Regular Business

Public Comments
Mr. Dalton solicited public comments; none responded.

Approval of Minutes
A motion was made by Commissioner Spyropoulos, seconded by Mr. Kennedy, to approve the minutes of the Regular Board Meeting held on March 27, 2019. The motion was unanimously approved by roll call vote.

Consent Agenda
Expenses
Administrative expenses to be paid in April 2019 in the amount of $66,000.34 were presented for approval.

A motion was made by Mr. Kennedy, seconded by Ms. Meany to approve the Administrative Expenses. The motion was unanimously approved by roll call vote.
Regular Business, continued:  
Consent Agenda, continued

Employee Annuitants
The application for one new employee annuitant with a total monthly annuity benefit of $1,142.82 was presented with the recommendation that it be approved and granted as follows:

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Position</th>
<th>Annuity Begins</th>
<th># Years</th>
<th>Reciprocal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Villegas, Abraham</td>
<td>Former Safely Specialist</td>
<td>10/01/2018</td>
<td>19.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

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

Surviving Spouse Annuitants
The applications for three new surviving spouse annuitants with a total monthly annuity benefit of $17,223.87 were presented with the recommendation that they be approved and granted as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Spouse (S)</th>
<th>Child (C)</th>
<th>Deceased Retiree/EE</th>
<th>Annuity Begins</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eaton, Jennifer J.</td>
<td>S</td>
<td></td>
<td>Eaton, Michael L.</td>
<td>04/01/19</td>
</tr>
<tr>
<td>Gallagher, Eileen M.</td>
<td>S</td>
<td></td>
<td>Gallagher, Michael J.</td>
<td>04/01/19</td>
</tr>
<tr>
<td>Wright, Darnell C.</td>
<td>S</td>
<td></td>
<td>Shields-Wright, Helen</td>
<td>04/01/19</td>
</tr>
</tbody>
</table>

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

Refunds and Final Payments
None.

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

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

Cash Allocation
Ms. Boutin reported that due to tax levy receipts, no additional funds are needed for the June 2019 payroll and expenses estimated to be $15.6 million.

2018 Financial Report
Mr. Paul M. Doetsch, Audit Partner of Legacy Professionals LLP, presented and reviewed the 2018 Financial Statement Report. The report was finalized on April 22nd; Legacy gave an unqualified opinion (the highest opinion) on the Fund’s financial statements. The presentation included a review of the comparative summary (current year to prior year), and the Audit Committee Letter, that were provided to the Trustees.

Mr. Doetsch responded to Mr. Dalton’s inquiry about what type of investment would be classified as a “Level 3” investment in the Fair Value Hierarchy note; the Fund currently has none in that category.

Mr. Doetsch thanked the Trustees for the opportunity to serve the Fund over the last 10 audit seasons, highlighted the pension fund expertise at Legacy, and asked them to consider “auditor rotation” in the future.

2018 Actuarial Report
Mr. Jason Franken of Foster & Foster Consulting Actuaries presented and reviewed the 2018 Actuarial Valuation Report. He reviewed the changes in the Actuarial Liability and the Actuarial Value of Assets; the decrease in assets due to negative investment returns in 2018 resulted in a decrease in the funded ratio from 58.3% in 2017 to 56.5% in 2018.

In response to an inquiry by Mr. Dalton, Mr. Franken agreed to provide updated trend information on the active membership Tier 1/Tier 2 split, when he next does projections.

Mr. Franken thanked Ms. Boutin for all her efforts in making the valuations go smoothly and wished her the best in her retirement.

Actuarial Projections Based on 12/31/2018 Valuation
Mr. Kennedy made the motion to defer the discussion on projections and approval of the 2018 Actuarial Valuation as presented by Foster & Foster, until May 2019 meeting. Commissioner Spyropoulos seconded the motion which was unanimously approved by roll call vote.

Report of Retirement Processing
Ms. Hrvojevic reported on the recent and historical retirement processing as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Retirements</th>
<th>Non-Reciprocal Retirements</th>
<th>Reciprocal Retirements</th>
<th># Estimates Provided to Active Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>107</td>
<td>91</td>
<td>16</td>
<td>887</td>
</tr>
<tr>
<td>2016</td>
<td>90</td>
<td>79</td>
<td>11</td>
<td>889</td>
</tr>
<tr>
<td>2017</td>
<td>97</td>
<td>78</td>
<td>19</td>
<td>692</td>
</tr>
<tr>
<td>2018</td>
<td>96</td>
<td>77</td>
<td>19</td>
<td>841</td>
</tr>
<tr>
<td>2019</td>
<td>42</td>
<td>34</td>
<td>8</td>
<td>392</td>
</tr>
</tbody>
</table>

Ms. Hrvojevic commented that the process to prepare employees for retirement includes on-site counseling at the plants which are very well attended. This spring there were 5 on-site counseling events at the various plants; employees were given a fifteen minute appointment which included a discussion of the estimate, insurance and the retirement process. This time last year we had a total of 54 retirements and 486 estimate requests.
Administrative, continued:

Trustee Training and Education
Last month, the Trustees discussed the following opportunities for education and training but deferred approval of the training and costs. Ms. Boutin reviewed the training opportunities again as follows:

- **Institutional Investors Forum - Redefining Fixed Income** on May 14th & 15th at the Four Seasons Hotel. The cost is $125. (Carmody, Spyropoulos paid) Motion for Du Buclet $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. (Carmody, Spyropoulos paid) Motion for Du Buclet $95

- **P&E Conference - Options– ESG Investing** – May 14, 2019 at the Standard Club, 320 S. Plymouth. 7:30 am to 1:30 pm (Spyropoulos, Du Buclet & Gillespie). Sept 24th – Emerging Markets (Spyropoulos & Regan) and Multi-Asset Investing on November 12th (Spyropoulos & Regan). (Spyropoulos, Carmody, Regan & Gillespie) No fee to attend.

- **DWS 2019 Americas Real Assets Conference** – May 7th and 8th at the Loews Hotel, 455 N Park Dr., Chicago, IL. The commissioner can attend the 7th or 8th or both days. Cost is based on what meals you select. Dinner is $165, breakfast is $45, lunch is $65. (Spyropoulos $65, Du Buclet $65, Carmody $65 & Gillespie $45). Total $240

  Motion required to approve the training at a maximum cost not to exceed $460.

Commissioner Spyropoulos made the motion to approve the following training activities: Commissioner Du Buclet attending the Institutional Investors Forum at a cost of $125.00 and the Midwest Institutional Investor Forum at a cost of $95.00. Commissioner Spyropoulos $65, Commissioner Du Buclet $65, Mr. Carmody $65, and Brian Gillespie $45 attending the DWS 2019 Americas Real Assets Conference. Total cost of the training is a maximum not to exceed $460.00. Mr. Kennedy seconded the motion which was unanimously approved by roll call vote.

New Training opportunity for staff:

- **Public Retirement Information Systems Management (PRISM) Association Conference** – May 12, 2019 to May 15, 2019 in Indianapolis. The purpose of the organization is to provide opportunities for IT management of public retirement funds to collaborate and share their experiences with new technologies affecting the retirement and IT industries. Cost of the Membership for 2019 would be $300. The cost of the conference is approximately $1,550. Recommendation to send Vitaliy to the conference; the RF follows the MWRD’s travel policy.

Mr. Kennedy made the motion to approve Vitaliy Bunimovich’s attendance at the PRISM conference on May 12th-15th at a cost of $300 for the PRISM membership plus $1,550 for travel, meals, lodging and conference attendance fee at a maximum cost not to exceed $1,850.00. Ms. Meany seconded the motion which was unanimously approved by roll call vote.

Legal and Legislative

Report on HB 2460 -Sustainable Investing Act
Ms. Boutin reported that since the discussion last month she has learned that this bill impacts both the District and Retirement Fund.

On March 29th the House adopted Amendment No. 1 which states that the investment policy shall include material, relevant and decision useful sustainability factors to be considered by the public agency. The District Treasurer, Mary Ann Boyle has stated they have been reviewing ESG factors and plans on implementing some of the factors that are measurable and reportable.
Legal and Legislative, continued

Report on HB 2460 -Sustainable Investing Act, cont.
On April 4th the House adopted Amendment No. 2 which provides that sustainability factors include among other factors, human capital factors etc. Treasury’s concern is that the factors in Amendment No 2 are difficult to measure. Brendan O’Connor informed Mary Ann Boyle that at the current time no one really knows what this bill does and how it will be enforced. The bill requires every pension fund to adopt an investment policy and file it with the Dept of Insurance within 30 days after its adoption.
Commissioner Du Buclet inquired about the RF’s position on this issue. Ms. Boyle commented on the District’s position. Mr. Dalton asked Mr. Obed to comment as well. Discussion followed.

Investments

Reports by Staff
Investment Reports - Fund Investment Comments
Mr. Gillespie presented a performance and organizational update on the managers scheduled to make a presentation today – Wasatch Advisors and Mesirow Financial Equity Management. Reports are on file.

Custodian Report
Mr. Gillespie presented the BNYM Custodial Report which showed assets as of March 31st of $1.33B. He also presented the report on purchases and sales of securities in March 2019. Reports are on file.

Reports by Managers
Wasatch Advisors - Mr. Chuck Stolfa, Relationship Manager and Mr. Jim Larkins, Portfolio Manager presented an organizational update and reported in detail on the recent performance of Wasatch’s small cap value portfolio.

Mr. Larkins commented on what’s still sustaining the growth (vs. value) run, in response to a request by Mr. Obed.

Mesirow Financial Equity Management – Mr. Leo Harmon and Mr. Eric Welt presented an organizational update and reported on the recent performance of Mesirow’s small cap value equity portfolio. Mr. Harmon congratulated Ms. Boutin on her impending retirement. He responded to Mr. Obed’s request to comment on his concerns about the market highs that have been hit recently.
Other Investment Related Issues

Reports by Consultant

Marquette Market Environment and Performance Report for 1st Quarter ending March 31, 2019

Mr. Obed of Marquette Associates reviewed the recent market environment including CPI of 1.5% for the rolling 12-month period, indicating a strong economy, and expectations for rising global fixed income interest rates.

He responded to Commissioner Du Buclet’s request to comment on how the Fund’s managers implement ESG initiatives. He clarified that managers create their own policy; however at the time they sign the Investment Management Agreement (IMA) with the Fund, they attest they will comply with current legislation as detailed in the IMA.

In light of the expectations for the market environment, particularly the expected rise in global fixed income rates, Mr. Obed reviewed the first quarter performance of the Fund’s portfolio and presented Marquette’s recommendations for asset allocation changes.

Global Fixed Income & Core Plus Fixed Income Recommendation

Mr. Obed presented a memorandum from Marquette to the Trustees containing the firm’s recommendations for asset allocation changes. Lengthy discussion followed. Mr. Obed stated that he will work with Brian and to see if a transition manager could add value to the impending transitions.

Mr. Kennedy made the motion to terminate the Fund’s global fixed income mandate with Mellon Investments Corporation for asset allocation purposes. Mr. Regan seconded the motion which was unanimously approved by roll call vote.

Commissioner Spyropoulos made the motion to issue a RFP for a diverse (MWDBE) core plus fixed income manager with an allocation of approximately $68 million, or 5% of total assets, to be funded by assets from Mellon Investments Corporation’s termination. Mr. Kennedy seconded the motion which was unanimously approved by roll call vote.

Mr. Regan made the motion to transfer approximately $91.5 million from Mellon Investments Corporation to the SSgA Aggregate Bond Index portfolio until the completion of the diverse core plus fixed income manager search. Commissioner Du Buclet seconded the motion which was unanimously approved by roll call vote.

Commissioner Du Buclet made the motion to increase the total real estate allocation by approximately $60 million, or 4.5% of total assets, to an approved allocation of 10% of total Fund assets. The $60 million is to be split equally between existing managers UBS Trumbull Property Fund and the DWS RREEF America REIT II Fund to be funded with proceeds from SSgA Aggregate Bond Index and from asset class overweights in the portfolio. Mr. Regan seconded the motion which was unanimously approved by roll call vote.

Mr. Obed stated his appreciation for the good working relationship established by Ms. Boutin, and wished her the best in retirement.
Other Comments

Mr. Dalton thanked Ms. Boutin for her 20+ years of service to the members of the Fund, and for the last (13) years serving the Board as Executive Director. On behalf of the Trustees, he congratulated her on moving into the next phase of her life, and wished her a long and prosperous retirement with more time to spend with her husband, children and grandchildren.

Ms. Boutin stated her pleasure in serving the Board and the membership, and thanked the staff and the various consultants from whom she received support throughout the years. She acknowledged it was an honor and a tremendous responsibility to oversee the retirement assets for so many people, and was pleased to have maintained a high performing investment portfolio with the help of Marquette, which resulted in a improved funded ratio and no benefit reductions for members.

Adjournment

Mr. Dalton made a motioned to adjourn, seconded by Ms. Meany; whereupon the meeting was adjourned by Mr. Dalton at 12:31 p.m.

Respectfully submitted,

[Signature]
Hon/ Mariyana T. Spyropoulos / Secretary

[Signature]
Joseph F. Kennedy / Acting Director

Prepared by:

[Signature]
Vrinda Kulkarni / Accountant