

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees October 30, 2019

Meeting#: 1161

Called to order: 9:03 a.m.

Place: 111 E. Erie St., MWRD 7th Floor Training Room, 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
Vrinda Kulkarni, Accountant

Also present:

Mr. Kweku Obed, Investment Consultant, Marquette Associates
Mr. Alberto Rivera, Investment Consultant, Marquette Associates
Ms. Mary Ann Boyle, MWRDGC Treasurer

Members of the public

Regular Business

Roll call

President Dalton conducted a roll call.

Public Comments

President Dalton solicited public comments; there were none.

Approval of Minutes

A motion was made by Trustee Meany, seconded by Trustee Carmody, to approve the minutes of the Regular Board Meeting held on September 25, 2019. The motion was unanimously approved by roll call vote; Ayes 6, Nay 0.

A motion was made by Trustee Young, seconded by Trustee Carmody, to approve and to maintain as closed, the Executive Session minutes for September 25, 2019. The motion was unanimously approved by roll call vote; Ayes 6, Nay 0.

Approval of Agenda

A motion was made by Trustee Carmody, seconded by Trustee Meany, to approve the October meeting agenda; the motion was unanimously approved by roll call vote; Ayes 6, Nay 0.

Consent Agenda

Mr. Dalton commented on the newer format of the Consent Agenda, which now contains budget vs. actual, current and YTD, information.

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:

Administrative Expenses, 12 items, \$42,738.86

Trustee Young made a motion to approve the Administrative Expenses presented. Seconded by Vice President Regan. Motion was unanimously approved by roll call vote. Ayes 6, Nay 0.

(Enter Commissioner Spyropoulos at 9:07 a.m.)

New Employee Annuitants, 8 new annuities, total \$46,158.61

<u>Name</u>	<u>Position</u>	<u>Annuity Begins</u>	<u># Years @ MWRD</u>	<u># Years Recip.</u>
Banks, Frank	Maintenance Laborer Class A Shift	10/01/19	29.00	0.00
Dressel, Mark L.	Principal Attorney	10/01/19	23.00	0.00
Kattappurath, Mathew G.	Senior Electrical Engineer	10/01/19	24.00	0.00
Pyrzioch, Henry J.	Engineering Technician V	10/01/19	31.00	0.00
Reed, Debra C.	Administrative Specialist	10/01/19	30.00	0.00
Taylor, Keith B.	Police Officer	10/01/19	15.78	0.00
Tiffin, Thomas J.	EI & TM	05/01/19	20.00	13.50
Webb, Jr., Lesely D.	Environmental Chemist	11/01/19	31.94	0.00

Trustee Young made a motion to approve Employee Annuitants as presented. Seconded by Trustee Meany. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

Consent Agenda, continued

Surviving Spouse Annuitants, 2 items, total \$10,580.61

<u>Name</u>	<u>Deceased Retiree/EE</u>	<u>Annuity Begins</u>	<u>Annuity Type</u>
Donlon, Agnes E.	Donlon Sr., Thomas M.	09/01/19	Spouse
Violt, Kathleen M.	Wrobel, Jerome J.	09/01/19	Spouse

Trustee Carmody made a motion to approve new Surviving Spouse benefits as presented. Seconded by Trustee Meany. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

Refunds, 4 items, total \$106,894.27

<u>Employee/Annuitant Name</u>	<u>Date</u>	<u>Remarks</u>
Banks, Frank	9/30/2019	No Spouse Refund
Benson, Joseph R.	12/3/2018	Refund of Contributions
Rysiewicz, Michael R.	9/3/2019	Refund of Contributions
Webb, Jr., Lesley D.	10/10/2019	No Spouse Refund

Commissioner Spyropoulos made a motion to approve Refunds and Final Payments as presented. Seconded by Trustee Meany. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

Duty Disability, 9 items

Trustee Carmody made a motion to approve payments as presented for the Duty Disability applications. Seconded by Trustee Meany. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

Ordinary Disability, 20 items

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

Administrative Agenda

Matter of 2019 Trustee Election

Mr. Mohler reported that the Trustee Election was held on October 15th between two candidates, Stephen J. Carmody and Robert Quezada. The Judges of Election certified the results: Trustee Carmody received 356 votes and Mr. Quezada received 226 votes. Trustee Carmody is reelected for a 4-year term from December 1, 2019 through November 30, 2023. The Oath of Office will be administered to Trustee Carmody at the next Board meeting.

Commissioner Spyropoulos made a motion, seconded by Trustee Meany, to accept the results of the election and enter them on the minutes. Ayes 6 (Carmody- abstain), Nays 0.

Administrative, continued:

Cash Allocation (*Motion*)

Mr. Mohler reported the following regarding cash withdrawals:

For projected November 2019 disbursements of (\$14.6MM), approved \$9.85MM from Matarin Capital Management and \$2.6MM from Hexavest at 9/25/19 Board meeting. Actual needed is \$9.6MM from Matarin Capital Management and \$2.6MM from Hexavest to supplement projected operating receipts.

For projected December 2019 disbursements of (\$15.9MM), Fund staff recommends the transfer of up to \$13.4MM from the Fund's investment portfolio, comprised of:

State Street MSCI ACWI ex-US	\$3.9MM
State Street S&P 500	3.2MM
Decatur Capital	2.3MM
Neuberger Berman	2.0MM
Matarin Capital	2.0MM

Commissioner Spyropoulos made the motion to liquidate \$13.4MM of investments as presented to supplement projected operating receipts for the payment of benefits and expenses in December 2019 projected at \$15.9MM. Trustee Young seconded the motion which was unanimously approved by roll call vote. Ayes 7, Nay 0.

(Whereupon the Administrative Agenda was paused and the Investment Consultant Reports began.)

Investment Consultant Reports

Comments (p.18)

Mr. Obed thanked the Trustees and staff who attended the 2019 Marquette Symposium. He also reported that Marquette has launched a YouTube video channel; the investment topics would qualify as training credits.

Market Environment & Monthly Flash Report

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.

RFP – Fixed Income Core Plus Update*

(Whereas the Administrative Agenda was resumed.)

Administrative, continued:

Auditing Services – Request For Proposal* (*Motion*)

Ms. Kulkarni presented a summary of the Auditor RFP responses and answered Trustee's questions; there were 6 respondents to the RFP. Mr. Mohler gave the staff recommendation to hire Legacy Professionals, the Fund's current auditor, for the upcoming December 31, 2019 financial statement audit, and thanked Ms. Kulkarni for her work on the summary. Report will be placed on file.

Commissioner DuBuclet made the motion to hire Legacy Professionals for the December 31, 2019 financial statement audit, with optional renewal for each of the 4 subsequent years, pending successful contract negotiation. Mr. Carmody seconded the motion which was unanimously approved by roll call vote. Ayes 7, Nay 0.

Trustee/Staff Education and Training Opportunities

Mr. Mohler reported on upcoming training opportunities as follows:

- 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.

At President Dalton's request, Mr. Gillespie commented on the IFEBP conference they both attended in San Diego, CA from October 20th to 23rd

Legal and Legislative

Legislative Update

Mr. Mohler reviewed the Memorandum supplied by Tom Walsh, Legislative Liaison, regarding the 2019 Veto Session (October 28th to October 30th / November 12th to November 14th)

- SB1698** Broadcast Meetings – no movement
- SB1671** Emerging Manager definition – may pass in veto session
- SB 2060** Investment Goals – no movement

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 – DWS and UBS Realty. No action taken by the Board.

Custodian Report

Mr. Gillespie presented the BNYM Custodial Report which showed assets as of September 30th of \$1.38B. He also presented the report on purchases and sales of securities in September 2019. Reports will be placed on file. No action taken by the Board.

Staff Investment Reports, continued

Illinois Senate Hearings - Special Committee on Pension Investments

At Mr. Dalton's request Mr. Mohler reported on the Senate Hearings that were attended by Commissioner Spyropoulos, President Dalton, Mr. Gillespie and himself on Thursday October 24th in the Bilandic Building. Mr. Obed and Mr. Rivera of Marquette Associates also attended. Mr. Mohler, Mr. Gillespie and Mr. Obed presented. Discussion ensued. President Dalton and Commissioner Spyropoulos said words of appreciation for the excellent job done by Mr. Mohler, Mr. Gillespie and Marquette at the hearings.

Reports by Investment Manager

UBS Realty Investors – Trumbull Property Fund (Core Open-End Real Estate fund). Ms. Maria Bascetta and Ms. Pamela Thompson presented the status of the account managed by UBS on behalf of the Fund. Discussion ensued. No action taken by the Board.

DWS – RREEF America REIT II, Inc. (Core Open-End Real Estate fund). Mr. Chuck Fiedler and Mr. Norton O.Meara presented the status and outlook of the account managed by DWS on behalf of the Fund. Discussion ensued. No action taken by the Board

Executive Session

Matter of Employee Handbook*

Matter of Process and Organizational Improvement Report Draft*

Matter of Employee #21416*

President Dalton called for a motion to enter Executive Session. The Trustees requested that Mr. Mohler, Ms. Murphy, and Fund Counsel attend.

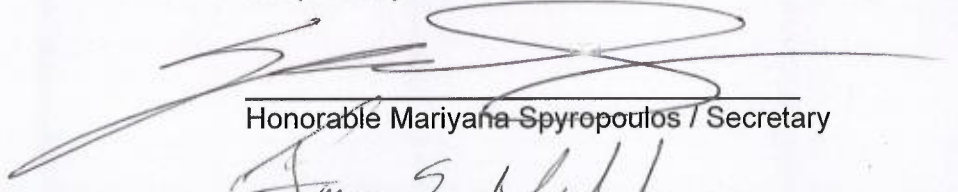
Trustee Carmody made the motion to enter Executive Session in accordance with 5 ILCS 120/2 (c)(1), 2(c)(7) and 2(c)(11). Seconded by Trustee Young. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

(Regular session was recessed at 10:54 a.m., and reconvened by President Dalton at 11:31 p.m.)

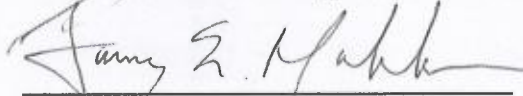
Adjournment

Commissioner Spyropoulos made the motion to adjourn at 11:32 p.m. Motion was seconded by Trustee Meany 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