

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees August 24, 2022

Meeting#: 1195

Call to order: 10:05 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 T. Kennedy, Vice President	X		
Hon. Mariyana T. Spyropoulos, Secretary	X		
Hon. Kimberly Du Buclet	X		
John P. Dalton	X		
Carmen F. Scalise	X		
John R. Markovich	X		

Staff present: Jim Mohler, Executive Director
Mary Murphy, Operations Manager
Brian Gillespie, Financial Analyst
Ksenija Hrvojevic, Benefits Manager

Also present: Mr. Kweku Obed, Investment Consultant, Marquette Associates
Mr. Alberto Rivera, Marquette Associates
Christopher Rooney, MFS
Christopher Zani, MFS
Bob Parise, Northern Trust
Reed LeMar, Northern Trust

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, please sign in on the attendance sheet located at the back of the room.

Public Comment

President Young solicited public comments; there were none.

Regular Business

Approval Regular Meeting Minutes – 7/28/22

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

Approval Special Meeting Minutes – 8/16/22

Motion to approve by Trustee Scalise. Seconded by Vice President Kennedy, approved by roll call vote. Commissioner Du Buclet votes present.

Approval Executive Session Minutes – 7/28/22

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

Approval of Meeting Agenda – 8/24/22

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

Consent Agenda

Administrative Expenses, 17 items, \$131,545.80

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

Investment Expenses, 18 items, \$806,269.67

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

(Commissioner Spyropoulos joined the meeting.)

Employee Annuity - 7 new retirees, \$43,151.45

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

Surviving Spouse & Child Annuity – 5 new surviving spouses, \$10,206.96, 2 child annuities, \$1,000.

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

Consent Agenda, continued

Refunds – 5 refunds, \$74,974.27

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

Duty Disability, benefits for 7 persons, \$276.84

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

Ordinary Disability, benefits for 6 persons, \$969.88

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

Administrative

Cash Allocation

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

For September 2022 disbursements of (\$17.2M), (\$15.5M) will be needed to be liquidated to honor them. For October 2022 projected disbursements of (\$16.3M), Fund staff projects (\$14M) 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>
Wasatch Advisors	Small Cap Value	\$6M
Mesirow Financial	Small Cap Value	\$4.5M
SSgA S&P 400	Mid Cap Index	\$3.5M

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

Staff Administrative Update

Elective Trustee Election – Update

Ms. Hrvojevic, Benefits Manager, updated the Board on the status of the 2022 Trustee Election for one Elective Trustee, which will be held on October 18th. No actions taken.

RFP SharePoint – Vendor Recommendation and Budget Request*

Mr. Mohler and Ms. Murphy, Operations Manager, apprised the Board on the results of the RFP for SharePoint services and the recommendation of a vendor to begin in the fourth quarter. A budget revision request was made for not to exceed \$31,635. Discussion ensued.

Trustee Dalton made a motion to approve the 2022 budget revision of \$31,635 for SharePoint implementation services. Seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.

Trustee Meeting Equipment

Mr. Mohler informed the Board that the District has urged the Fund to move away from utilizing their IT equipment for the Board's monthly meetings. Staff requested that the Board approve up to \$10,000 be added to the 2022 IT budget to procure the necessary equipment for the Board's monthly meetings.

Trustee Dalton made a motion to approve up to \$10,000 to procure necessary equipment for the Board's monthly meetings. Seconded by Trustee Scalise, unanimously approved by roll call vote.

Security Remediation Project – Update

Mr. Mohler and Ms. Murphy reported to the Board steps taken since the last meeting regarding the ongoing Security Remediation Project. Discussion ensued. No actions taken.

RFP Actuarial Services – Update

Mr. Mohler reported that the deadline for submitting a proposal was August 19th. Five firms submitted proposals, including the Fund incumbent. Mr. Mohler and Ms. Kulkarni will prepare an informational matrix and interview each firm prior to the Board's September meeting. Discussion ensued. No actions taken.

November Board Meeting – Date Change*

Vice President Kennedy made a motion to approve the scheduled November 16th meeting of the Board to November 30th. Seconded by Trustee Markovich, unanimously approved by roll call vote.

Workers' Compensation Settlement / Duty Disability Offset

Mr. Mohler and Ms. Murphy discussed with the Board the Fund's current practice regarding offsetting duty disability settlements made by the District against any duty disability benefit paid by the Fund. The Board was informed that in discussions with their fiduciary counsel as well as some local Fund's with similar Illinois Pension Code sections, that it could be possible that the Board may need to revisit how the Fund has historically offset duty disability settlements. Commissioner Spyropoulos requested that fiduciary counsel prepare a memorandum for distribution to the Board prior to the September meeting for further discussion. Mr. Mohler will ensure that a memorandum is distributed and invite counsel to attend the September Board meeting. No actions taken.

Trustee Education Discussion/Opportunities *

Mr. Gillespie reported on the upcoming opportunities for education, noting the IFEPB annual conference is being held the last full week of October; the conference is being offered in both in-person and virtual formats. In addition, Marquette Associates, Investment Consultant, will be having their annual conference both in-person and virtual.

Trustee Dalton made a motion to approve the cost of attending to the 2022 IFEPB conference, virtually or in-person, for Trustees who choose to attend. Seconded by Vice President Kennedy, approved by roll call vote. Commissioner Spyropoulos votes present.

Matter of Personnel – 5 ILCS 120/2(c)(1) */ This matter was considered at the end of meeting.**

Legal & Legislative*

N/A

Staff Investment Update(s)

MFS Presentation – Global Low Volatility

Mr. Christopher Rooney and Mr. Christopher Zani presented a performance update for the Global Low Volatility portfolio. Discussion ensued.

Northern Trust – Global Low Volatility

Mr. Bob Parise and Mr. Reed LeMar presented a performance update for the Global Low Volatility 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.

MWDBE Utilization Quarterly Report

Mr. Gillespie updated the Board on the Fund's utilization of MWDBE Investment Managers and Brokers in comparison to their goals. Discussion ensued. No actions taken.

Watchlist Update

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

Neuberger Berman High Yield Exposure Vehicle

Mr. Gillespie informed the Board that Neuberger Berman will be switching from a commingled fund to direct investment in high yield bonds when having high yield exposure within their Core Plus Fixed Income mandate. Both Fund staff and Marquette Associates have discussed the matter and agree that it is within the Investment Management Agreement for Neuberger Berman to have this ability. Discussion ensued.

RFP International Equity - Developed Countries Update*/**

Mr. Gillespie informed the Board that updated search books regarding the Developed International Equity RFP will be distributed to the Board prior to their September Board meeting. Next steps by the Board will be determined at the September meeting. Discussion ensued.

Investment Consultant Report(s)

Market Environment

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

Second Quarter Performance Report

Mr. Obed presented the Second Quarter Performance Report. Discussion ensued.

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

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

Post Special Meeting Discussion

Mr. Mohler summarized to the Board the educational discussion with the Board on August 16th, regarding Private Equity and Infrastructure. Mr. Mohler stated that Fund staff would come back to the Board at the September meeting regarding next steps if it is the Board's pleasure.

Administrative Agenda, continued

Matter of Personnel – 5 ILCS 120/2(c)(1) */**

Motion was made by Commissioner Spyropoulos to enter Executive Session. Seconded by Trustee Dalton, unanimously approved by roll call vote.

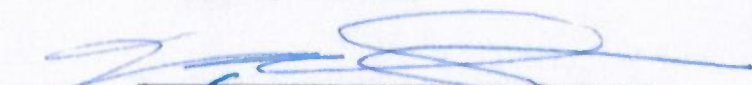
(Whereupon an Executive Session was held, and the Regular Board meeting reconvened at 12:49 p.m.)

Adjournment 8/24/22 Meeting

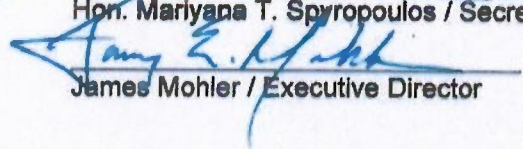
Motion was made by Commissioner Spyropoulos to adjourn the meeting. Seconded by Trustee Scalise, unanimously approved by roll call vote.

President Young adjourned the meeting at 12:49 p.m.

Respectfully submitted,

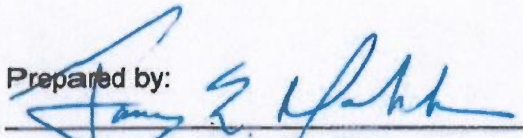


Hon. Maryana T. Spyropoulos / Secretary



James Mohler / Executive Director

Prepared by:



James Mohler / Executive Director