

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees August 25, 2021

Meeting#: 1183

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:

Trustees:	Present	Present via videoconference	Absent
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		

Staff present: Jim Mohler, Executive Director, present
Mary Murphy, Operations Manager, via videoconference
Brian Gillespie, Financial Analyst, present
Ksenija Hrvojevic, Benefits Manager via videoconference
Vrinda Kulkarni, Accountant, via videoconference
Vitaliy Bunimovich, Programmer Analyst, via videoconference

Also present: Mr. Kweku Obed, Marquette Associates, present
Mary Ann Boyle, MWRD Treasurer, via videoconference

Members of the public, via teleconference:
Representative, Financial Investment News

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 – 7/28/21

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

Approval of Meeting Agenda – 8/25/21

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

Consent Agenda

Administrative Expenses, 13 items, \$120,581.85

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

Investment Expenses, 14 items, \$1,008,716.48

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

Employee Annuitants - 4 new retirees, \$20,091.47 total monthly

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

Surviving Spouse & Child Annuitants – 3 new surviving spouse annuities, \$14,371.05 total monthly

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

Refunds - 4 refunds, \$38,640.40

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

Duty Disability, benefits for 4 persons, \$130.81

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

Ordinary Disability, benefits for 11 persons, \$1,749.65

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 liquidity for upcoming disbursements.

For projected September 2021 disbursements of \$17.0M

Mr. Mohler reported September 2021 disbursements are projected to be \$17M. The Board approved liquidation of \$15.2M from Wasatch Advisors (SCV) and Decatur Capital (LCG) to honor them at the July meeting.

For projected October 2021 disbursements of \$16.7M

Mr. Mohler reported that October 2021 projected disbursements are \$16.7M. Fund staff projects \$15.5M 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>
SSgA	S&P 500	\$15.5M

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

2021 Employee Trustee Election

Ms. Hrvojevic updated the Trustees on the upcoming Employee Trustee Election, to be held on October 19th. Notice of Election was emailed to 111 MWRD section heads, each District employee, and was posted on the Fund's website. Petitions for interested candidates will be available Tuesday, September 7th,

Elected Trustee Vacancy*

Mr. Mohler reported that Trustee Regan retired after over 30 years with the District, and 17 years of service to the Retirement Board. His retirement leaves a vacancy on the Board for his remaining term that expires on November 30th, 2022. Staff requested direction to post the Notice of Trustee Vacancy tentatively by September 1st with a response deadline of September 15th.

Motion by Commissioner Spyropoulos to approve the posting of the Notice of Trustee Vacancy. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

MWRD Director & Treasurer Correspondence*

Mr. Mohler reported that the correspondence was well received, and the District has responded showing their commitment to strengthening the financial position of the Fund over the long term. Staff requested direction from the Board, to work with Treasurer Boyle and Jason Franken (of Foster & Foster Actuaries) to prepare impact statements that will assist in understanding what are the best ways to reduce the unfunded liability going forward.

Motion by Vice President Young to direct staff to continue working with Treasurer Boyle and Mr. Franken to create impact statements. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

Pension Administration System - Project Update

Ms. Murphy reported that Minimum Qualifications submitted by three firms - Tegrit, LRS, and CBIZ - were submitted by July 27th. The submitted qualifications are currently being evaluated against the requirements. Interviews of references have progressed with interviews next week of staff from each of the bidders to be conducted by Ms. Murphy, Ms. Hrvojevic and Mr. Bunimovich.

Staff Administrative Update, continued

Request for RFP – Data Cleansing Services Update

Ms. Murphy reported the RFP questions were received from four vendors; responses to those inquiries will be posted on the Fund website by August 30th. Final RFP responses have a due date of September 14th and staff hopes to have a recommendation to the Board at the September meeting.

Signature Verification Project Update

Ms. Hrvojevic reported that 2,401 signature verification cards were mailed on July 27th and an email to alert those members was sent out along with an electronic version of the form. As of August 24th, 1,921 completed forms, or 77%, have been returned. All of the necessary updates related to those responses have been made to the PAS by staff.

Staff expects to send out a second mailing to those members that have not responded by the end of September.

Revised Policies Consideration

Fiduciary Diversity Policy – Mr. Mohler reported that the existing policy was reviewed with legal counsel, streamlined and edited to be more closely in line with the requirements of the related statutes.

Motion to approve the revised Fiduciary Diversity Policy by Trustee Kennedy. Seconded by Vice President Young, unanimously approved by roll call vote.

Professional Services Diversity Goals

Mr. Mohler reported the existing policy for diversity in professional services, which includes legal services, insurance, accounting and information technology, has been reviewed and updated.

Motion to approve the revised Professional Services Diversity Goals by Vice President Young. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

Cyber Security Policy Update

Mr. Bunimovich gave a review of actions taken by the Fund towards greater cyber security since La Salle Consulting provided their report in April identifying existing infrastructure risks. Among the completed measures are; employee security training has been set up through an online portal provided by La Salle, Website restrictions have been set by MWRD IT staff, and the Fund has moved to Datto cloud-based backups. Ms. Murphy and Mr. Bunimovich are working on a formal suite of policies based on templates provided by La Salle, specifically written so (non-IT) staff can read, comprehend and comply more easily. The goal is to have draft policies for Board review at the September meeting.

Trustee Education Discussion / Opportunities

Mr. Gillespie reported on upcoming opportunities for Trustee Education. Conferences highlighted included a P&I virtual emerging markets conference, the in-person NCPERS conference in Scottsdale, AZ, and the IFEBP conference in Denver, CO. The IFEBP conference will be held in-person as well as virtually.

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.

Legal & Legislative

District Retiree Health Care Administration Support Transition – Update

Mr. Mohler gave a history of the communications between staff, the MWRD and the Fund's fiduciary legal counsel (Joseph Burns of JBOH). Mr. Burns has prepared a confidential attorney-client privileged Memorandum for Trustee review and will conduct individual Teams meetings with each Trustee before the next Board meeting where the Board can deliberate on this matter.

Staff Investment Update(s)

Comments on Investment Expenses

Mr. Gillespie commented on the approximately \$1.0M in investment management fees for Q2 2021 that were approved for payment earlier in the meeting. He and Mr. Mohler noted that while assets have increased 21.9% from Q2 2019 levels, fees have declined 8.8%, commending the Board on their actions during the last two years.

Current vs. Target Asset Allocation

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

MWDBE Utilization – Quarterly Report

Mr. Gillespie reported on the Q2 2021 MWDBE manager and broker utilization.

MWRDRF Investment Policy Revisions Update

Mr. Gillespie reported the policy is being reviewed in detail to incorporate the new allocation to global low/vol, and as part of the general policy review that is currently underway. Staff expects to bring a draft revised policy to the Board at the September meeting.

MWDBE Brokerage Utilization Policy Revision

Mr. Gillespie reported the policy has been reviewed in detail to incorporate the new allocation to global low/vol, he presented the draft revised policy.

Motion to approve the revised Brokerage Utilization Policy was made by Commissioner Spyropoulos. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

MWRDRF Professional Investment Services Policy Revisions Update

Mr. Gillespie reported the policy is being reviewed in detail as part of the general policy review that is currently underway. Staff expects to bring a draft revised policy to the Board at the next meeting.

RFP International Equity - Developed Countries

Mr. Gillespie reported the RFP for Developed International Equity was posted on August 4th, and RFP questions were submitted by the August 13th deadline. The deadline for interested firms to respond to the RFP is September 10th.

Investment Consultant Report(s)

Market Environment

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

Q2 2021 Performance Report

Mr. Obed presented the Q2 2021 Performance Report, which presents the performance of the Fund's portfolio by asset class and by manager. Discussion ensued.

Watchlist Update - Executive Session - 5 ILCS 120/2(c)(7)

Motion was made by Trustee Kennedy, to enter into Executive Session for discussion of the Watchlist Update. Seconded by Vice President Young, unanimously approved by roll call vote.

(Commissioner Du Buclet exited the meeting.)

Motion was made by Commissioner Spyropoulos to reconvene the Regular meeting. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

(The Regular meeting was reconvened at 12:01 p.m.)

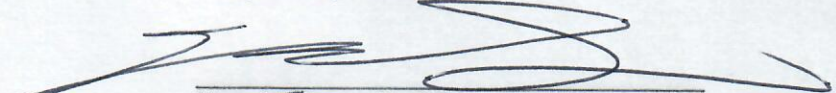
Motion was made by Vice President Young to terminate Decatur Capital (large cap growth) and to place the proceeds in a Russell 1000 Growth Index account with SSgA. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

Adjournment 8/25/21 Meeting

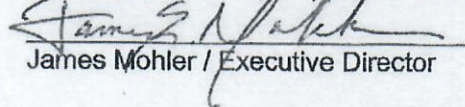
Motion to adjourn was made by Commissioner Spyropoulos. Seconded by Trustee Kennedy, approved by roll call vote.

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