

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees April 29, 2020

Meeting#: 1166

Call to order: 10:02 a.m.

Place: Held via Audio Conference from the 3rd Flr. Conference Room, 100 E. Erie St. Chicago, IL

Presiding: John P. Dalton, President

Roll Call:

Trustees:	Present	Present via phone
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, via phone
Brian Gillespie, Financial Analyst, via phone
Ksenija Hrvojevic, Benefits Manager, via phone
Vrinda Kulkarni, Accountant, via phone

Also present: Mr. Kweku Obed, Marquette Associates, via phone
Mr. Anthony DiSanto, Marquette Associates, via phone
Mr. Paul Doetsch, Audit Partner, Legacy Professionals LLP, via phone
Mr. Tim Fagan, Audit Partner, Legacy Professionals LLP, via phone
Mr. Jason Franken, Actuary, Foster & Foster, via phone
Mr. Joseph Burns, Attorney, Jacobs Burns Orlove & Hernandez, via phone
Mr. Thomas Walsh, Legislative Consultant, via phone

Roll Call

President Dalton conducted a roll call. All Trustees were present.

Public Comment

President Dalton solicited public comments; there were none.

Regular Business

Approval Regular Meeting Minutes – February 26, 2020.

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

Approval of Meeting Agenda – April 29, 2020.

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

Consent Agenda

Administrative Expenses \$73,075.74

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

Employee Annuitants - 1 new retiree, \$4,681.64 monthly

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

Surviving Spouse and Child Annuitants – 1 new annuitant, \$2,484.76 monthly

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

Refunds - 3 refunds, \$62,725.03

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

Duty Disability, benefits for 13 persons

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

Ordinary Disability, benefits for 13 persons

Motion to approve by Trustee Meany, 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 May 2020 disbursements of (\$14.4M), and June 2020 disbursements of (\$16.0M)

Mr. Mohler reported that due to receipts of employer contributions, there is ample cash in the BNYM operating cash account, and we anticipate no need to liquidate assets for the May 1 or June 1 payroll funding.

December 31, 2019 Audited Financial Statement Report

Mr. Mohler thanked Fund staff and staff at Legacy for their work on the financial statements and audit. Mr. Doetsch thanked the Board for their continued confidence and opportunity to serve the Fund as auditor.

Motion to approve the December 31, 2019 Audited Financial Statement Report made by Trustee Young, seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.

December 31, 2019 Actuarial Valuation Report

Mr. Mohler thanked Fund staff and staff at Foster & Foster for their work on the actuarial valuation report; the report format is expanded from prior years in that it contains many additional schedules requested by Mr. Mohler. Mr. Franken commented on the additional materials in this year's report, and thanked Fund staff for completing the process under unusual circumstances. He stated the funded ratio at December 31, 2019 declined only slightly, from 56.5% last year to 55.9%, based on the actuarial value of assets. A short discussion ensued.

Motion to approve the December 31, 2019 Actuarial Valuation Report by Trustee Carmody, seconded by Commissioner Du Buclet, unanimously approved by roll call vote.

Staff Administrative Reports

Ms. Murphy commented on Fund operations since March 13 when access to the District and Fund offices became restricted due to concerns about the coronavirus pandemic. Staff produced the Annuitant, Disability and Staff Payrolls for April 1, March 20, and April 3 (in advance from the office by COB 3/13). After that, plans were made to maintain the Fund's essential operations, namely payments, during an extended office closure, with staff working remotely using what they had – phone, email (and eventually VPN) – to keep things moving with retirees. Minimal staff has been coming into the office to keep things running. the May 1 Annuity payroll was completed on April 27th and we continue to pay the bi-weekly disability and staff payrolls. We will continue to look critically at what other services we can offer during this time, and view this as an opportunity to review and improve our processes. Trustee Meany thanked Ms. Murphy and the staff for all their efforts.

Ms. Hrvojevic reported on the status of retirement processing; 25 retirement applications have been received for the April 30 retirement date, one for May 31, one for June 30, and there are 14 outstanding applications. The total of 41 retirements is consistent with the prior year. Mr. Mohler stated that while he and Ms. Murphy have been the primary staff members coming to the office until now, for the next month benefits staff will be given rotating access to the office to complete the processing of these retirements. The District assisted the Fund with a VPN connection so now employees are able to work from desktop computers at home.

Ms. Kulkarni commented on the 2019 Financial statement report, noting the unqualified audit opinion, reviewing the condensed financial statements in the MD&A, and noting differences between the investment disclosures in the report and the monthly investment and performance reporting given to the Board by staff.

Administrative, continued

Laptop Purchase

Mr. Mohler recommended the purchase of laptops for staff to improve security of our member's information as staff is working from home now, and to facilitate plant visits and flexibility in general in the future.

Motion to purchase laptop computers not to exceed \$8,000, made by Commissioner Spyropoulos, seconded by Trustee Meany, unanimously approved by roll call vote.

Commissioner Spyropoulos thanked Mr. Mohler and staff for their efforts under these trying conditions.

Staff Investment Report(s)

Monthly Staff Investment Report

Mr. Gillespie presented current portfolio information to the Trustees. Markets have been volatile, and investments were \$1.25B at 4/24/20. Mr. Gillespie and Mr. Mohler had conducted calls with most of our managers during the last month to discuss how they've been handling the volatility; Mr. Gillespie summarized the contents and conclusions of the discussions.

Watchlist Update

Mr. Gillespie updated the Board on the recent performance of the three firms that were placed on the Watchlist at the February Board meeting, Ariel, Hexavest and Matarin.

Comments by Trustees

Trustee Carmody inquired about formally rebalancing the portfolio in light of the current underweight to equities shown on the rebalancing schedule. Discussion ensued; no action taken.

President Dalton and Trustee Meany thanked Mr. Gillespie for the various emails he has sent to keep the Board informed about the information coming out of the manager calls.

Investment Consultant Report(s)

Market Environment

Mr. Obed presented the March 2020 Market Environment report. Discussion ensued, no action taken.

Monthly Flash Report

Mr. Obed presented the March 2020 Monthly Flash report which presents in detail the recent performance of the Fund's portfolio by asset class and by manager. Discussion ensued; no action taken.

Investment Portfolio Review

Mr. Obed reviewed a memorandum from Marquette Associates that contained a recommendation to terminate the international equity manager on the Watchlist and to transition the assets to an index fund.

Motion made by Trustee Carmody to liquidate international equity assets of approximately \$60,000,000 currently managed by Hexavest, and to invest the funds in the (SSgA) International Equity index fund. Seconded by Trustee Regan, unanimously approved by roll call vote.

Legal & Legislative

Pension Working Group – Illinois Senate

Mr. Mohler commented on the Pension Working Group formed in the Illinois Senate; he had provided the Board with the short questionnaire all the funds in the Illinois Pension Code were asked to complete. The questionnaire focuses on how the COVID-19 crisis has affected fund operations, finances, and investments.

Mr. Walsh commented on when the legislature might return to Springfield, and the likelihood of the Fund's bill (SB 2756 - Disability bill) getting passed during the session.

Additional Comments

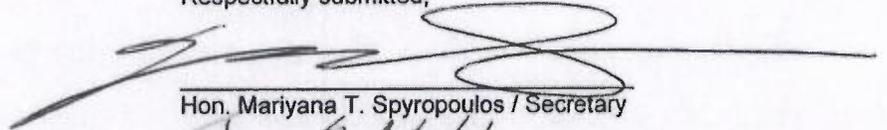
In light of Trustee Carmody's upcoming retirement on April 30, Mr. Dalton recognized his 12 years of dedicated service to the Fund. On behalf of the Retirement Board and Fund staff, President Dalton congratulated him and wished him a long and happy retirement.

Adjournment

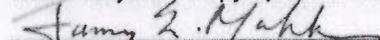
Motion to adjourn was made by Trustee Carmody, seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.

President Dalton adjourned the meeting at 11:30 a.m.

Respectfully submitted,



Hon. Mariyana T. Spyropoulos / Secretary



James Mohler / Executive Director

Prepared by:



Vrinda Kulkarni / Accountant