:30. *(Presentations from four IT RFP Consultants will be heard; Linea Solutions, LRWL, Provaliant and Agile Progress.)*

Adjournment

Mr. Kennedy motioned to adjourn, seconded by Mr. Carmody; motion was approved by roll call vote, whereupon the meeting was adjourned by Mr. Dalton at 11:25 a.m.

Respectfully submitted,



Hon. Mariyana T. Spyropoulos / Secretary

Susan A. Boutin
Susan A. Boutin / Executive Director

Prepared by:


Vrinda Kulkarni / Accountant