

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees June 19, 2019

Meeting#: 1157

Called to order: 10:07 a.m.

Place: 5th Floor Engineering Conference Room, 111 E. Erie St., Chicago, IL

Presiding: John P. Dalton

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

Staff present: James Mohler, Executive Director
Mary Murphy, Operations Manager
Brian Gillespie, Financial Analyst
Ksenija Hrvojevic, Benefits Manager

Also present: Mr. Kweku Obed, Marquette Associates
Mr. Alberto Rivera, Marquette Associates
Ms. Mary Ann Boyle, MWRD Treasurer
Members of the public

Regular Business

Public Comments

Mr. Dalton solicited public comments; none responded.

Approval of Minutes

A motion was made by Mr. Kennedy, seconded by Ms. Meany, to approve the minutes of the Regular Board Meeting held on May 29, 2019. The motion was unanimously approved by roll call vote; Ayes 6, Nay 0.

A motion was made by Mr. Carmody, seconded by Ms. Meany, to approve the minutes of the Special Board Meetings held on April 23 and April 24, 2019. The motion was unanimously approved by roll call vote; Ayes 6, Nay 0.

Regular Business, continued:

Cash Allocation

Mr. Mohler reported the staff and consultant recommendation for investment withdrawals to fund the annuity, staff, and disability payrolls to be paid in August 2019.

Mr. Kennedy made the motion to transfer a maximum of \$13.3M from the following portfolios: approximately \$6.6M from the Decatur LCG portfolio, \$2.5M from the SSgA S&P 500 Index, \$2.2M from Wasatch SCV portfolio, \$1.3M from the O'Shaughnessy LCV portfolio, and the balance of \$700,000 from the Ariel MCV portfolio to supplement funds available to cover the August 2019 payroll and expenses estimated to be \$14.6 million. Motion was seconded by Mr. Carmody and unanimously approved by roll call vote; Ayes 6, Nay 0.

Consent Agenda

Expenses

Administrative expenses to be paid in July 2019, ten invoices in the amount of \$36,678.43, were presented for approval.

A motion was made by Mr. Kennedy, seconded by Commissioner Spyropoulos, to approve the Administrative Expenses. The motion was unanimously approved by call vote; Ayes 6, Nay 0.

Employee Annuitants

The applications for thirteen new employee annuitants with a total monthly annuity benefit of \$85,600.59 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>
Corradino, Dean M.	Assistant Master Mechanic	05/01/19	27.00	6.00
Foy, Cassandra	Computer Systems Administrator	06/01/19	32.15	0.00
Gonzalez Jr., Gilbert J.	Laborer Foreman	06/01/19	29.00	0.00
Joseph, Mathew	Assistant Director of M & R	06/01/19	29.00	0.00
McCune, Michael W.	Senior Environmental Specialist	06/01/19	29.00	0.00
Mendez, Ruben R.	Machinist Leadman	06/01/19	25.00	0.00
Mondlock, Roger E.	Applications Administrator	06/01/19	15.00	0.00
Navarrete, Jr., Edward R	Operating Engineer I	06/01/19	18.40	0.00
Neary, John E.	Pipefitter	05/01/19	23.00	1.00
Nix, Thomas B.	Treatment Plant Operator II	05/01/19	31.00	1.83
Sandrik, Patricia R.	Pollution Control Technician I	06/01/19	28.61	0.00
Tang, David	Associate Civil Engineer	06/01/19	26.96	0.00
Tiffin, Thomas J.	EI & TM	05/01/19	20.00	13.50

A motion was made by Mr. Carmody, seconded by Ms. Meany, to approve the Employee Annuitant applications. The motion was unanimously approved by call vote; Ayes 6, Nay 0.

Regular Business, continued:
Consent Agenda, continued

Surviving Spouse & Child Annuitants

The applications for one new surviving spouse annuity and one child annuity (full-time student) with a total monthly annuity benefit of \$6,963.75 were presented with the recommendation that they approved and granted as follows:

<u>Name</u>	<u>Annuity Type</u>	<u>Deceased Retiree/EE</u>	<u>Annuity Begins</u>
Campise, Romaine M.	Spouse	Campise, Frank P.	06/01/19
Taylor, Aaron X.	Child	Taylor, Aaron	05/01/19

A motion was made by Mr. Kennedy, seconded by Mr. Carmody, to approve the Surviving Spouse and Child Annuity applications. The motion was unanimously approved by call vote; Ayes 6, Nay 0.

Refunds and Final Payments

The applications for five refunds and final payments in the amount of \$127,815.85 were presented with the recommendation that they be approved and granted as follows:

<u>Employee/Annuitant Name</u>	<u>Date</u>	<u>Remarks</u>
Corradino, Dean M.	04/30/2019	Excess Optional
Kenny, Susan E.	02/20/2019	Refund of Contributions
McCune, Michael W.	05/31/2019	No Spouse Refund
Mendez, Ruben R.	05/31/2019	No Spouse Refund
Nix, Thomas B.	04/30/2019	Excess Optional

A motion was made by Mr. Kennedy, seconded by Ms. Meany to approve the Refund and Final Payment applications. The motion was unanimously approved by call vote; Ayes 6, Nay 0.

Duty Disability

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

A motion was made by Mr. Kennedy, seconded by Ms. Meany to approve the Duty Disability applications. The motion was unanimously approved by call vote; Ayes 6, Nay 0.

Ordinary Disability

The six 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 Commissioner Spyropoulos to approve the Ordinary Disability applications. The motion was unanimously approved by call vote; Ayes 6, Nay 0.

Administrative:

Executive Director Selection

Mr. Dalton reported that at the May 29, 2019 meeting, there was a motion to select Jim Mohler as the next Executive Director; he requested a motion to enter into the record the approved salary grade.

Mr. Kennedy made a motion to approve the salary grade of TAM 20, Step 6 for Jim Mohler, RF Executive Director, effective June 17, 2019. Commissioner Spyropoulos seconded the motion which was unanimously approved by roll call vote; Ayes 6, Nay 0.

Legal and Legislative

Tax Levy for 2020

Mr. Mohler reported the MWRD Retirement Fund tax levy for 2020 is in the amount of \$88,127,000. In accordance with the Funding Policy approved by the BOC in 2014, the levy is based on the multiple of 4.19 times employee contributions in 2018 of \$21,032,601. Employee contributions in 2018 were relatively close to the 2017 contributions with the difference resulting in an increase of \$808,000 in the 2020 levy. The total number of employees also remained relatively stable with only a decrease of 3 employees when comparing December 2018 population to December 2017 population. Tier 2 employees however increased 17% to a total of 510 employees. Mr. Mohler requested approval of the contribution request, as well as execution of the request by Fund President and Secretary.

Mr Kennedy made the motion to approve the 2020 requested employer contribution in the amount of \$88,127,000. Motion was seconded by Commissioner Spyropoulos and unanimously approved by roll call vote; Ayes 6, Nay 0.

Approve Submittal of Illinois Department of Insurance Report

Mr. Mohler reported that in accordance with the ILCS, Section 5/1A-109 which requires the Fund to submit an annual statement within 6 months of the close of the fiscal year, the Illinois Department of Insurance Report was completed on June 17, 2019. Motion required to approve the execution and signing of the 2018 Illinois Department of Insurance report by Mr. Dalton as President, Ms. Spyropoulos, as Secretary, and Ms. Boyle as Treasurer.

Mr. Carmody made the motion to approve the execution and filing of the Fund's 2018 Department of Insurance Report. Motion was seconded by Mr. Kennedy and unanimously approved by roll call vote; Ayes 6, Nay 0.

Authority for legal services provided by JBOH

Mr. Mohler reported the request from Fund's consulting attorneys, Jacobs, Burns, Orlove & Hernandez (JBOH), to increase the hourly rate from 260 to \$270 for the period of July 2019 through June 2020, in an amount not to exceed \$55,000 without prior Board approval. The hourly rates for paralegals and law clerks will remain at the current rates of \$90 per hour and \$60 per hour, respectively.

Commissioner Spyropoulos made the motion to approve the requested hourly rate increase from Fund counsel for the period July 2019 to June 2020 and to cap legal expense for the same period at \$55,000. Motion was seconded by Mr. Kennedy and unanimously approved by roll call vote; Ayes 6, Nay 0.

Legal and Legislative, continued

Legislation

SB1264 unclaimed property – passed both houses 5/31/2019

HB2460 sustainable investing – passed both houses 5/29/2019

SB 1582 Final Average Salary technical correction – passed both houses 5/23/2019, no action since then

Mr. Mohler reported on the status of three bills that passed both Houses of the legislature that will affect the Fund if they become law. Discussion ensued. Ms. Boyle stated she will recommend a study session with the BOC and intends to work together with the Retirement Board to consider common goals. Mr. Mohler stated that Marquette may hold an education session for the Trustees, following a Board meeting in the near future. Mr. Mohler also discussed three bills that did not pass the legislature that may be reintroduced in the legislature in upcoming sessions – Senate Bills 1671, 2060 and 1698. No action taken by the Board.

(Whereupon Commissioner Spyropoulos exited the meeting at 10:36 a.m.)

Investment Reports

Fund Investment Comments

Mr. Gillespie updated the Board on recent activities in the administration of the Fund's investment portfolio. He also presented a performance and organizational update on the managers scheduled to make a presentation today – Hexavest, Inc. and Dimensional Fund Advisors. No action taken by the Board.

Custodian Report

Mr. Gillespie presented the BNYM Custodial Report which showed assets as of May 31st of \$1.3B. He also presented the report on purchases and sales of securities in May 2019. Reports are on file. No action taken by the Board.

Reports by Investment Managers

Hexavest Inc. - International equities. Mr. James McInerney and Mr. Christian Crete presented to the Board the status of the account that they manage on behalf of the Fund. Discussion ensued. No action taken by the Board.

Dimensional Fund Advisors - Emerging markets equity. Mr. Jeff Antonacci and Ms. Karen Unland presented to the Board the status of the account that they manage on behalf of the Fund. Discussion ensued. No action taken by the Board.

Investment Consultant Report - Market Environment & Monthly Flash May 2019

Mr. Obed from Marquette Associates discussed the state of the markets thru May of this year. Discussion ensued with the Board. Mr. Obed reviewed the performance of the Fund's investment portfolio year-to-date and focused on a few specific managers. Discussion ensued with the Board. No action taken by the Board.

(Whereupon Commissioner DuBuclet exited the meeting at 12:01 p.m.)

Other Items

Executive Session - Semi-Annual Review of Executive Session Minutes In accordance with Open Meetings Act 5 ILCS 120/2.06

Mr. Kennedy made a motion to enter into Executive session to review executive session minutes currently kept closed and determine if any should be opened under the requirements of 5 ILCS 120/2.06(d). Motion was seconded by Mr. Carmody and unanimously approved by roll call vote; Ayes 4, Nay 0.

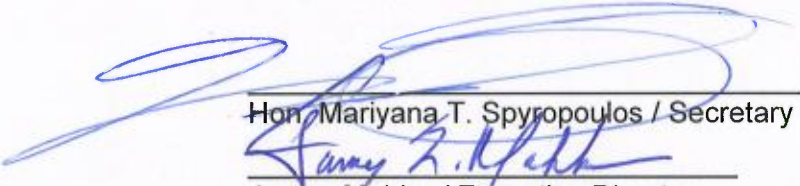
(Whereupon Mr. Dalton recessed the meeting at 12:09 p.m, and reconvened the meeting at 12:15 p.m.)

Mr. Carmody made a motion to defer the semi-annual review of executive session minutes to the next scheduled meeting of the Board. Motion was seconded by Ms. Meany and unanimously approved by roll call vote; Ayes 4, Nay 0.

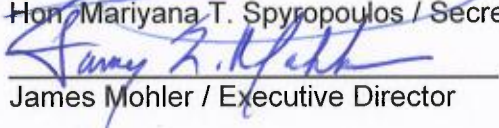
Adjournment

Mr. Kennedy made the motion to adjourn at 12:15 p.m. Motion was seconded by Mr. Carmody and unanimously approved by roll call vote; Ayes 4, Nay 0.

Respectfully submitted,



Hon. Mariyana T. Spyropoulos / Secretary



James Mohler / Executive Director

Prepared by:



Vrinda Kulkarni / Accountant