

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees September 23, 2020

Meeting#: 1172

Call to order: 10:03 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 as observer only*
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	

*Due to technical difficulties, Vice-President Regan did not participate as a voter in this meeting. All unanimous votes noted in the minutes below refer to votes of the six other Board members.

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
Members of the public, 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.

Meeting attendance

To ensure that the minutes of the meeting are properly recorded, anyone attending the meeting via teleconference outside the Board members, Fund consultants, and pertinent Fund staff, were asked to identify themselves and affiliation, if any.

Public Comment

President Dalton solicited public comments; there were none.

Regular Business

Approval Regular Meeting Minutes – August 26, 2020.

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

Approval of Meeting Agenda – September 23, 2020.

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

Consent Agenda

Administrative Expenses, 11 items, \$62,367.14

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

Investment Expenses, \$47,507.35

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

Employee Annuity - 5 new retirees, \$29,946.64 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, \$7,681.89 total monthly

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

Refunds - 3 refunds, \$55,381.00

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

Duty Disability, benefits for 15 persons

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

Consent Agenda, continued

Ordinary Disability, benefits for 7 persons

Motion to approve by Trustee Meany, seconded by Trustee Kennedy, 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 October 2020 disbursements of \$15.2M

Mr. Mohler reported that October 2020 disbursements are projected to be \$15.2M; due to the receipt of Employer Contributions during August & September, only approximately \$5.2M from Decatur Capital will be required.

For November 2020 disbursements of \$15.5M

Mr. Mohler reported that for November 2020 projected disbursements of \$15.5M, Fund staff projects \$13.0M 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 November disbursements:

Decatur Capital Large Cap Growth	\$ 11.0M
SSgA MSCU ACWI ex-US Index Fund	\$ 2.0M

Motion by Trustee Young to approve withdrawal of approximately \$11.0M from Decatur Capital and \$2.0M from SSgA MSCI ACWI ex-US Index Fund to fund the November 2020 disbursements. Motion was seconded by Commissioner Du Buclet, unanimously approved by roll call vote.

Annual Election of an Employee Trustee – Certification of Eligible Voter List

The annual election of an employee Trustee will be held on October 20, 2020; the term of Trustee Young expires November 30th. Mr. Mohler requested Board approval of the certified voters list that has been prepared by staff. Ballots will be mailed on October 2nd.

Motion to approve the Certified Voters List by Trustee Meany, seconded by Trustee Kennedy, unanimously approved by roll call vote.

Trustee Education Requirements and Opportunities

Mr. Mohler reported that the Department of Insurance has extended the date by which Trustee annual training requirements must be completed, from December 31, 2020 to June 30, 2021.

Mr. Gillespie provided the final agenda for the NCPERS virtual conference to be offered 9/29 and 9/30. The IFEBP is offering an on-demand virtual event entitled Retirement Plan Investments and Vendor Management, as well as eLearning offerings. 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.

Administrative, continued

Executive Session Minutes Review – 5 ILC 120/2.06(d)

Mr. Mohler, after consultation with Fund counsel, presented the recommendation to the Board to release the minutes of the 8 Executive Sessions held from July 25, 2018 to March 7, 2019; i.e. to make them open to the public.

Motion was made by Commissioner Spyropoulos to release the Executive Sessions Minutes from July 25, 2018 to March 7, 2019, seconded by Trustee Meany, unanimously approved by roll call vote.

Motion was made by Trustee Young to destroy the verbatim records of the eight Executive Session meetings held from July 25, 2018 to March 7, 2019 was seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.

Information Technology Systems/Procedures Review

Mr. Mohler reported that the IT cybersecurity review kickoff meeting was held with the consulting firm LaSalle. Finalization of an engagement agreement is expected early in the 4th quarter. The MWRD will also be involved in the project as the District host the RF network and they are the provider of firewall and other security features. Provaliant is the firm chosen by the Board to assist in doing a gap analysis and preparing an RFP for a pension administration system. The start of the project was delayed due to COVID-19 and the retirement season caseload.

Unclaimed Property Reporting Requirement

Mr. Mohler reported that Fund staff is preparing the report to fulfill the reporting requirements of PA 101-0546 that will be submitted by the reporting deadline of 11/1/20. Staff will update the Board at the October meeting.

Legal & Legislative

Annual Illinois Training Requirements for Fiduciaries - Update

Mr. Mohler reported that in addition to the fiduciary ethics training requirements, there are sexual harassment prevention training requirements that staff and Trustees are required to fulfill before year-end. As in prior years, District training resources may be used if offered to staff, or training may be provided by JBOH, Fund counsel.

Meeting attendance (reminder)

To ensure that the minutes of the meeting are properly recorded, anyone attending the meeting via teleconference outside the Board members, Fund consultants, and pertinent Fund staff, were asked to identify themselves and affiliation, if any.

Staff Investment Report(s)

Monthly Staff Investments Report

Mr. Gillespie reviewed the BNYM Custodian Report which showed the Fund's investments at \$1.4B as of 8/31/20. He reviewed the rebalancing schedule, noting the 9/18/20 investment balance of \$1.37B.

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.

Transition Manager Review Update

Mr. Gillespie reported that the transition manager agreement has been finalized and sent to two providers, Loop Capital and Penserra.

Investment Manager Fees

Mr. Gillespie reported on the nearly \$330,000 fees savings resulting from the transition of funds from Hexavest to the SSgA MSCI ACWI -ex-US Index. In addition, he reported approximately \$69,000 fee savings that resulted from negotiating more favorable fees with both firms at the time that funds formerly at Matarin were transitioned to Mesiraw and Wasatch.

President Dalton thanked Fund staff for their efforts that are expected to result in savings of nearly \$400,000 or close to 10% of total fees.

Manager Presentations to Trustees – 4th Quarter

Mr. Gillespie reported that staff would like to bring manager presentations back to the Q4 Board meetings. Staff will focus on a review of risk/return profiles of the Fund's managers, specifically in the asset categories of Domestic Large Cap, International Equities and Small Cap Value.

Mr. Gillespie also stated that following the September Special Meeting on Low Vol and Infrastructure asset classes, he is happy to provide Trustees with further information per request.

Based on his prior observations at other virtual meetings, Mr. Dalton suggested that staff run through the IT setup, i.e., Teams meeting platform, and slide deck sharing options to troubleshoot technical difficulties in advance of any manager presentation.

Open-end Real Estate Accounts Review

Mr. Gillespie reported that the Fund was notified of an upcoming capital call of \$15.0M with DWS RREEF, on October 1st. The capital call will satisfy the Fund's full additional commitment of \$30M.

Motion was made by Commissioner Du Buclet to fund the DWS RREEF capital call with \$11.0M from Neuberger Berman, and \$4.0M from Garcia Hamilton. Seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.

Investment Consultant Report(s)

UBS Trumbull Property Fund (TPF) Structure Update and Recommendation

Mr. Obed reviewed Marquette's memorandum on the UBS TPF, reporting on satisfaction with the organizational changes made at the firm and the TPF following 6 months of monitoring. Marquette also reported Q2 underperformance against the ODCE Index and a significant redemption queue of \$8.3B. Mr. Obed and staff made the recommendation to place a redemption notice for 50% of the Fund's current investment as a cautionary measure. The redemption would not be expected to be fulfilled until beyond 2021 given the large queue and could be rescinded at any time if circumstances warranted. Discussion followed.

Motion made by Trustee Young to remove UBS TPF from the Watchlist for organizational reasons, and to place UBS TPF on the Watchlist for performance reasons. Seconded by Trustee Meany, unanimously approved by roll call vote.

Motion made by Trustee Kennedy to place the Fund in the UBS TPF redemption queue in the amount of \$32.0M. Seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.

Market Environment

Mr. Obed reviewed the August 2020 Market Environment report, commenting on the economy, COVID-19 cases, the upcoming presidential election, unemployment and Q3 expectations for GDP. He reviewed the broad performance of the various asset classes in this market environment.

Monthly Flash Report

Mr. Obed presented the August 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 Commissioner Du Buclet, 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

Minutes were approved at the 10/28/20 Board Meeting, awaiting signature