

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees September 22, 2021

Meeting#: 1184

Call to order: 10:03 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
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:
Zack Cziryak, 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 – 8/25/21

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

Approval Executive Session Minutes – 8/25/21, pursuant to ILCS 120/2(c)(7)

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

Approval of Meeting Agenda – 9/22/21

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

Consent Agenda

Administrative Expenses, 15 items, \$118,325.90

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

Investment Expenses, none

Employee Annuitants - 3 new retirees, \$17,104.56 total monthly

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

Surviving Spouse & Child Annuitants – 3 new surviving spouse annuities, \$5,900.12 total monthly; 1 new child annuity, \$500.00 total monthly

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

Refunds - 5 refunds, \$25,260.95

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

Duty Disability, benefits for 5 persons, \$168.43

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

Consent Agenda, continued

Ordinary Disability, benefits for 6 persons, \$1,067.95

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 October 2021 disbursements of \$16.7M

Mr. Mohler reported October 2021 disbursements are projected to be \$16.7M. The Board approved liquidation of \$15.5M SSgA S&P 500 Index (LCC) to honor them at the prior meeting; due to the receipt of Employer Contributions, only about \$4.5M would be required from the SSgA S&P 500 Index.

For projected November 2021 disbursements of \$16.7M

Mr. Mohler reported that November 2021 projected disbursements are \$16.7M. Fund staff projects \$15.2M 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 SMID | S/MIDSMID Cap | \$15.2M |

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

Mr. Mohler gave an update on the Employee Trustee Election. The 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 were available Tuesday, September 7th – only one nominating petition was received; signatures were verified as per the Rules of Election. The Election Committee has certified the results.

Motion by Trustee Kennedy to approve the declaration of John P. Dalton as duly elected Employee Trustee. Seconded by Commissioner Spyropoulos, approved by roll call vote (Ayes -5, Abstain – 1).

Mr. Mohler thanked Ms. Hrvojevic and Ms. Cuchra for their hard work on this year’s Election process.

Elected Trustee Vacancy*

This item was discussed in closed session. In open session the matter was deferred until the October 27th meeting of the Board.

Pension Administration System - Project Update

Ms. Murphy reported that since the last meeting, Minimum Qualifications Interviews were conducted. Questions from the responders on the RFP have been answered. RFP responses are due October 8th.

Staff Administrative Update, continued

RFP for Data Cleansing Services - Selection of Provider

Ms. Murphy presented a summary and recommendation for the Data Cleansing Services RFP. RFP responses were received from four vendors by the due date of September 14th. Staff reviewed responses, summarized highlights, and presented a recommendation to the Board.

Motion by Commissioner Spyropoulos to approve the hiring of MBS for Data Cleansing Services, contingent upon successful contract negotiations. Seconded by Commissioner Du Buclet, unanimously approved by roll call vote.

Mr. Mohler stated that contract negotiations will begin shortly, and that legal counsel of JBOH will be utilized in the process. Ms. Murphy stated that work should begin in October, with the expectation that work will continue through the entire PAS development project with data services curbing as the project ages. Mr. Bunimovich stated that payments to MBS will be structured based on deliverable milestones.

Signature Verification Project Update

Ms. Hrvojevic reported that the second mailing was made to approximately 300 member who had not responded to the original request made in July; responses are due by November 1st, and currently there are 189 responses outstanding. December annuity payments will not be released (i.e. will be held in-house) for those members that do not submit a completed signature verification form by the due date.

Cyber Security Policy Update

Mr. Mohler reported that the draft policy has been provided to legal counsel at JBOH, who will review and compare it to other such policies they have reviewed over the years. Staff expects to provide the draft policy for Trustee review before the next meeting, at which time the Board will be asked to deliberate upon its approval. The policy, once approved, will be one subject to annual or semi-annual review.

Executive Session Minutes Review

This item was discussed in closed session. No action was taken.

Fund Staffing Update

Mr. Mohler reviewed the need for an additional Assistant Benefits Analyst, including increased work volume, high complexity of tasks, staff time that will need to be freed up for the work involved in transitioning to a new PAS, and extensive imaging needs. He reported that the job posting will be distributed shortly through the usual channels; a mass email will be sent to all District and RF employees and posting will be done on the Fund website and in various periodicals.

Trustee Education Discussion / Opportunities

Mr. Gillespie reported on upcoming opportunities for Trustee Education.

Trustee Education and Sexual Harassment Prevention Training (SHPT) Status

Mr. Gillespie reminded Trustees to log their training hours in the Excel spreadsheet that was provided a few months ago. Mr. Mohler stated that all Trustees that are District employees have probably completed the SHPT and requested they please forward the completion certificates to him; Commissioner Avila will be able to utilize the State provided online training.

Legal & Legislative

District Retiree Health Care Administration Support Transition – Update

Mr. Mohler reported that the Fund's fiduciary legal counsel (Joseph Burns and Taylor Muzzy of JBOH) had prepared a confidential attorney-client privileged Memorandum for Trustee review and is conducting individual Teams meetings with each Trustee on this matter; JBOH will notify Mr. Mohler of next steps when those discussions are concluded.

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.

(Mr. Jason Parks of Loop Capital Markets responded as present via teleconference at the Teams meeting)

Staff Investment Update(s)

Core Real Estate Presentations by Managers

DWS (via teleconference) - Mr. Kevin Sheehan, Ms. Sandy Johnson and Mr. Norton O'Meara presented a report on the DWS RREEF America REIT II, focusing on year-to-date performance and attribution.

UBS (via teleconference)– Mr. Paul Canning, Ms. Maria Bascetta and Ms. Kelly Roberts presented an organizational update and performance report on the UBS Trumbull Property Fund. Discussion ensued; Mr. Canning agreed to provide Q3 performance and attribution when available.

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 commented on the current Watchlist which currently lists two managers.

Post Transition Report - Large Cap Growth

Mr. Gillespie reported on the recent transition of approximately \$80M in funds transitioned from Decatur Capital to the SSgA S&P500 Index Fund. Discussion ensued.

MWRDRF Investment Policy Revisions Update - deferred until next meeting

MWRDRF Professional Investment Services Policy Revisions- deferred until next meeting

RFP International Equity - Developed Countries - Update

Mr. Gillespie reported that 89 firms responded to the RFP for Developed International Equity by the deadline of September 10th – some respondents were large cap, some were small, 11 were Illinois firms, and over 25% of respondents were MWDBE firms. Mr. Obed and Mr. Mohler commented on the large number of responses and expects that Marquette will help develop a short list of true contenders after a review of qualitative and quantitative data over the next few weeks, and will be able to prescribe next steps after that process is completed.

Investment Consultant Report(s)

Market Environment

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

August 2021 Performance Report

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

Elected Trustee Vacancy & Closed Executive Session Minutes - Executive Session - 5 ILCS120ILCS 120/2(c)(21)&(3)

Motion was made by Commissioner Spyropoulos, to enter into Executive Session for discussion of the Elected Trustee Vacancy and the closed executive session minutes pursuant to 5 ILCS 120/2(c) (3) and (21)(21)(3). Seconded by Trustee Kennedy, unanimously approved by roll call vote.

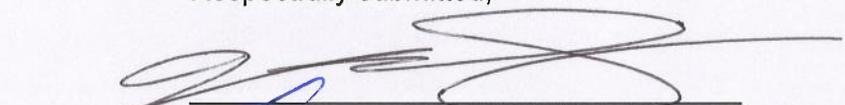
(The Regular meeting was reconvened by President Dalton at 12:32 p.m.)

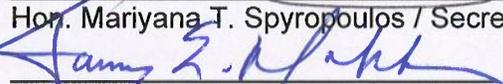
Adjournment 9/22/21 Meeting

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

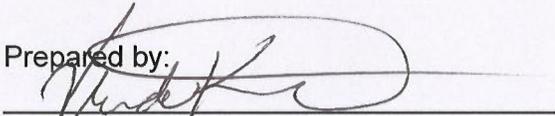
President Dalton adjourned the meeting at 12:33 p.m.

Respectfully submitted,



Hon. Mariyana T. Spyropoulos / Secretary

James Mohler / Executive Director

Prepared by: 

Vrinda Kulkarni / Accountant