

# Metropolitan Water Reclamation District Retirement Fund

## Minutes Regular Meeting Board of Trustees July 28, 2021

Meeting#: 1182

Call to order: 10:00 a.m.

Place: MWRD MOB Board Room, 100 E. Erie St. Chicago, IL

Presiding: John P. Dalton, President

### Roll Call:

<b>Trustees:</b>	<b>Present</b>	<b>Present via videoconference</b>	<b>Absent</b>
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

Also present: Mr. Kweku Obed, Marquette Associates, via videoconference

Members of the public, via teleconference:  
Zack Cziryak, Financial Investment News  
Drew Wade, Band One Investments

## **Roll Call**

President Dalton conducted a roll call.

## **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 – June 23, 2021

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

Approval of Meeting Agenda – July 28, 2021

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

## **Consent Agenda**

Administrative Expenses, 20 items, \$157,339.75

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

Investment Expenses, none

Employee Annuitants - 13 new retirees, \$76,260.60 total monthly

*Motion to approve by Commissioner Du Buclet. Seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.*

Surviving Spouse & Child Annuitants – 6 new surviving spouse annuities, \$31,643.67 total monthly

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

Refunds - 6 refunds, \$192,247.39

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

Duty Disability, benefits for 14 persons

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

Ordinary Disability, benefits for 12 persons

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

## **Administrative**

### **Cash Allocation**

Mr. Mohler reported the following regarding necessary liquidity for upcoming disbursements.

#### ***For projected August 2021 disbursements of \$16.6M***

Mr. Mohler reported that August 2021 disbursements are expected to be \$16.6M. Board had approved liquidation of \$15.55M of invested assets from SSgA S&P500 Index Fund and Mesirov Financial Small Cap Value to honor them.

#### ***For projected September 2021 disbursements of \$17.0M***

Mr. Mohler reported that September 2021 projected disbursements are \$17.0M. Fund staff projects \$15.2M of invested assets will need to be liquidated to honor them. Staff recommends needed liquidity from the following sources:

<b><u>Investment Manager</u></b>	<b><u>Investment Mandate</u></b>	<b><u>(\$M)</u></b>
Wasatch Advisors	Small Cap Value	\$13.2M
Decatur Capital	Large Cap Growth	\$2.0M

*Motion by Vice President Young to approve staff's recommendation for necessary liquidity. Seconded by Commissioner Du Buclet, unanimously approved by roll call vote.*

## **Staff Administrative Update**

### **2021 Employee Trustee Election – Approval of Rules and Recommended Judges\***

Mr. Mohler presented the draft Rules of Election, which are consistent with prior years. The Trustee election will be held on October 11, 2021.

*Motion to approve the Rules of Election made by Commissioner Spyropoulos. Seconded by Vice President Young, approved by roll call vote. President Dalton votes present.*

### **Pension Administration System - Project Update\***

Ms. Murphy reported the RFP was issued as planned on Monday June 28, 2021. Potential bidders submitted questions by July 12<sup>th</sup>, and a mandatory bidders conference was held on July 14<sup>th</sup> at which questions were addressed. Six bidders attended. Minimum qualifications were due July 27<sup>th</sup> and were submitted by three companies. The submitted qualifications will be evaluated against the requirements.

### **Request for RFP – Data Cleansing Services\***

Mr. Mohler reported the need for data cleansing services was identified late last year as an integral part of migrating to a new PAS. Staff has done the groundwork to determine the estimated cost range and has concluded that issuing an RFP would be prudent. Ms. Murphy will utilize Vice President Young and certain sister funds as a resource in the drafting of the RFP.

*Motion to approve the drafting and posting of the RFP for data cleansing services, made by Vice President Young. Seconded by Commissioner Du Buclet, unanimously approved by roll call vote.*

### **Signature Verification Project Update**

Mr. Mohler reported that staff has begun a signature verification process that is usually completed every three years. Retirees and beneficiaries are being asked by letter to verify they are still alive and at the address on record, as a means to ensure benefit payments are being made to the proper persons. Some banking information is also being verified.

Letters were sent out on July 27<sup>th</sup>, and staff expects they will be returned over the next few months.

## **Staff Administrative Update, continued**

### **DRAFT Overpayment Recoupment Policy\***

Mr. Mohler reviewed a new policy outlining procedures to be followed by staff for the recoupment of overpayments. Discussion ensued.

*Motion to approve the Overpayment Recoupment Policy made by Commissioner Spyropoulos. Seconded by Vice President Young, unanimously approved by roll call vote.*

### **DRAFT Annual Financial Report Presentation to the District Board of Commissioners**

Mr. Mohler reviewed the slide deck he will be presenting to the MWRD BOC at their regular Board meeting on Thursday September 2, 2021. The presentation to the BOC will highlight information from the RF 2020 Annual Financial Report and 2020 Actuarial Valuation Report – including the positive investment returns, increase in funded ratio, historical high for investment assets, changes in membership demographics and positive effect of the MWRD's additional contribution in 2020. Discussion ensued.

### **Trustee Education Discussion / Opportunities\***

Mr. Gillespie reported on upcoming Trustee Education Opportunities, noting the upcoming series of online conference by P&I. President Dalton noted the IFEBP conference in October will be both a live conference in Denver and virtual. Mr. Gillespie agreed to re-send the Excel training tracker to the Trustees. Discussion ensued.

## **Legal & Legislative**

None

### **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 – Garcia Hamilton Core Fixed Income**

Ms. Stephanie Roberts, Mr. Gilbert Garcia, and Mr. Jeff Detwiler from Garcia Hamilton presented to the Board (via videoconference) an update on their core fixed income mandate. Discussion ensued.

### **Current vs. Target Asset Allocation**

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

### **Watchlist Update\***

Mr. Gillespie reported that three firms remain on the Watchlist for varying reasons, as reported previously - LSV International Small Cap, Decatur Large Cap Growth and UBS Trumbull Property Fund.

### **DRAFT RFP International Equity - Developed Countries\*/\*\***

Mr. Mohler recapped the Fund's international equity allocations are all in passive management with the exception of the emerging markets allocation, and the small cap developed markets allocation (this manager is on Watch.) After previous discussions, staff is presenting a draft RFP for actively managed international equity, considering all capitalizations, and diverse providers.

*Motion to approve the posting of the International Equity RFP made by Commissioner Du Buclet. Seconded by Vice President Young, unanimously approved by roll call vote.*



**Staff Investment Update(s), continued**

**RFP Global Low/Vol Equity Search – Update**

Mr. Mohler and Mr. Gillespie gave an update on the Global Low/Vol Equity Search; IMA's are in place and accounts set up is being finalized. The approximately \$80M funding of the two managers (MFS and Northern Trust) will take place imminently and funding will come from the equity portion of the Fund's portfolio. Mr. Mohler expects to provide a post-transition analysis at the next meeting.

**Investment Consultant Report(s)**

**Market Environment**

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

**Monthly Flash Report**

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


**Adjournment 7/28/21 Meeting**

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

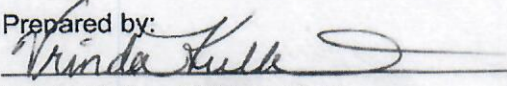
President Dalton adjourned the meeting at 11:51 a.m.

Respectfully submitted,

  
Hon. Mariyana T. Spyropoulos / Secretary

  
James Mohler / Executive Director

Prepared by:

  
Vrinda Kulkarni / Accountant