

# Metropolitan Water Reclamation District Retirement Fund

## Minutes Regular Meeting Board of Trustees October 27, 2021

Meeting#: 1185

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:**

<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		

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  
 Mr. David Hernandez, Marquette Associates, via videoconference  
 Ms. Nicole Johnson-Barnes, Marquette Associates, via videoconference  
 Ms. Mary Ann Boyle, MWRD Treasurer, via videoconference

Members of the public, via teleconference: None

## **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 – 9/22/21

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

Approval Executive Session Minutes – 9/22/21, pursuant to ILCS 120/2(c)(7)

*Motion to approve and keep closed by Trustee Avila. Seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.*

Approval of Meeting Agenda – 10/27/21

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

## **Consent Agenda**

Administrative Expenses, 18 items, \$178,167.22

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

Investment Expenses, none

Employee Annuitants - 3 new retirees, \$17,547.91 total monthly

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

Surviving Spouse & Child Annuitants – 2 new surviving spouse annuities, \$12,774.89 total monthly

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

Refunds - 5 refunds, \$109,408.87

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

Duty Disability, benefits for 8 persons, \$473.54

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

## **Consent Agenda, continued**

Ordinary Disability, benefits for 12 persons, \$2,298.62

*Motion to approve by Commissioner Spyropoulos. 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 November 2021 disbursements of \$16.7M***

Mr. Mohler for November 2021 disbursements of (\$16.7M), none of the previously approved \$15.2M from Ariel Investments (S/MCV) will be needed to honor them. For December 2021 projected disbursements of (\$16.9M), Fund staff projects (\$6M) of invested assets will need to be liquidated to honor them. Fund 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>
Ariel SMID	S/MIDSMID Cap	\$6.0M

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

## **Staff Administrative Update**

### **Elected Trustee Vacancy\***

In open session the matter was deferred until the end of the meeting, where it was discussed in closed session.

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

Ms. Murphy reported that the Selection Review Committee (SRC - Ms. Murphy, Ms. Hrvojevic, Mr. Bunimovich) and the RFP Consultant (Provaliant) are concurrently reviewing the three RFP responses that were submitted October 8<sup>th</sup>. It is expected that the vendor field will be narrowed to two finalists and reported at the November Board meeting. Mr. Mohler stated the SRC expects to utilize Vice President Young's IT expertise in this review.

### **RFP for Data Cleansing Services - Selection of Provider**

Mr. Mohler stated that contract was finalized this morning, with the assistance of legal counsel JBOH. He thanked Ms. Murphy and Mr. Bunimovich on their hard work to get this done.

### **Signature Verification Project Update**

Ms. Hrvojevic reported that after the second mailing, currently there are 60 responses outstanding. Staff will report to the Board the status at the next Board meeting where staff will request Board approval to suspend payment to members whose forms are still outstanding.

## **Staff Administrative Update, continued**

### **Cyber Security Policy Update**

Mr. Mohler presented the draft policy for Trustee review; staff will be available to answer questions 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.

Discussion ensued about comparisons and alignment to the District's Cyber Security Policies; Mr. Bunimovich emphasized the policy goes far beyond software security, encompassing the entire information infrastructure (networks, hardware, communications, software) and will provide the framework for the cyber security initiatives that have been and will be put in place. Commissioner Spyropoulos encouraged sharing of policy contents with the District to help identify best practices.

### **Fund Staffing Update**

Mr. Mohler reviewed the need for an additional Assistant Benefits Analyst; Ms. Murphy reported a mass email (sent to all District and RF employees) and posting for the position was done on September 28<sup>th</sup>, and resumes were due by October 18<sup>th</sup>. Only eleven resumes were received; due to the change in employment climate, this differs significantly from the ninety-seven resumes that were received the last time the position was posted. Of the 11 candidates, 8 were invited to take the exam, and 2 declined the invitation. The exam will be given to 6 candidates Thursday October 28<sup>th</sup>. Interviews are expected to be conducted virtually in the weeks following the exam.

### **Assignment of Employee Contributions Update**

Mr. Mohler described the procedure for assigning employee contributions pursuant to a refund, as recommended by legal counsel at JBOH. Discussion ensued. President Dalton conducted a roll call poll; all Trustees indicated agreement with the recommended procedure.

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

Mr. Mohler reminded the Trustees of the 8 hours "ethics" training requirement that must be met and documented by year-end. Mr. Gillespie reported on upcoming opportunities for Trustee Education, including Arie's upcoming phone conference. Trustee Kennedy and President Dalton reported that cybersecurity was the hot topic at the IFEBP conference they had both recently attended.

## **Legal & Legislative**

### **Veto Session 2021 Update**

Mr. Mohler reported that the Illinois legislature is in the second week of Veto Session; there were no items related to the pensions discussed so far, and per his review of documents the only pension related item has to do with moving toward gender neutrality in the statute language.

## **Staff Investment Update(s)**

### **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. Discussion ensued; no action taken by the Board.

## **MWRDRF Investment Policy Revisions Update**

Mr. Gillespie presented the revised Investment Policy that was prepared by staff and reviewed by Marquette Associates, highlighting the changes from the previous policy. Discussion ensued.

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

## **MWRDRF Professional Investment Services Policy Revisions**

Mr. Gillespie presented the revised Professional Investment Services Policy, which is a streamlined policy of what was originally two separate policies. The recommended revisions have been reviewed by JBOH.

*Motion was made by Trustee Kennedy to approve the revised Professional Investment Services Policy. Seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.*

## **RFP International Equity - Developed Countries – Update**

Mr. Obed summarized the status of the International Equity -Developed Countries RFP, and Ms. Johnson-Barnes and Mr. Hernandez reported in detail the process by which the large number of large-cap respondents were reduced to a list of twelve semi-finalists. Marquette staff is working on reviewing further and presenting profiles of the best contenders to the Board at the next meeting.

For the small cap respondents, the 27 respondents have been reviewed and reduced to a list of five finalists. Discussion ensued. Mr. Obed stated that Marquette expects to provide profiles before the next Board meeting.

## **Investment Consultant Report(s)**

### **Market Environment**

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

### **Monthly Flash Report**

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

### **Wasatch Advisors Memorandum**

Mr. Obed and Fund staff discussed with the Board a recent memorandum from Wasatch regarding the termination of one of their Analyst. It was determined that it would have no effect on the Fund and no further action was necessary.

## **Elected Trustee Vacancy & Closed Executive Session Minutes - Executive Session - 5 ILCS 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.*

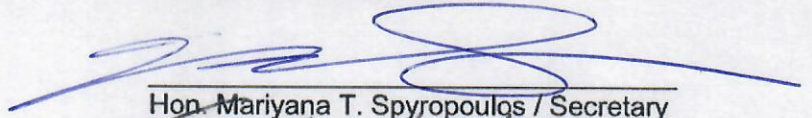
(The Regular meeting was reconvened by President Dalton at 12:34 p.m.)

**Adjournment 9/22/21 Meeting**

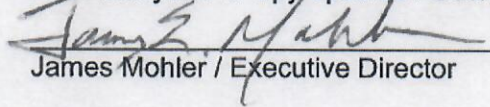
*Motion to adjourn was made by Trustee Kennedy. Seconded by Commissioner Spyropoulos, approved by roll call vote.*

President Dalton adjourned the meeting at 12:35 p.m.

Respectfully submitted,

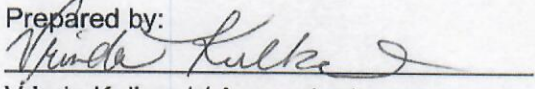


Hon. Mariyana T. Spyropoulos / Secretary



James Mohler / Executive Director

Prepared by:



Vrinda Kulkarni / Accountant