

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees February 24, 2021

Meeting#: 1177

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
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

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

Ms. Mary Ann Boyle, MWRD Treasurer, via videoconference
Members of the public, via teleconference:
Zack Cziryak, Financial Investment News
Glyn Birtwistle, Fundmap

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 – January 27, 2021.

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

Approval of Executive Session Minutes – N/A

Approval of Meeting Agenda – February 24, 2021

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

Consent Agenda

Administrative Expenses, \$116,087.69

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

Investment Expenses, \$842,088.54

Motion by Commissioner Spyropoulos. Seconded by Vice President Young, unanimously approved by roll call vote.

Employee Annuitants - 7 new retirees, \$35,786.73 total monthly

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

Surviving Spouse & Child Annuitants – 5 new surviving spouse, 1 new child annuity, \$14,815.36 total monthly

Motion by Commissioner Spyropoulos. Seconded by Vice President Young, unanimously approved by roll call vote.

Refunds - 2 refunds, \$21,058.76

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

Consent Agenda, continued

Duty Disability, benefits for 5 persons

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

Ordinary Disability, benefits for 3 persons

Motion to approve by Vice President Young. 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 March 2021 disbursements of \$16.3M

Mr. Mohler reported that March 2021 disbursements are projected to be \$16.3M; the Board had approved up to \$15.0M to be liquidated from the Fund's domestic equity allocations from SSgA SP400 Index and Wasatch Small Cap Value at the January meeting. It is now projected to only need \$10.2M; \$7.5M from the SSgA SP400, and \$2.7M from Wasatch.

For projected April 2021 disbursements of \$15.7M

Mr. Mohler reported that for April 2021 projected disbursements of \$15.7M, Fund staff projects \$14.2M 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>
Ariel Investments	SMID Cap Value	\$12.7M
DFA	Emerging Markets	\$1.5M

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

2020 Audit Engagement Letter*

Mr. Mohler presented the 2020 Audit Engagement Letter from Legacy Professionals LLP for Board approval.

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

Information Technology Systems/Procedures Review – Update

Mr. Mohler and Ms. Murphy reported on the progress of the IT systems review, cybersecurity process review and staff training program by LaSalle Group.

Staff Administrative Update, continued

Pension Administration System - Project Update

Ms. Murphy 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 regarding the assignment of benefit. Based on discussion with legal counsel, Fund staff will continue to collect group health insurance premiums for those on disability with Board approval. As for other amounts owed the District, such as those for tuition or overpaid vacation, the member will be responsible for paying the District directly. Board gave direction to begin dialogue with the District to transition the responsibility of collections of these types of payments to the District as the statutes do not allow the Fund to do this.

Points of Concern Memorandum – District OPEB Plan Administration*

Mr. Mohler reviewed the history of the Retirement Fund's involvement in supporting the District with the administration of their retiree health care plan, noting Fund Counsel has identified it as a prohibited transaction. Discussion ensued. President Dalton gave staff direction to reach out to the District to begin discussions of an orderly transition of removing the Fund from the administration of the plan.

Trustee Education Opportunities

Mr. Gillespie reported on upcoming Trustee Education Opportunities. The Fall 2020 NCPERS Conference for which all Trustees were registered was rescheduled as a virtual event, currently available online until March 12th.

Legal & Legislative

SB73 / HB2550– MWRDRF Ordinary Disability Bill

Mr. Mohler reported on the status of the MWRDRF Ordinary Disability Bill. It is a technical change which should not meet resistance in either the House or the Senate. Discussion followed.

Meeting attendance (reminder)

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Staff Investment Update(s)

Manager Presentation to Trustees – Mesirow Financial

Mr. Leo Harmon and Mr. Eric Welt from Mesirow Financial presented to the Retirement Board an update on their Small Cap Value mandate. Discussion ensued. President Dalton thanked Mr. Harmon and Mr. Welt for their presentation.

MWDBE Utilization Goals Report – 4Q/20

Mr. Gillespie reviewed the Q4 2020 MWDBE Utilization Goals Report. Reports are on file.

Current vs. Target Asset Allocation

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

Staff Investment Update(s), continued

Watchlist Update*

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

Transition Manager Addition Consideration*

Mr. Gillespie reported that staff is finalizing the agreement for establishing one additional transition manager relationship. This will result in the Fund having three transition manager relationships to choose from when the need for transition management services arises.

RFP Global Low/Vol Equity - Update

Mr. Gillespie updated the Retirement Board on the RFP for Global Low/Vol Equity which was issued on February 3rd. Submission due date is March 3rd, after which the evaluation process will begin.

Investment Consultant Report(s)

Market Environment

Mr. Obed reviewed the investment markets as of January 2021. Discussion ensued.

Monthly Flash Report

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

Other Comments

Mr. Mohler updated the Retirement Board on the current staffing levels; current level is 50% of staff, or 5 people scheduled to work in the office each workday.

Adjournment

Motion to adjourn was made by Commissioner Spyropoulos. Seconded by Vice President Young, approved by roll call vote.

President Dalton adjourned the meeting at 12:11 p.m.

Respectfully submitted,

Hon. Mariyana T. Spyropoulos / Secretary

James Mohler / Executive Director

Prepared by:

Vrinda Kulkarni / Accountant