

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees June 22, 2022

Meeting#: 1193

Call to order: 10:01 a.m.

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

Presiding: Kevin Young, President

Roll Call:

Trustees:	Present	Present via videoconference	Absent
Kevin Young, President	X		
Bonnie Kennedy, Vice President	X		
Hon. Mariyana T. Spyropoulos, Secretary			X
Hon. Kimberly Du Buclet	X		
John P. Dalton	X		
Carmen F. Scalise	X		

Staff present: Jim Mohler, Executive Director
Brian Gillespie, Financial Analyst
Ksenija Hrvojevic, Benefits Manager
Vrinda Kulkarni, Accountant

Also present: Mr. Kweku Obed, Investment Consultant, Marquette Associates
Mr. Alberto Rivera, Marquette Associates
Ms. Mary Ann Boyle, MWRDGC Treasurer
Mr. Nathan Kush, Neuberger Berman
Mr. Sam Ramirez, Ramirez Asset Management

Roll Call

President Young 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 Young solicited public comments; there were none.

Regular Business

Approval Regular Meeting Minutes – 5/25/22

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

Approval Executive Session Minutes (2) – 5/25/22

Motion to approve and keep closed Executive Session (1) made by Trustee Dalton. Seconded by Trustee Scalise, unanimously approved by roll call vote.

(Enter Commissioner Du Buclet)

Motion to approve and keep closed Executive Session (2) made by Vice President Kennedy. Seconded by Trustee Dalton, unanimously approved by roll call vote.

Approval of Meeting Agenda – 6/22/22

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

Consent Agenda

Administrative Expenses, 19 items, \$154,445.23

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

Investment Expenses, none

Employee Annuity - 12 new retirees, \$58,336.57

Motion to approve by Trustee Scalise. Seconded by Trustee Dalton, unanimously approved by roll call vote.

Consent Agenda, continued

Surviving Spouse & Child Annuity - none

Refunds – 9 refunds, \$349,867.91

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

Duty Disability, benefits for 7 persons, \$253.67

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

Ordinary Disability, benefits for 4 persons, \$720.23

Motion to approve by Trustee Scalise. Seconded by Trustee Dalton, unanimously approved by roll call vote.

Administrative

Cash Allocation

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

For July 2022 disbursements of (\$16.7M), (\$14.5M) will be needed to be liquidated to honor them. For August 2022 projected disbursements of (\$16.6M), Fund staff projects (\$15.2M) of invested assets will be needed to honor them and recommend the following sources for liquidity.

<u>Manager</u>	<u>Mandate</u>	<u>Liquidation Amount (\$)</u>
DFA	Emerging Markets	\$9.3M
SSgA S&P 500	Large Cap Passive	\$4M
Mesirow	Small Cap Value	\$1.9M

Motion by Trustee Dalton to approve staff's recommendation for necessary liquidity. Seconded by Trustee Scalise, unanimously approved by roll call vote.

Staff Administrative Update

Retirement Casework Update

Ms. Hrvojevic reported on the year-to-date retirement casework; 58 retirements and currently there are 7 retirements processed for June 30. Mr. Mohler expressed appreciation for the work the Benefits Staff has completed and commented that some of the reciprocal retirements have taken longer to process due to backlogs at the State funds.

2023 Funding Resolution – 40 ILCS 5/13-503

Mr. Mohler presented the 2023 Funding resolution, requesting \$86.44 million as employer contributions for next year. The approved resolution will be forwarded to MWRD Director Perkovich and other necessary parties.

Motion to approve the 2023 funding resolution was made by Vice President Kennedy. Seconded by Trustee Dalton, unanimously approved by roll call vote.

Illinois Department of Insurance Annual Filing

Mr. Gillespie reported this year's filing requirement was similar to last year's, with most of the requested information being pulled from the audited financial statements, the actuarial valuation report. The fee charged by the state is \$8,000; the report will be filed by the 6/30 deadline.

Elective Board Member Vacancy (5/13-704) – 5 ILCS 120/2(c)(3) */**

This agenda item was considered later in the meeting.

Project Ascent (PAS) - Update

Mr. Mohler stated that contract negotiation with LRS has been pleasant, and we are currently under contract. The actual build phase of the project to start by December 1st

RFP Status – SharePoint Utilization

Mr. Mohler stated that staff has been working with Provaliant on the SharePoint RFP; completion is expected by early July.

RFP Actuarial Services DRAFT – 5 Year Engagement

Mr. Mohler presented a Draft RFP for Actuarial Services that he expects to post and send to known providers in the first half of July.

2021 Annual Comprehensive Financial Report (ACFR) DRAFT– Summary

Ms. Kulkarni stated the 2021 ACFR is almost complete and will be submitted to the GFOA by June 30. In addition, the report will be distributed to Trustees, the MWRD BOC and Executive Committee members, and various other interested parties. Mr. Mohler reminded the Board he will be presenting the report formally to the District at an upcoming BOC meeting.

Trustee Education Discussion / Opportunities*

Mr. Gillespie reported on upcoming opportunities for Trustee education. He reminded Trustees the upcoming NASP conference is in Chicago.

District OPEB Admin Support Discussion (Document 4.1)

Mr. Mohler reported that discussion with the District on the needed OPEB Administrative Support is moving in a positive direction.

Legal & Legislative*

N/A

Staff Investment Update(s)

Neuberger Berman Presentation – Core Plus Fixed Income

Mr. Nathan Kush presented a performance update for the Core Plus Fixed Income portfolio. Discussion ensued.

Ramirez Asset Management – Core Plus Fixed Income

Mr. Sam Ramirez presented a performance update for the Core Plus Fixed Income portfolio. Discussion ensued.

Current vs. Target Asset Allocation

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

Watchlist Update

Mr. Gillespie commented on the current Watchlist. Discussion ensued; no action taken by the Board.

RFP International Equity - Developed Countries Update*/**

Mr. Mohler reported that contract negotiations with GQG Partners are almost complete for the recent allocation to International Equities – Developed Countries Large Cap.

Staff Administrative Update, continued

Elective Board Member Vacancy (5/13-704) – 5 ILCS 120/2(c)(3) */**

Motion made to enter executive session by Trustee Dalton. Seconded by Vice President Kennedy, unanimously approved by roll call vote.

(Whereupon an Executive Session was held, and the regular meeting resumed at 11:41 a.m.)

Motion made to appoint the lowest scoring candidate to fill the vacant elective trustee position was made by Trustee Scalise. Seconded by Vice President Kennedy, unanimously approved by roll call vote.

Investment Consultant Report(s)

Market Environment

Mr. Obed reviewed the investment markets through May 31, 2022. Discussion ensued.

Monthly Flash Report - 5 ILCS 120/2(c)(7) */**

Mr. Obed presented the May 2022 Monthly Performance Report, which presents the performance of the Fund's portfolio by asset class and by manager.

Asset Allocation – Next Steps

Mr. Obed stated that as part of a broader discussion on asset allocation and risk controls in the portfolio Marquette will arrange for private capital and infrastructure education for the Board.