

**Metropolitan Water Reclamation
District Retirement Fund**

**Minutes
Regular Meeting
Board of Trustees
September 25, 2019**

Meeting#: 1160

Called to order: 10:02 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	
Kevin Young	X	

Staff present:

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

Also present:

Mr. Kweku Obed, Investment Consultant, Marquette Associates
Mr. Alberto Rivera, Investment Consultant, Marquette Associates
Ms. Nicole Johnson-Barnes, Investment Consultant, Marquette Associates

Members of the public

Regular Business

Roll call President Dalton conducted a roll call.

Public Comments

President Dalton solicited public comments; there were none.

Administrative Agenda

Appointment of Retirement Board Trustee

A motion was made by Trustee Carmody, seconded by Commissioner Du Buclet to appoint Mr. Kevin Young to the Trustee vacancy created after the retirement of Trustee Kennedy. The motion was unanimously approved by roll call vote; Ayes 5, Nay 0.

Oath of Office

Vice President Regan administered the Oath of Office to Trustee Kevin Young, to serve the remaining term of office through November 30, 2020.

(Enter Commissioner Spyropoulos, 10:04 a.m.)

(Whereupon the Regular Business Agenda was resumed)

Regular Business, continued

Approval of Minutes

A motion was made by Commissioner Spyropoulos, seconded by Trustee Meany, to approve the minutes of the Regular Board Meeting held on August 28, 2019. The motion was unanimously approved by roll call vote; Ayes 7, 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 August 28, 2019. The motion was unanimously approved by roll call vote; Ayes 7, Nay 0.

Approval of Agenda

A motion was made by Trustee Meany, seconded by Trustee Young, to approve the September meeting agenda; the motion was unanimously approved by roll call vote; Ayes 7, Nay 0.

Consent Agenda

Mr. Mohler commented on the new format of the Consent Agenda, which now contains budget vs. actual, current and YTD, information. He noted that going forward invoices for investment management fees will be presented to the Board two months following the end of each quarter.

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

Expenses, 18 items, \$27,044.05

Commissioner Spyropoulos made a motion to approve Expenses with a total amount of \$27,044.05. Seconded by Vice President Regan. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

Consent Agenda, continued

Employee Annuitants, 5 items, \$30,529.04

<u>Name</u>	<u>Position</u>	<u>Annuity Begins</u>	<u>Employee Annuity</u>	<u># Years @ MWRD</u>	<u># Years Recip.</u>
De Mooy, Adele C.	Human Resources Manager	09/01/19	\$11,650.04	30.00	0.00
Derry, Robert A.	Former Hoisting Engineer	10/01/19	1,556.05	9.00	0.00
Evans, Sophia D.	MLAS	08/01/19	3,472.16	27.00	0.00
Iwuchukwu, Sylvester O.	Associate Electrical Engineer	09/01/19	7,176.79	29.00	0.00
Pochrzast, Halina	Senior Applications Administrator	09/01/19	6,674.00	23.00	0.00

Trustee Carmody made a motion to approve Employee Annuitants with a total amount of \$30,529.04. Seconded by Trustee Meany. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

Surviving Spouse Annuitants, 2 items, \$14,786.68

<u>Name</u>	<u>Deceased Retiree/EE</u>	<u>Annuity Begins</u>	<u>Annuity Type</u>
Kelly, Kathleen S.	Kelly, George T.	09/01/19	Spouse
Violtt, Kathleen M.	Violtt, Kenneth M.	09/01/19	Spouse

Commissioner Spyropoulos made a motion to approve new Surviving Spouse benefits with a total monthly amount of \$14,768.68. Seconded by Trustee Meany. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

Refunds, 6 items, \$247,061.47

<u>Employee/Annuitant Name</u>	<u>Date</u>	<u>Remarks</u>
Alvarez, Michael A.	12/5/2016	Refund of Contributions
Badili, Zuberi G.A.W.	7/25/2019	Refund to Estate (Ruth D. Ashford)
De Mooy, Adele C.	8/31/2019	Excess Optional
Evans, Sophia D.	7/31/2019	No Spouse Refund
Munson, Ashley M.	10/19/2017	Refund of Contributions
Pochrzast, Halina	8/31/2019	No Spouse Refund

Trustee Carmody made a motion to approve Refunds with a total amount of \$247,061.97. Seconded by Trustee Meany. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

Duty Disability, 14 items

Vice President Regan made a motion to approve payments for 14 Duty Disability applications. Seconded by Trustee Young. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

Ordinary Disability, 9 items

Trustee Carmody made a motion to approve payments for 9 Ordinary Disability applications. Seconded by Commissioner Spyropoulos. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

(Whereupon the Administrative Agenda was resumed)

Administrative:

Comments on Email Migration

Mr. Mohler commented on the recent transition to a new email server that is separate from the MWRD's system. Mr. Bunimovich, RF Programmer/Analyst provided details about the problems caused by the Microsoft system identifying our normal business emails as spam. Mr. Mc Enery, Computer System Administrator, MWRD IT department also commented; he has been working alongside Mr. Bunimovich to resolve the issue through the escalation chain at Microsoft.

Trustee Election – Certification of Member Voter List

Vice President Regan made a motion to certify the member voter list. Seconded by Trustee Young. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

Reminder

Mr. Dalton reminded the Trustees that the October Board Meeting date and place has been changed; it will be held on Wednesday, October 30th, in the MOBA 7th floor training room.

Cash Allocation

Mr. Mohler made the recommendation for investment withdrawals necessary to fund the projected November 2019 disbursements estimated at \$14.6 million.

Commissioner Spyropoulos made the motion to liquidate \$9.85M from Matarin Capital Management and \$2.6M from Hexavest to supplement projected operating receipts for the payment of benefits and expenses in November 2019 projected at \$14.6M. Trustee Young seconded the motion which was unanimously approved by roll call vote. Ayes 7, Nay 0.

Administrative, continued:

Trustee/Staff Education and Training Opportunities

Mr. Mohler reported on upcoming training opportunities as follows:

- Marquette Associates Symposium – 10/4/19 8:00 a.m. to 2:00 p.m.
- New America Alliance (Chicago event) – 10/17/19 3:15 p.m. to 6:30 p.m.
- Ariel Investments (International Equity Seminar) – 10/30/19 11:30 a.m. to 1:30 p.m.
- Wilshire Analytics and Mellon (A Fresh Look at Risk Parity) – 11/7/19 8:00 a.m. to 10:00 a.m.
- P&I Multi-Asset Investing – 11/12/19 8:30 a.m. to 1:30 p.m.

Legal and Legislative

Presentation by Tom Walsh, Legislative Liaison

Mr. Walsh reviewed the recent legislative activity which included the following:

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. Walsh, Mr. Obed and Mr. Mohler addressed Commissioner Spyropoulos' inquiries about last year's Senate Committee Hearings, and this year's preparation for the upcoming 2019 hearings.

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 manager scheduled to make a presentation at the meeting – State Street Global Advisors. No action taken by the Board.

Commission Cost Review

Mr. Gillespie reported that he and Mr. Mohler will be reviewing costs associated with our investment managers and will focus on an in-depth review of commission costs over the quarter.

Custodian Report

Mr. Gillespie presented the BNYM Custodial Report which showed assets as of August 31st of \$1.36B. He also presented the report on purchases and sales of securities in August 2019. He noted that on October 1st we will be funding the DWS RREEF product with an additional \$3.0M that will be transferred from the SSgA MSCI ACWI fund. Reports will be placed on file. No action taken by the Board.

Illinois Senate Hearings - Special Committee on Pension Investments

Mr. Gillespie reported that he is will be submitting the completed questionnaire by the end of the day. The questionnaire was similar to prior years', with the exception of new questions on the diversity of our vendors. Hearings have been scheduled for October 23rd and 24th in the Bilandic Building on LaSalle St. No action taken by the Board.

(Whereupon Mr. Dalton asked for a motion on an Administrative Agenda item)

Trustee Training

Trustee Young made a motion to approve attendance by the Trustees at the five upcoming training opportunities. Seconded by Trustee Meany. Motion was unanimously approved by roll call vote. Ayes 7, Nays 0.

(Whereupon the Staff Investment Reports were resumed)

Reports by Investment Manager

State Street Global Advisors - S&P500 Index, S&P400 Index, MSCI ACWI ex US Index, US Aggregate Bond Index. Ms. Mary Guy and Mr. Joseph Caticchio presented the status of the accounts that SSgA manages on behalf of the Fund. Discussion ensued, including discussion about measures SSgA is taking to meaningfully screen and quantify ESG initiatives taken by the Boards of investments they hold. No action taken by the Board.

Investment Consultant Reports

Investment Consultant Report - Market Environment & Monthly Flash August 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.

Investment Consultant Reports, continued

ESG Investment Principles Education

Ms. Nicole Johnson-Barnes provided the Trustees with an history of sustainable investing and it's evolution through today. She commented on the initiatives taken at Marquette Associates, recent trends, and implementation of the recent Illinois legislation (PA#101-0473). Discussion ensued. No action taken by the Board.

RFP – Fixed Income Core Plus*

Mr. Obed reviewed the characteristics of the three managers being considered in the Emerging Fixed Income Core Plus manager search; LM Capital, Ramirez Assset Management and Longfellow Investment Management. Discussion ensued.

Vice President Regan made a motion to approve the hiring of Ramirez for a fixed income core plus mandate. Seconded by Trustee Young, pending satisfactory negotiation of an Investment Management Agreement. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

Executive Session

Matter of Employee Handbook*

Matter of Process and Organizational Improvement Report Draft*

Matter of Executive Session Minutes*

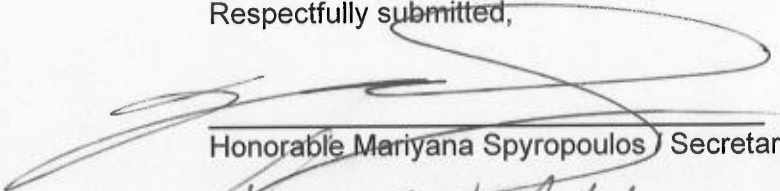
Trustee Young made the motion to enter Executive Session in accordance with 5 ILCS 120/2 (c)(1) and 2(c)(21). Seconded by Vice President Regan. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

(Regular session was recessed at 12:37 p.m., and reconvened by President Dalton at 12:50 p.m.)

Adjournment

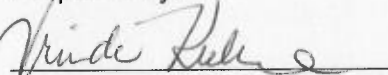
Trustee Meany made the motion to adjourn at 12:51 p.m. Motion was seconded by Trustee Carmody and unanimously approved by roll call vote; Ayes 7, Nay 0.

Respectfully submitted,


Honorable Mariyana Spyropoulos / Secretary


James Mohler / Executive Director

Prepared by:


Vrinda Kulkarni / Accountant