

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees August 28, 2019

Meeting#: 1159

Called to order: 10:03 a.m.

Place: 100 E. Erie St., MWRD Boardroom, Chicago, IL

Presiding: John P. Dalton

Trustees:	Present	Absent
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
Kathleen T. Meany	X	
(Vacancy)		

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, Fund Investment Consultant
Mr. Alberto Rivera, Marquette Associates, Fund Investment Consultant
Mr. Joseph Burns, Jacob Burns Orlove & Hernandez, Fund Counsel
Ms. Marisel Hernandez, Jacob Burns Orlove & Hernandez, Fund Counsel
Ms. Mary Ann Boyle, MWRD Treasurer

Members of the public

Regular Business

Roll call

President Dalton conducted a roll call.

Public Comments

President Dalton solicited public comments. Mr. Ronald Hince, retired member, addressed the Board.

Approval of Minutes

A motion was made by Trustee Carmody, seconded by Vice President Regan, to approve the minutes of the Regular Board Meeting held on July 24, 2019. The motion was unanimously approved by roll call vote; Ayes 4, Nay 0.

A roll call vote was taken by President Dalton to approve the minutes of the Special Board Meetings held on April 10th, April 23rd, April 24th May 1st and May 2nd, 2019. The minutes were unanimously approved by roll call vote; Ayes 4, Nay 0.

A motion was made by Trustee Carmody, seconded by Vice President Regan, to approve and to maintain as closed, the Executive Session minutes for December 19th, 2018, and March 7th, April 10th, June 19th and July 24th, 2019. The motion was unanimously approved by roll call vote; Ayes 4, Nay 0.

Approval of Agenda

A roll call vote was taken by President Dalton to approve the August meeting agenda; the motion was unanimously approved by roll call vote; Ayes 4, Nay 0.

Consent Agenda

Administrative expenses, new annuitant payments, refund payments, and payments for duty and ordinary disability were presented with the recommendation they be approved as follows.

Expenses, 27 items, \$645,766.10

Trustee Meany made a motion to approve Expenses with a total amount of \$645,766.10. Seconded by Trustee Carmody which was unanimously approved by roll call vote. Ayes 4, Nay 0.

Employee Annuitants, 6 items, \$51,654.65

<u>Name</u>	<u>Position</u>	<u>Annuity Begins</u>	<u>Employee Annuity</u>	<u># Years @ MWRD</u>	<u># Years Recip.</u>
Bichkoff, Rose	Laborer Foreman	08/01/19	\$5,842.47	29.35	0.00
Gottardo, Glenn O.	Managing Electrical Engineer	08/01/19	13,128.90	30.51	0.00
Kennedy, Joseph F.	Managing Civil Engineer	08/01/19	13,593.78	32.00	0.00
Larisey, Maureen P.	Senior Administrative Specialist	08/01/19	5,411.44	24.00	0.00
Ruhl, Daniel W.	Operating Engineer II	08/01/19	6,860.24	30.23	0.00
Walsh, Robert D.	Engineering Technician V	08/01/19	6,817.82	32.00	0.00

Trustee Carmody made a motion to approve Employee Annuitants with a total amount of \$51,654.65. Seconded by Trustee Meany which was unanimously approved by roll call vote. Ayes 4, Nay 0.

Consent Agenda, continued

Surviving Spouse Annuitants, 2 items, \$6,790.16

<u>Name</u>	<u>Deceased Retiree/EE</u>	<u>Annuity Begins</u>	<u>Annuity Type</u>				
DePass, Sherry Jo	DePass, Martin A.	08/01/19	Spouse				
Jones, Susie	Jones, Charles G.	09/01/19	Spouse				

Trustee Meany made a motion to approve Surviving Spouse Annuitants with a total amount of \$6,790.16. Seconded by Vice President Regan which was unanimously approved by roll call vote. Ayes 4, Nay 0.

Refunds, 5 items, \$107,119.08

Trustee Meany made a motion to approve Refunds with a total amount of \$107,119.08. Seconded by Trustee Carmody which was unanimously approved by roll call vote. Ayes 4, Nay 0.

<u>Employee/Annuitant Name</u>	<u>Date</u>	<u>Remarks</u>		
Ruhl, Daniel W.	7/31/2019	No Spouse Refund		
Gottardo, Glenn O.	7/31/2019	Excess Optional		
Bichkoff, Rose	7/31/2019	No Spouse Refund		
Mitchell, Frederick G.	9/9/2019	Refund of Contributions		
Kennedy, Joseph F.	7/31/2019	Excess Optional		

Duty Disability, 16 items

Trustee Meany made a motion to approve payments for 16 Duty Disability applications. Seconded by Vice President Regan which was unanimously approved by roll call vote. Ayes 4, Nay 0.

Ordinary Disability, 7 items

Trustee Carmody made a motion to approve payments 7 Ordinary Disability applications. Seconded by Vice President Regan which was unanimously approved by roll call vote. Ayes 4, Nay 0.

Administrative:

Retirement Board Resolutions

Mr. Mohler read into the record two resolutions acknowledging and thanking District Vice President Barbara McGowan and (former President) Trustee Joseph F. Kennedy for their many years of selfless service and their many accomplishments on behalf of the members of the Fund. Current Trustees stated their gratitude, appreciation, and enjoyment working alongside Ms. McGowan and Mr. Kennedy over the years.

Matter of Retirement Board of Trustees – Trustee Vacancy

This matter was deferred until the end of the meeting and discussed in Executive Session. No action taken by the Board.

Cash Allocation

Mr. Mohler reported that due to the existence of a sufficient operating cash balance, no investment withdrawals would be necessary to fund the projected October 2019 disbursements estimated at \$15.3 million.

Administrative, continued:

Trustee/Staff Education and Training Opportunities

Mr. Mohler requested approval for Mr. Gillespie to attend an upcoming out-of-state conference.

Trustee Meany made the motion to approve Brian Gillespie attending the International Foundation of Employee Benefit Plan's 65th annual conference to be held in San Diego, California from October 20th to 23rd. Total cost of conference registration and expenses is approximately \$3,500.00. Motion was seconded by Trustee Carmody and unanimously approved by roll call vote. Ayes 4, Nay 0.

Reciprocal Conference 8/12/19 and 8/13/19 – Staff Overview of conference topics

Ms. Mary Murphy reported that Jessica Taylor, Vrinda Kulkarni and herself attended the conference in Champaign, Illinois. She reviewed the conference topics which included a session on the role of the Actuary, and Federal and State legislative panels. Keynote speaker Jeff Brown, Dean of the School of Economics at UIUC spoke on behavioral finance principles that can be used to encourage prudent financial decisions by fund members. Roundtable discussions included Tier 2 Benefit Calculation Dilemmas, Reciprocal Benefit Calculations & Certifications, and Member Services initiatives. No action taken by the Board.

Legal and Legislative

Mr. Mohler introduced Ms. Hernandez and Mr. Burns, consulting attorneys from Jacob, Burns, Orlove & Hernandez, who reviewed the statutory requirements regarding Executive Session Minutes. Discussion followed. No action taken by the Board.

Mr. Mohler gave an update on current legislation as follows:

SB1264 Unclaimed Property – passed both houses 5/31/19, sent to Governor 6/28/19, signed into law 8/23/19 (PA#101-0546)

HB2460 Sustainable Investing – passed both houses 5/29/19, sent to Governor 6/27/19 signed into law 8/23/19 (PA#101-0473). Effective Date 1/1/20

SB 1582 Final Average Salary technical correction – passed both houses 5/23/19, sent to Governor 6/21/19, signed into law 8/9/19 (PA#101-0339)

Mr. Mohler also mentioned he is working with legal counsel regarding Senate Bill 75 (PA101-0221) Workplace Transparency Act which addresses various kinds of workplace harassment, and which will likely contain provisions that will have to be incorporated into the Employee Handbook. No action taken by the Board.

President Dalton thanked Ms. Murphy and Vice President Regan on their hard work regarding the passage of SB1582.

Staff Investment Reports

Fund Investment Comments

Mr. Gillespie updated the Board on recent activities in the Fund's investment portfolio. He also presented a performance and organizational update on the managers scheduled to make a presentation at the meeting – LSV Asset Management and O'Shaughnessy Asset Management. No action taken by the Board.

Staff Investment Reports, continued

Custodian Report

Mr. Gillespie presented the BNYM Custodial Report which showed assets as of July 31st of \$1.37B. He also presented the report on purchases and sales of securities in July 2019. Reports will be placed on file. No action taken by the Board.

Securities Lending Report

Mr. Gillespie presented the Second Quarter 2019 Securities Lending Report which showed income from the SSgA lending program in the Aggregate Bond Fund was \$4,860. Income from the BNYM securities lending program was \$54,847. Report will be placed on file.

MWDBE Asset Manager Utilization as of June 30, 2019

Mr. Gillespie reported the current utilization of MWDBE investment managers as 19.2% of total assets, and 28.2% of actively managed assets.

Minority Broker/Dealer Commissions

Mr. Gillespie presented the Second Quarter 2019 Broker Commission Summary report which showed that overall our managers met or exceeded the Fund's MWDBE brokerage goals. Annual goals are 30%, 10% and 20%-of-par, respectively for equities, international equities, and fixed income. Report will be placed on file.

Reports by Investment Manager(s)

LSV Asset Management. - Large cap value domestic equities and small cap value international equities. Mr. Scott Kemper and Mr. Bhaskaran Swaminathan presented the status of the account that they manage on behalf of the Fund. Discussion ensued. No action taken by the Board.

O'Shaughnessy Asset Management – Large cap value domestic equities. Mr. Chris Loveless and Mr. Travis Fairchild presented the status of the account that they manage on behalf of the Fund. Discussion ensued. No action taken by the Board.

Investment Consultant Reports

Investment Consultant Report - Market Environment & Monthly Flash July 2019

Mr. Obed from Marquette Associates discussed the state of the markets. 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.

Executive Session

Trustee Vacancy

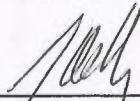
Trustee Carmody made the motion to enter Executive Session in accordance with 5 ILCS 120/2 (c)(3) at 12:16 p.m.. Seconded by Trustee Meany which was unanimously approved by roll call vote. Ayes 4, Nay 0.

(Regular session was reconvened by President Dalton at 12:37 p.m.)

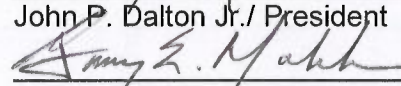
Adjournment

Vice President Regan made the motion to adjourn at 12:38 p.m. Motion was seconded by Trustee Meany and unanimously approved by roll call vote; Ayes 4, Nay 0.

Respectfully submitted,

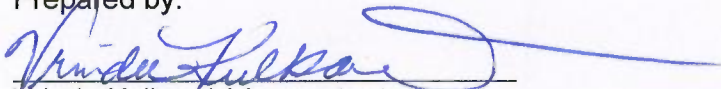


John P. Dalton Jr. / President



James Mohler / Executive Director

Prepared by:



Vrinda Kulkarni / Accountant