

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees January 22, 2020

Meeting#: 1164

Call to order: 10:01 a.m.

Place: 100 E. Erie St, MWRD Board Room, Chicago IL

Presiding: John P. Dalton, President

Roll Call:

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 Wilson, 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, MWRDGC Treasurer
Members of the public

Roll Call

President Dalton conducted a roll call.

Public Comment

President Dalton solicited public comments; there were none.

Regular Business

Approval Regular Meeting Minutes – December 18, 2019.

Motion by Trustee Meany, seconded by Trustee Carmody, unanimously approved by roll call vote.

Approval of Special Meeting Minutes – January 15, 2020.

Motion by Trustee Meany, seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.

Approval of Executive Session Minutes – December 18, 2019.

Motion by Trustee Carmody, seconded by Trustee Meany, unanimously approved by roll call vote.

Approval of Meeting Agenda – January 22, 2020.

Motion by Trustee Meany, seconded by Trustee Young, unanimously approved by roll call vote.

Consent Agenda

Administrative Expenses \$121,938.39

Motion to approve by Trustee Young, seconded by Trustee Meany, unanimously approved by roll call vote.

Investment Expenses - none

Employee Annuity \$16,713.34

Motion to approve by Trustee Carmody, seconded by Trustee Regan, unanimously approved by roll call vote.

Surviving Spouse Annuity \$2,535.04

Motion to approve by Commissioner Du Buclet, seconded by Trustee Young, unanimously approved by roll call vote.

Refunds \$28,267.74

Motion to approve by Trustee Carmody, seconded by Trustee Meany, unanimously approved by roll call vote.

Duty Disability, benefits for 9 persons

Motion to approve by Trustee Carmody, seconded by Trustee Regan, unanimously approved by roll call vote.

Ordinary Disability, 2 extensions, 5 new applications

Motion to approve by Trustee Young, seconded by Trustee Carmody, unanimously approved by roll call vote.

Administrative

Cash Allocation

Mr. Mohler reported the following regarding investment withdrawals and funding of the upcoming payrolls.

For projected February 2020 disbursements of (\$14.9M)

At the December meeting the Board approved the aggregate total transfers; now that the RREEF funding is complete, based on current overweights and operating receipts, staff is recommending the following managers from which to withdraw the funds:

	<u>Approved at prior mtg</u>	<u>Recommendation</u>
State Street S&P400		\$3.60M
State Street MSCI ACWI		<u>\$2.45M</u>
Aggregate	\$13.2M	\$6.05M

For projected March 2020 disbursements of (\$16.1M)

Fund staff recommends the transfer of up to \$14.4M from the Fund's investment portfolio to supplement February projected operating receipts, as follows:

	<u>Recommendation</u>
State Street S&P500	\$ 5.7M
Decatur Capital LCG	\$ 4.6M
Hexavest	<u>\$ 4.1M</u>
	\$14.4M

Motion to approve recommended transfers by Trustee Young, seconded by Trustee Carmody, unanimously approved by roll call vote.

Trustee Education Certification 2019 – 40 ILCS 5/1-113.18

Mr. Mohler reported that he will submit the certification to the Illinois Department of Insurance that all Trustees completed the required 8 hours of training in 2019.

Trustee Education Opportunities – YTD 2020

Mr. Mohler reported that a list of upcoming educational opportunities is currently being prepared by staff and will be sent to Trustees in the next week. Discussion ensued; no action taken.

2020 Goals and Objectives Matrix Review

Mr. Mohler reviewed the draft 2020 Goals and Objectives Matrix for the Trustees.

Pension Administration System – Vendor Review Update

Ms. Murphy reviewed the Fund's efforts to obtain a consultant to create a PAS RFP and gap analysis. She and Mr. Mohler recently spoke with two of the vendors, Linea and Provaliant; the firms have been requested to provide a slide deck with additional information about their services. Mr. Mohler will work with Ms. Murphy to prepare a memorandum on the subject for the Trustees.

Legal & Legislative

Legal *(discussion was deferred to the end of the meeting)*

Matter of Employee #21416*

Matter of Closed Executive Session Minutes (semi-annual review) – 5 ILCS 120/2.06(3)(d)*

Legislative

Public Act 97-0651 – Requirement to Report Fraud

Mr. Mohler read the statutory provisions that require Trustees to report any reasonable suspicion of fraud.

2020 Legislative Agenda – Consideration and Timetable

Mr. Mohler and MWRD Treasurer Boyle described the Special Meeting that was held on January 15, 2020, where MWRD Director Perkovich and Mr. O'Connor also present, to discuss possible future changes to the MWRD funding policy.

Presentation from Foster & Foster – Funding Options / Estimated Impacts

Mr. Jason Franken presented funding options and estimated impacts of possible future changes to the MWRD funding policy.

Investments

Staff Investment Report(s)

Manager Profile

Mr. Gillespie presented a performance update on the manager scheduled to make a presentation at the meeting - Ariel Investments.

Report by Investment Manager(s):

Ariel Investments – Mid Cap Value; Mr. John Rodgers, Ms. Valerie King and Mr. Tim Fidler presented the status of the account managed by Ariel on behalf of the Fund. Discussion ensued; no action taken.

Staff Investment Report(s), continued

Custodian Report

Mr. Gillespie presented the BNYM Custodian Report which showed invested assets at \$1.42 billion at 12/31/2019.

Redemptions Report

Mr. Gillespie informed the Trustees of the content of a new monthly report he plans to prepare for the Board.

MWDBE Brokers - Utilization Goals Review

Mr. Gillespie reviewed the current utilization goals and comparable information for other IL pension funds; Mr. Mohler asked the Trustees to consider whether the goals could be increased. Trustees requested that staff present a recommendation at the February meeting.

Investment Consultant Report(s)

Market Environment

Mr. Obed presented the December 2019 Market Environment report.

Monthly Flash Report

Mr. Obed presented the December 2019 Monthly Flash report.

Executive Session* (motion)

“*” Items may be discussed in closed session in accordance with applicable Open Meeting Act provisions.

In accordance with ILCS 120/2 (c)(1) & 2 (c)(11), a motion to adjourn to executive session was made at 12:51 a.m.

Motion to approve adjournment to executive session by Commissioner Spyropoulos, seconded by Trustee Carmody, unanimously approved by roll call vote.

Regular meeting was reconvened at 1:01 by President Dalton.

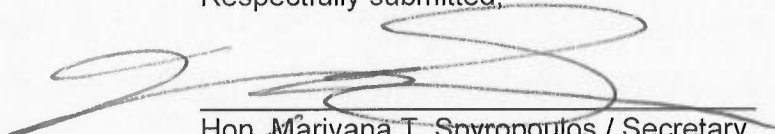
Motion to approve release of Executive Session Minutes of Retirement Fund Board meetings held 5/26/04-6/27/18, made by Trustee Young, seconded by President Dalton, unanimously approved by roll call vote.

Motion to approve destruction of the verbatim records of Retirement Fund Board meetings held 5/26/04-6/27/18, made by Trustee Young, seconded by Trustee Meany, unanimously approved by roll call vote.

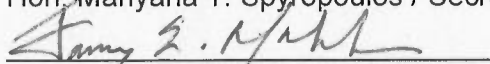
Adjournment

Motion to adjourn was made by Commissioner Spyropoulos, seconded by Trustee Carmody, unanimously approved by roll call vote. Meeting was adjourned at 1:03 p.m.

Respectfully submitted,



Hon. Mariyana T. Spyropoulos / Secretary



James Mohler / Executive Director

Prepared by:



Vrinda Kulkarni / Accountant