

**Metropolitan Water Reclamation
District Retirement Fund**

**Minutes
Regular Meeting
Board of Trustees
November 20, 2019**

Meeting#: 1162

Called to order: 10:02 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

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 Young, seconded by Trustee Meany, to approve the minutes of the Regular Board Meeting held on October 30, 2019. The motion was unanimously approved by roll call vote; Ayes 6, Nay 0.

A motion was made by Vice President Regan, seconded by Trustee Carmody, to approve and to maintain as closed, the Executive Session minutes for October 30, 2019. The motion was unanimously approved by roll call vote; Ayes 6, Nay 0.

Approval of Agenda

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

Consent Agenda

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

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

Administrative Expenses, 6 items, \$20,107.26

Trustee Carmody made a motion to approve the Administrative Expenses presented. Seconded by Vice President Regan. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

Investment Expenses, 16 items, \$1,019,892.66

Trustee Carmody made a motion to approve the Investment Expenses presented. Seconded by Vice President Regan. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

New Employee Annuitants, 2 new annuities, total \$9,894.29

<u>Name</u>	<u>Position</u>	<u>Annuity</u> <u>Begins</u>	<u># Years</u> <u>@ MWRD</u>	<u># Years</u> <u>Recip.</u>
Patel, Minaxiben S.	Environmental Chemist	11/01/19	32.00	0.00
Meyer, Kenneth J.	Assistant Mechanical Engineer	09/01/19	12.00	1.25

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

Consent Agenda, continued

Surviving Spouse Annuitants, 2 items, total \$12,018.02

<u>Name</u>	<u>Deceased Retiree/EE</u>	<u>Annuity Begins</u>	<u>Annuity Type</u>
Serbanescu, Catalina	Serbanescu, Gheorghe	11/01/19	Spouse
Kelly, Louise M.	Kelly, Sr., William J.	11/01/19	Spouse

Commissioner Spyropoulos made a motion to approve new Surviving Spouse benefits as presented. Seconded by Commissioner Du Buclet. Motion was unanimously approved by roll call vote. Ayes 7, Nay 0.

Refunds, 2 items, total \$109,203.86

<u>Employee/Annuitant Name</u>	<u>Date</u>	<u>Remarks</u>
Patel, Minaxiben S.	10/31/19	Excess Optional
Badili, Zuberi G.A.W.	07/25/19	Refund to Estate (Ananda L. Badili)

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

Duty Disability, 6 items

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

Ordinary Disability, 5 items

Commissioner Du Buclet 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 Elected Trustee

The Oath of Office was administered to Trustee Stephen J. Carmody by Vice President Regan.

Cash Allocation

Mr. Mohler reported the following regarding cash withdrawals:

For projected December 2019 disbursements of (\$15.9MM), approved:

	<u>Approved</u>	<u>Projected Need</u>
State Street MSCI ACWI ex-US	\$3.9MM	\$5.0MM
State Street S&P 500	\$3.2MM	\$6.2MM
Decatur Capital	\$2.3MM	\$1.65MM
Neuberger Berman	\$2.0MM	\$0.0MM
Matarin Capital	<u>\$2.0MM</u>	<u>\$0.0MM</u>
	\$13.4MM	\$12.85MM

It is projected that \$12.85MM, reflected above, is needed to supplement December 2019 projected operating receipts.

Administrative, continued:

For year-to-date 2019, assets liquidated to supplement operating receipts were as follows:

	<u>Approved</u>	<u>Projected Need</u>
Domestic Equity	\$45.05MM	\$29.375MM
International Equity	\$10.9MM	\$9.6MM
Fixed Income	<u>\$36.25MM</u>	<u>\$27.325MM</u>
Total	\$92.2MM	\$66.3MM
%Liquidated/\$FMV Average Assets		5.0%

For projected January 2020 disbursements of (\$14.7MM), Fund staff recommends the transfer of up to \$13.1MM from the Fund's investment portfolio, comprised of:

LSV Large Cap Value	\$3.6MM
O'Shaughnessy Large Cap Value	\$3.4MM
Ariel Investments Mid Cap Value	\$3.2MM
Matarin Small Cap Core	\$2.9MM

Trustee Carmody made the motion to liquidate \$13.1MM of investments as presented to supplement projected operating receipts for the payment of benefits and expenses in January 2020 projected at \$14.7MM. Trustee Young seconded the motion which was unanimously approved by roll call vote. Ayes 7, Nay 0.

Retirement Board Schedule 2020 – Tentative

Mr. Mohler presented a tentative meeting schedule for the Trustee's review.

Trustee/Staff Education and Training Opportunities

Mr. Mohler presented a listing of upcoming Trustee and staff training opportunities.

2019 Funding Projections Summary – Foster & Foster Consulting Actuaries

Mr. Mohler and Ms. Boyle, MWRDGC Treasurer, commented on the Special Meeting held November 18, where Foster & Foster presented funding projections requested by the Board. No action taken by the Board.

2020 MWRDRF Administrative Budget – Preliminary Discussions

Mr. Mohler presented the preliminary 2020 MWRDRF Budget, stating that he and Ms. Murphy would be visiting the Trustees in mid-December for one-on-one meetings to address questions. The Budget document will contain 2019 Fund Achievements, 2020 Goals & Objectives, a 5-year operating cash flow projection and the proposed 2020 Administrative Budget, which will include an attribution analysis to previous year's proposal. No action taken by the Board.

Legal & Legislative

Mr. Dalton deferred discussion of legal matters to the end of the meeting.

Matter of Employee Handbook*

Matter of Process and Organizational Improvement Report Draft*

Matter of MWRD Employee #21416*

Legislative

The 2019 Veto Session was held October 28th to October 30th and November 12th to November 14th. Mr. Mohler reviewed the pension related items included in a Memorandum provided to the Trustees by Tom Walsh – Legislative Liaison. The memo summarized the broader discussions that took place in the Veto Session. Discussion ensued. No action taken by the Board.

Staff Investment Reports

Custodian Report

Mr. Gillespie reviewed the BNYM Custodian Reports showing assets of \$1.39BB at October 31, 2019. He also presented the report on purchases and sales of securities in October 2019. Reports will be placed on file.

Securities Lending Report

Mr. Gillespie presented the third quarter Securities Lending Report which showed income from the SSgA lending program in the Aggregate Bond Fund was \$6,205. Income from the BNYM securities lending program was \$55,450. Report will be placed on file.

Minority Broker/Dealer Commissions

Mr. Gillespie presented the third 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 actively managed separate account domestic equities, international equities, and fixed income. Report will be placed on file.

MWDBE Asset Manager Utilization as of September 30, 2019

Mr. Gillespie reported the current utilization of MWDBE investment managers as 18.6% of total assets, and 28.1% of actively managed assets. Discussion ensued. No action taken by the Board.

Investment Portfolio Review Agenda / Timeline

Mr. Gillespie presented a memorandum to the Board outlining a recommendation for and timeline of a comprehensive investment portfolio review. Discussion ensued. No action taken by the Board.

Public Act #101-0473 Sustainability Investing Act

Mr. Gillespie presented a Draft Policy on which he and Marquette Associates collaborated. The Draft Policy will be considered for approval at the December Board meeting.

Report by Custodian

Mr. Bill Claxton of Bank of New York Mellon presented an organizational update which showed BNYM has assets under custody of \$35.8 trillion and assets under management of \$1.9 trillion. He commented on the firm's status as a G-SIFI (global systemically important financial institution), the risk management controls inherent in the instruction capture system, several open architecture initiatives, and on the cyber technology operations center responsible for cyber security.

Investment Consultant Reports

Market Environment, Monthly Flash Report & Q3 Performance Report

Mr. Obed from Marquette Associates discussed the recent state of the markets. Mr. Obed reviewed the October performance of the Fund's investment portfolio and gave a quick review of the third quarter performance report. Discussion ensued with the Board. 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 and Ms. Murphy attend.

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

(Regular session was recessed at 12:03 p.m., and reconvened by President Dalton at 12:37 p.m.)

Adjournment

Commissioner Spyropoulos made the motion to adjourn at 12:38 p.m. Motion was seconded by Trustee Meany and unanimously approved by roll call vote; Ayes 7, Nay 0.

Respectfully submitted,

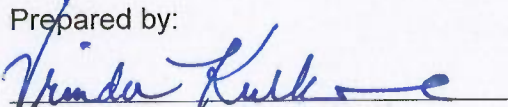


Honorable Mariyana Spyropoulos / Secretary



James Mohler / Executive Director

Prepared by:



Vrinda Kulkarni / Accountant