

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees January 27, 2021

Meeting#: 1176

Call to order: 10:00 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
John P. Dalton, President	X	
Kevin Young, Vice President		X
Hon. Mariyana T. Spyropoulos, Secretary		X
Hon. Kimberly Du Buclet		X
M. Frank Avila*		X
Bonnie T. Kennedy		X
Robert T. Regan		X

* Trustee Avila took the Oath of Office during the meeting.

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
Vrinda Kulkarni, Accountant, via videoconference

Also present: Mr. Kweku Obed, Marquette Associates, via videoconference
Ms. Amanda Gall, Marquette Associates, via videoconference
Ms. Colleen Flannery, Marquette Associates, via videoconference
Ms. Mary Ann Boyle, MWRD Treasurer, via videoconference
Members of the public, via teleconference:
Zack Cziryak, Financial Investment News
Angela Myers, Loop Capital

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 – December 16, 2020.

Motion by Vice President Young. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

Approval of Executive Session Minutes – N/A

Approval of Meeting Agenda – January 27, 2021

Motion by Trustee Regan. Seconded by Commissioner Du Buclet, unanimously approved by roll call vote.

Consent Agenda

Administrative Expenses, \$136,693.53

Motion to approve by Vice President Young. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

Investment Expenses, \$0

Employee Annuitants - 4 new retirees, \$21,111.12 total monthly

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

Surviving Spouse and Child Annuitants – 6 new annuitants, \$36,959.19 total monthly

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

Refunds - 6 refunds, \$566,344.09

Motion to approve by Trustee Kennedy. Seconded by Vice President Young, unanimously approved by roll call vote.

Consent Agenda, continued

Duty Disability, benefits for 10 persons

Motion to approve by Trustee Regan. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

Ordinary Disability, benefits for 5 persons

Motion to approve by Vice President Young. Seconded by Trustee 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 February 2021 disbursements of \$15.2M

Mr. Mohler reported that February 2021 disbursements are projected to be \$15.2M; the Board had approved up to \$13.85M to be liquidated from the Fund's domestic and international equity allocations from SSgA SP400 Index and DFA Emerging Markets at the December meeting. It is projected to only need \$5.025M from DFA.

For projected March 2021 disbursements of \$16.6M

Mr. Mohler reported that for March 2021 projected disbursements of \$16.6M, Fund staff projects \$15.0M will need to be liquidated from investment assets.

Fund staff recommends the following sources for the projected March disbursements:

<u>Investment Manager</u>	<u>Investment Mandate</u>	<u>(\$M)</u>
SSgA	S&P400	\$7.5M
Wasatch	Small Cap Value	\$7.5M

Motion by Vice President Young to approve staff's recommendation for necessary liquidity. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

Staff Administrative Update

Trustee Resolutions – Stephen J. Carmody & Kathleen T. Meany*

On behalf of the Retirement Board, Mr. Mohler read resolutions for former Trustee Meany and Trustee Carmody into the minutes of the meeting. The Retirement Board thanked them both for their selfless service to the Fund members.

New Trustee – Oath of Office*

Trustee M. Frank Avila took the oath of office as Retiree Trustee, appointed by the Board of Commissioners to fill the remaining term of Trustee Meany. The Retirement Board welcomed Trustee Avila to the Board.

2020 FOIA Requests Summary

Fund Accountant Vrinda Kulkarni walked the Board through the requests for information received by the Fund in 2020. Ms. Kulkarni outlined the process utilized by the Fund when receiving requests for information. The Board thanked Ms. Kulkarni for the update.

Staff Administrative Update, continued

Pension Administration System - Project Update

On behalf of Ms. Murphy, Mr. Mohler updated the Board on the status of the PAS project with Provaliant. Fund staff will continue to update the Board monthly on the project's status.

Assignment of Benefit Update – 40 ILCS 5/13-805

Mr. Mohler discussed with the Board the results of Fund Counsel's review of the Fund's procedures with the District Credit Union. Fund staff does not see the need for big differences in current procedures, but that all forms/documents currently being utilized will be reviewed and modified to ensure that the Fund's role is properly identified.

Actuarial Sensitivity Analysis Presentation

Mr. Jason Franken from Foster & Foster Consulting Actuaries, walked the Board through their Pension Modeler Worksheet. This tool can be used to project the effects of changing key variables on the funding ratio of the Fund. Discussion ensued. President Dalton thanked Mr. Franken for his presentation.

Requirement to Report Fraud 40ILCS 5/1-135

Mr. Mohler reminded the Trustees of their responsibility to report any reasonable suspicion of a false statement or falsified record being submitted to the Fund and the Board's need to immediately notify the State's Attorney of the relevant jurisdiction.

Trustee Education Requirements and Opportunities

Mr. Mohler informed the Trustees that they are in compliance with the Trustee training requirements for 2020 in accordance with ILCS 40 5/1-113.18. Mr. Mohler requested a motion to certify the Education Compliance Report to be submitted to the Illinois Department of Insurance.

Motion by Commissioner Spyropoulos to certify the report and submit to the Department of Insurance. Seconded by Vice President Young, unanimously approved by roll call vote.

Legal & Legislative

Legislative Agenda/Lobbyist Presentation

Mr. Tom Walsh, Fund Lobbyist, presented to the Trustees regarding the 102nd Session of the Illinois Legislature. Discussion ensued between Mr. Walsh and Trustees. President Dalton thanked Mr. Walsh for his presentation.

DRAFT 2021 Lobbyist Engagement Letter*

Mr. Mohler presented the Lobbyist Engagement Letter for 2021 to the Trustees and requested for a motion to approve.

Motion by Trustee Avila to approve the 2021 Lobbyist Engagement Letter. Seconded by Vice President Young, unanimously approved by roll call vote.

DRAFT Legal Retainer Agreement*

Mr. Mohler presented to the Board a Retainer Agreement with JBOH for their consideration. Discussion ensued.
Motion by Commissioner Spyropoulos to enter the Retainer Agreement with JBOH. Seconded by Trustee Regan, unanimously approved by roll call vote.

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 Update(s)

Manager Presentation to Trustees – Ramirez Asset Management

Mr. Sam Ramirez and Mr. Jim Haddon from Ramirez Asset Management presented to the Retirement Board an update on their Core + Fixed Income mandate. Discussion ensued. President Dalton thanked Mr. Ramirez and Mr. Haddon for their presentation.

2021 Manager Presentation Schedule

Mr. Gillespie submitted the proposed Investment Manager presentation to the Retirement Board schedule for 2021.

Current vs. Target Asset Allocation

Mr. Gillespie presented to the Retirement Board the Fund's current asset allocation compared to their target allocations.

Watchlist Update*

Mr. Gillespie updated the Retirement Board on the performance of the investment managers currently on watch.

Decatur Capital – Firm Update*

Mr. Gillespie and Mr. Obed, updated the Board regarding Decatur Capital (large cap growth). It was recommended to put Decatur on watch for organizational purposes.

Motion by President Dalton to put Decatur Capital on watch for organizational purposes. Seconded by Trustee Regan, unanimously approved by roll call vote.

Ariel Investments – SMID Mandate Update

Mr. Gillespie updated the Retirement Board on the mandate transition for Ariel Investments from Mid Cap Value to SMID Cap Value. Mr. Gillespie informed the Retirement Board that the transition is complete and that the Fund was able to negotiate the fee structure more favorably for the Fund.

Diversification – Low/Vol Strategies Discussion*

Mr. Gillespie and Mr. Obed presented to the Retirement Board an RFP for Global Low Vol strategies. Discussion ensued.

Motion by President Dalton to begin an RFP for Global Low Vol strategies. Seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.

Investment Consultant Report(s)

Market Environment

Mr. Obed reviewed the investment markets as of December 2020. Discussion ensued.

Monthly Flash Report

Mr. Obed presented the December Monthly Performance Report, which presents the performance of the Fund's portfolio by asset class and by manager. Discussion ensued.

Other Comments

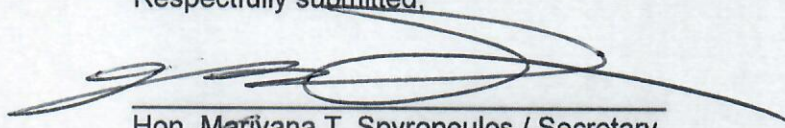
None

Adjournment

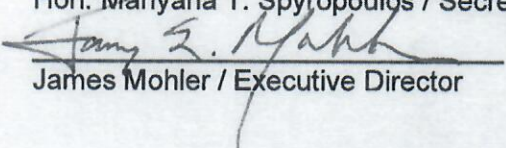
Motion to adjourn was made by Commissioner Spyropoulos. Seconded by Commissioner Du Buclet, approved by roll call vote.

President Dalton adjourned the meeting at 12:46 p.m.

Respectfully submitted,

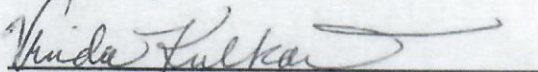


Hon. Mariyana T. Spyropoulos / Secretary



James Mohler / Executive Director

Prepared by:



Vrinda Kulkarni / Accountant