

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees August 26, 2020

Meeting#: 1171

Call to order: 10:01 a.m.

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

Presiding: John P. Dalton, President

Roll Call:

Trustees:	Present	Present via videoconference	Present via phone
John P. Dalton, President	X		
Robert T. Regan, Vice President		X	
Hon. Mariyana T. Spyropoulos, Secretary		X	
Hon. Kimberly Du Buclet		X	
Bonnie T. Kennedy		X	
Kathleen T. Meany			X
Kevin Young		X	

Staff present: Jim Mohler, Executive Director, present
Mary Murphy, Operations Manager, via videoconference
Brian Gillespie, Financial Analyst, via videoconference
Ksenija Hrvojevic, Benefits Manager, via videoconference

Also present: Mr. Kweku Obed, Marquette Associates, via videoconference
Ms. Amanda Gall, Marquette Associates, via videoconference
Mary Ann Boyle, MWRD Treasurer, via videoconference

Roll Call

President Dalton conducted a roll call.

Meeting Notice

President Dalton stated for the record that since Governor Pritzker has issued a disaster declaration regarding public health concerns from COVID-19, the monthly meeting of the MWRDRF Board will be conducted remotely and in accordance with section ILCS 120 7(e) of the Illinois Open Meetings Act.

Public Comment

President Dalton solicited public comments; there were none.

Regular Business

Approval Regular Meeting Minutes – July 22, 2020.

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

Approval of Meeting Agenda – August 26, 2020.

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

Consent Agenda

Administrative Expenses, 11 items, \$17,084.87

Motion to approve by Vice President Regan, seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.

Investment Expenses, \$801,232.08

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

Employee Annuity - 18 new retirees, \$101,065.02 total monthly

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

Surviving Spouse and Child Annuity - 4 new annuitants, \$19,634.28 total monthly

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

Refunds - 19 refunds, \$489,508.57

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

Duty Disability, benefits for 8 persons

Motion to approve by Trustee Young, seconded by Vice President Regan, unanimously approved by roll call vote.

Ordinary Disability, benefits for 5 persons

Motion to approve by Commissioner Spyropoulos, seconded by Vice President Regan, unanimously approved by roll call vote.

Administrative

Cash Allocation

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

For projected September 2020 disbursements of \$16.6M, and October 2020 disbursements of \$16.6M

Mr. Mohler reported that September 2020 disbursements are projected to be \$16.6M; due to the receipt of Employer Contributions during August, the approved \$15.5M liquidations from Neuberger Berman and Decatur Capital will not be required.

For October 2020 projected disbursements of \$15.5M, Fund staff projects \$6.5M will need to be liquidated from investment assets. Fund staff expects additional employer contributions to be received before October 1st, so this is a conservative estimate.

Fund staff proposes the following liquidations for the projected October disbursements:

Decatur Capital Large Cap	\$ 6.5M
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Motion by Trustee Meany to approve withdrawal of approximately \$6.5M from Decatur to fund the October 2020 payrolls. Motion was seconded by Vice President Regan, unanimously approved by roll call vote.

Annual Election of an Employee Trustee - 2020 Rules of Election

The annual election of an employee Trustee will be held on October 20, 2020; the term of Trustee Young expires November 30th. Ms. Hrvojevic reported that the Notice of Election was distributed to the active members of the Fund, by email and by paper postings throughout the Districts plants and administrative buildings. The Nominating Petition procedure this year, modified due to COVID-19, allows for electronic collection of the required 60 signatures using the new Fund email address, election2020@mwrdrf.org. Nominating petitions will be available for interested members to circulate by 8:45 a.m. September 1st and are due at the Fund office by noon on September 8th.

Trustee Education Requirements and Opportunities

Mr. Mohler reiterated that the annual Trustee training requirement is 8 hours of training completed before year-end. While in-person training opportunities are generally not available due to COVID-19, there are many being offered online; Mr. Gillespie will continue to inform the Trustees of those opportunities.

Executive Session Minutes Review

Mr. Mohler requested a one-month extension on the customary semi-annual review of Executive Session minutes, specifically to review the opening minutes from the period July 2018 to March 2019 with Fund counsel before presenting a recommendation to the Trustees.

Information Technology

Mr. Mohler reported that a stated goal for 2020 was to have an IT cybersecurity review by an outside firm, to review our current systems and practices, and give recommendations about best practices. He expects that staff will review provider opportunities over the next 30 days.

Staff Investment Report(s)

Monthly Staff Investments Report

Mr. Gillespie reviewed the BNYM Custodian Report which showed the Fund's investments at \$1.37B as of 7/31/20. He reviewed the rebalancing schedule, noting positive month-to-date performance in August reflected in the 8/20/20 balance of \$1.39B.

MWDBE Broker Utilization - Quarterly Update

Mr. Gillespie reported that the recently revised MWDBE brokerage goals (40% of commissions for domestic equities, 20% for international equities, and 25% of par for fixed income) are being met by all managers. The detailed analysis shows that commission dollars earned by minority brokers have increased over the prior year.

MWDBE Manager Utilization

Mr. Gillespie reported that the MWDBE Manager Utilization report shows 36.8% (of actively managed assets) utilization. With the hiring of Ramirez at the end of 2019, the utilization has increased over the prior year when utilization was 28%.

Securities Lending – Quarterly Update

Mr. Gillespie presented the Q2 2020 Securities Lending report, which showed securities lending income from SSgA of \$19,900, and from BNYM of \$13,400.

Transition Manager Review Update

Mr. Gillespie reported that work continued over the last month on the creation of a transition manager agreement. This will allow the Fund to have multiple providers under agreement if and when future transition services are needed. Fund counsel has completed review and the document is almost in final form.

Other Comments

Mr. Gillespie, Mr. Obed and Mr. Mohler commented on potential legislation proposed by the Department of Labor. Proposed legislation references private sector fiduciary guidelines when making investment decisions. As the proposed legislation deals with ERISA plans only, the impact on state and municipal funds is moot.

Watchlist Update

Mr. Gillespie updated the Board on the recent performance of the Ariel Mid Cap mandate, which has been on the Watchlist for performance reasons since March. Mr. Mohler recommended reviewing Ariel's performance at the next meeting and again after the 3rd quarter. With that information, along with further input from Marquette, the Board may be able to consider taking Ariel off watch or possibly move in a different direction in the next couple months.

Open-end Real Estate Accounts Review

Mr. Gillespie reported that staff and Mr. Obed of Marquette conducted calls with UBS Trumbull Property and DWS RREEF II REIT fund managers, discussing the impact of COVID-19 on real estate. Impacts on investments in office and retail properties, and redemption queues at UBS were discussed.

Investment Consultant Report(s)

Market Environment

Mr. Obed reviewed both Q2 and the July 2020 Market Environment report, noting the positive impact of Federal stimulus on confidence reflected in the rising equity markets.

Monthly Flash Report

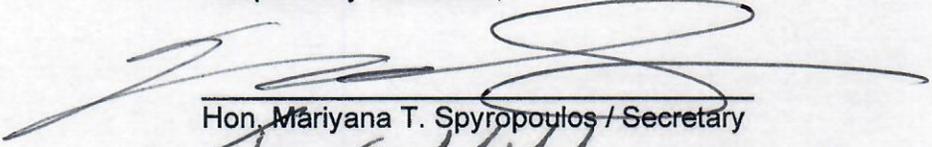
Mr. Obed presented the July 2020 Performance Report, which presents in detail the recent performance of the Fund's portfolio by asset class and by manager.

Adjournment

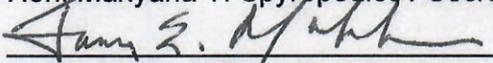
Motion to adjourn was made by Commissioner Spyropoulos, seconded by Trustee Kennedy, unanimously approved by roll call vote.

President Dalton adjourned the meeting at 12:03 p.m.

Respectfully submitted,



Hon. Mariyana T. Spyropoulos / Secretary



James Mohler / Executive Director

Prepared by:



Vrinda Kulkarni / Accountant