

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees May 26, 2021

Meeting#: 1180

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
Vrinda Kulkarni, Accountant, via videoconference

Also present: Mr. Kweku Obed, Marquette Associates, via videoconference
Ms. Morgan Chase, Marquette Associates, via videoconference
Mr. Jason Franken, Foster & Foster, via videoconference
Mr. Paul Doetsch, Legacy Professionals LLP, via videoconference
Mr. Tom Walsh, Legislative Consultant, via videoconference
Ms. Mary Ann Boyle, MWRD Treasurer, via videoconference

Members of the public, via teleconference:
Teddy Haines, Financial Investment News

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 Special Meeting Minutes – April 13, 2021

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

Approval Regular Meeting Minutes – April 28, 2021

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

Approval of Executive Session Minutes – April 28, 2021

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

Approval of Meeting Agenda – May 26, 2021

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

Consent Agenda

Administrative Expenses, 16 items, \$153,282.47

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

Investment Expenses, 15 items, \$980,586.79

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

Employee Annuitants - 42 new retirees, \$273,233.39 total monthly

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

Surviving Spouse & Child Annuitants – 2 new surviving spouse annuities, \$25,668.75 total monthly

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

Consent Agenda, continued

Refunds - 19 refunds, \$599,099.45

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

Duty Disability, benefits for 9 persons

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

Ordinary Disability, benefits for 3 persons

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

Mr. Mohler thanked Ms. Hrvojevic and the Benefits staff for all their efforts processing retirement applications this retirement season.

Administrative

Cash Allocation

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

For projected June 2021 disbursements of \$16.8M

Mr. Mohler reported that June 2021 disbursements are expected to be \$16.8M. Due to having sufficient liquidity, no investment assets will need to be liquidated for June disbursements.

For projected July 2021 disbursements of \$16.6M

Mr. Mohler reported that July 2021 projected disbursements are \$16.6M. Fund staff projects \$11.7M of invested assets will need to be liquidated to honor them. Staff recommends needed liquidity from the following sources:

<u>Investment Manager</u>	<u>Investment Mandate</u>	<u>(\$M)</u>
Ariel Investments	Small/Mid Cap	\$11.7M

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

Staff Administrative Update

Actuarial Report - Foster & Foster Presentation

Mr. Jason Franken presented the 2020 Actuarial Report, reviewing the highlights.

Motion by Commissioner Spyropoulos to accept the 2020 Actuarial Report and place on file. Seconded by Vice President Young, unanimously approved by roll call vote.

Staff Administrative Update, continued

Audited Financial Statements – Legacy Professionals Presentation

Mr. Paul Doetsch presented the 2020 Financial Statement Report, reviewing the highlights.

Executive Session – ILCS 120, 2(c)(29) – Exception for meetings with internal or external auditor

Motion by Vice President Young to enter into Executive Session under the ILCS 120/2(c)(29). Seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.

(Whereupon an Executive Session was held from 10:51 a.m. to 10:54 a.m.)

Motion by Commissioner Spyropoulos to accept the 2020 Audited Financial Statements and place on file. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

President Dalton thanked Mr. Franken, Mr. Doetsch and their teams for their efforts in completing the annual reports.

(Whereupon the Staff Administrative Update(s) Agenda was discontinued, and the Legal and Legislative Agenda began)

Legal & Legislative

Administrative Policy revisions and approvals

Mr. Mohler presented four administrative policies for Board consideration. Discussion ensued.

DRAFT Revised Fund Ethics Policy*

Motion by Commissioner Spyropoulos to approve the Revised Fund Ethics Policy. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

DRAFT Fiduciary Indemnification Agreement*

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

DRAFT FOIA Procedures Document*

Discussion ensued, staff and legal counsel was requested by the Board to compare the draft policy to that of the MWRD. Consideration was deferred to the June meeting.

DRAFT Revised Tuition Reimbursement Program*

Motion by Vice President Young to approve the Revised Tuition Reimbursement Program. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

Presentation from Tom Walsh – Legislative Lobbyist

Mr. Walsh reported to the Board on the status of legislation in the Illinois General Assembly related to pension funds. Discussion followed.

102nd Meeting of the Illinois General Assembly (Session-to-date Bills that may affect the Fund)

Mr. Mohler gave updates on some additional pension bills in the Illinois Legislature that have been discussed at prior meetings. Discussion followed.

Staff Investment Update(s)

Manager Presentation to Trustees – LSV Asset Management

Mr. Scott Kemper and Mr. Josef Lakonishok from LSV Asset Management presented to the Board an update on their international small-cap value mandate. Discussion ensued.

Executive Session – ILCS 5 120/2(c)(7), Exception for discussion of Sale or Purchase of Securities

Motion by Commissioner Spyropoulos to enter into Executive Session under the ILCS 120/2(c)(7). Seconded by Vice President Young, unanimously approved by roll call vote.

(Whereupon an Executive Session was held from 11:50 a.m. to 12:18 p.m.)

Watchlist Update*

Motion by Trustee Regan to remove DFA from the Watchlist. Seconded by Vice President Young, unanimously approved by roll call vote.

RFP Global Low/Vol Equity Search - Process Update

Motion by Commissioner Spyropoulos to hire MFS and Northern Trust for the Global Low Vol mandate, allocating approximately \$40M to each manager, pending successful contract negotiations. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

Mr. Dalton directed Investment Staff and Consultant to review the portfolio and identify allocations where active management has a higher probability to outperform, net of fees, and within those allocations, where diverse managers provide services that could be considered.

(Whereupon the Staff Investment Update(s) Agenda was discontinued, and the Staff Administrative Update(s) Agenda was resumed)

Staff Administrative Update, continued

Staff Office Attendance 2021 Considerations

Mr. Mohler updated the Board on the current office attendance, noting that he is in close contact with the MWRD and keeping up-to-date with CDC guidelines, both of which will be considered when proposing future changes to office attendance.

Retirement Casework Update

Mr. Mohler reported to the Board that there are currently 42 retirement applications for 4/30, 10 for 5/31, and 1 for 6/1.

Pension Administration System – Project Update

Ms. Murphy reported that the main text of the RFP has been drafted, current work is on the Appendices. Consideration of data cleansing options continues.

Trustee Education Opportunities*

Mr. Gillespie reported on upcoming Trustee Education Opportunities, noting the upcoming 2021 NCPERS TEDS conference. He also reminded the Board of other available training - NCPERS webinars, IFEBP educational webcasts, and Marquette Associates online webinars.

Meeting attendance (reminder)

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(Whereupon the Staff Administrative Update(s) Agenda was concluded and the Staff Investment Update(s) Agenda was resumed)

Staff Investment Update(s)

Current vs. Target Asset Allocation

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

MWDBE Utilization Goals – Quarterly Status Update

Mr. Gillespie reported on the Q1 2021 MWDBE manager and broker utilization.

Investment Consultant Report(s)

Market Environment

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

Monthly Flash Report

Mr. Obed presented the April 2021 Monthly Performance Report, which presents the performance of the Fund's portfolio by asset class and by manager. Discussion ensued.

First Quarter 2021 Investment Report


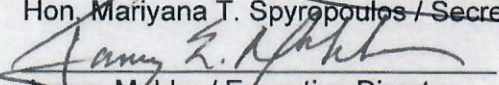
Mr. Obed reviewed in detail the Q1 2021 performance report.

Adjournment

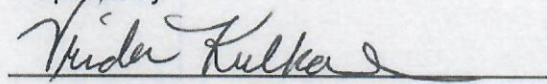
Motion to adjourn was made by Vice President Young. Seconded by Trustee Regan, approved by roll call vote.

President Dalton adjourned the meeting at 1:11 p.m.

Respectfully submitted,


Hon. Mariyana T. Spyropoulos / Secretary

James Mohler / Executive Director

Prepared by:



Vrinda Kulkarni / Accountant