

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees June 23, 2021

Meeting#: 1181

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		
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. Mary Ann Boyle, MWRD Treasurer, via videoconference
Members of the public, via teleconference:
Teddy Haines, Financial Investment News
Representative from 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 Special Meeting Minutes – May 12, 2021

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

Approval Regular Meeting Minutes – May 26, 2021

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

Approval of Executive Session Minutes – May 12 2021, May 26 2021 (1), May 26 2021 (2)

Motion to approve and to retain the executive session minutes as closed was made by Trustee Kennedy. Seconded by Commissioner Du Buclet, unanimously approved by roll call vote.

Approval of Meeting Agenda – June 23, 2021

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

Consent Agenda

Administrative Expenses, 16 items, \$177,582.07

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

Investment Expenses, none

Employee Annuitants - 13 new retirees, \$96,125.34 total monthly

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

Surviving Spouse & Child Annuitants – 5 new surviving spouse annuities, \$20,737.84 total monthly

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

Refunds - 9 refunds, \$189,673.87

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

(Note: Refunds approved per the Consent Agenda document were \$189,673.87. The amount and number of items stated verbally during the meeting was incorrect.)

Consent Agenda, continued

Duty Disability, benefits for 13 persons

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

Ordinary Disability, benefits for 2 persons

Motion to approve by Commissioner Du Buclet. Seconded by Trustee Regan, 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 July 2021 disbursements of \$16.6M

Mr. Mohler reported that July 2021 disbursements are expected to be \$16.6M. Board had approved liquidation of \$11.7 M of investment assets from Ariel Investments SMID Value to honor them.

For projected August 2021 disbursements of \$16.6M

Mr. Mohler reported that August 2021 projected disbursements are \$16.6M. Fund staff projects \$15.55M 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&P500	Passive Large Cap Core	\$15M
Mesirow Financial	Small Cap Value	\$550K

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

Retirement Casework Update

Ms. Hrvojevic reported about members retirement applications; there are 67 retirements year to date. Ten retirement applications that were requested have not been submitted back to the Fund for processing.

Pension Administration System - Project Update*

Ms. Murphy and Ms. Wendy Sanchez of Provaliant reviewed the progress on the PAS RFP project and answered Trustee's questions about BOFA and the proposed timeline. The RFP is set to be posted June 28, 2021.

DRAFT GFOA Annual Financial Report (AFR) Update

Ms. Kulkarni reviewed the progress on the 2020 AFR which is on track to be submitted to the GFOA by the deadline of June 30.

FOIA Request Report – YTD

Ms. Kulkarni presented a summary of the fourteen FOIA requests received since the beginning of the year.

Staff Administrative Update, continued

2022 Estimated Employer Contribution Funding Resolution – 40 ILCS 5/13-503*

Mr. Mohler presented the annual funding resolution letter to the MWRD BOC, requesting the plan sponsor to allocate \$87,915,000 for fiscal year 2022.

Motion to approve the Employer Contribution Funding Resolution was made by Vice President Young. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

2021 Operating Budget Discussion – Office Equipment*

Mr. Mohler requested increasing the office equipment budget by \$5,000 to cover the cost of new sealer machine. The new machine will be about 1/3 the size of the old one which was housed by the District.

Motion by Trustee Regan to approve a \$5,000 increase in the RF Office Equipment budget line item. Seconded by Trustee Kennedy, unanimously approved by roll call vote.

Department of Insurance 2020 Report Filing*

Mr. Gillespie reported the 2020 IDOI report, required by ILCS 5/1A-109 will be filed by the due date of June 30. This annual report contains summarized financial, actuarial and investment information for the year 2020.

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

Retirement Fund Mission Statement – Revised DRAFT*

Mr. Mohler presented an updated Mission Statement which accurately presents the purpose of the Fund, and requested approval from the Board.

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

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. Mohler reminded the Trustees that there is an Excel tracker that can be used to easily log the training that they have each completed.

Legal & Legislative

Legislative Update

Mr. Mohler reported that SB-1056, the Fund's OD bill, passed both houses in May, and but has not yet been sent to the Governor.

Legal Utilization Update

Mr. Mohler reported that due to the Fund updating many policies this year, and due to the PAS and Global Low-Volatility Equity RFP issuances, that legal services for JBOH have been utilized to a greater extent than in prior years. However legal expenses to date are well within budget.

Legal & Legislative

DRAFT FOIA Procedures Document*

Mr. Mohler presented the DRAFT FOIA Procedures policy that will be placed on our website and would be used as a resource by the FOIA Officer.

Motion by Trustee Avila to approve the FOIA Procedures Policy. Seconded by Commissioner Du Buclet, unanimously approved by roll call vote.

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 – Wasatch Advisors

Mr. Chuck Stolfa, Mr. Jim Larkins, and Mr. Austin Bone from Wasatch Advisors presented to the Board an update on their small-cap value mandate. Discussion ensued.

Current vs. Target Asset Allocation

Mr. Gillespie presented to the Retirement Board the Fund's current asset allocation compared to their target allocations. He and Mr. Mohler reminded the Board that next month's report should show the 5% allocation to Global Low-Vol in the equity section of the asset allocation schedule.

Watchlist Update*

Mr. Gillespie reported that after the Board had approved removing DFA Emerging Markets mandate from the Watchlist last month, DFA was notified. Three firms remain on the Watchlist as reported previously - LSV International Small Cap, Decatur Large Cap Growth and UBS Trumbull Property Fund .

Investment Consultant Report(s)

Active vs. Passive Management – Portfolio review

Mr. Kweku Obed reviewed the current active allocations that are good candidates for passive management, and opportunities to build on the current percentage of 33% of the Fund's actively managed assets that are managed by diverse managers.

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

Mr. Mohler thanked Mr. Gillespie, Mr. Obed and Mr. Muzzy for their work on the two new investment management agreements with Northern Trust and MFS. The IMA's still need to be signed, and then the accounts will be set up and funded. Staff will update on progress at the next meeting.

Market Environment

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

Monthly Flash Report

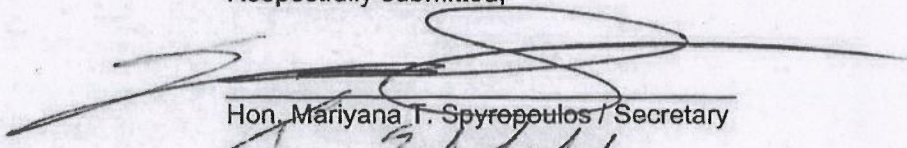
Mr. Obed presented the May 2021 Monthly Performance Report, which presents the performance of the Fund's portfolio by asset class and by manager. Discussion ensued.

Adjournment

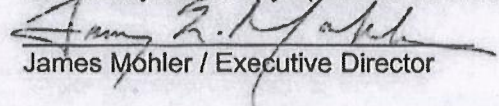
Motion to adjourn was made by Commissioner Du Buclet. Seconded by Trustee Kennedy, approved by roll call vote.

President Dalton adjourned the meeting at 11:53 a.m.

Respectfully submitted,



Hon. Mariyana T. Spyropoulos / Secretary



James M. Mohler / Executive Director

Prepared by:



Vrinda Kulkarni / Accountant