

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees November 30, 2022

Meeting#: 1198

Call to order: 10:00 a.m.

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

Presiding: Kevin Young, President

Roll Call:

Trustees:	Present	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
 Vrinda Kulkarni, Accountant
 Vitaliy Bunimovich, Programmer/Analyst

Also present:

Mr. Kweku Obed, Investment Consultant, Marquette Associates
 Alberto Rivera, Investment Consultant, Marquette Associates

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 – 10/26/22

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

Approval Special Meeting Minutes – 11/10/22

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

Approval Executive Session Minutes – 10/26/22

Motion to approve and remain closed by Trustee Dalton. Seconded by Trustee Markovich, unanimously approved by roll call vote.

Approval of Meeting Agenda – 11/30/22

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

Consent Agenda

Administrative Expenses, 19 items, \$136,660.14

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

(Enter Commissioner Spyropoulos at 10:04 a.m.)

Investment Expenses, 17 items, \$740,830.48

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

Employee Annuitants - 2 new retirees, \$10,440.41

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

(Enter Commissioner Du Buclet at 10:06 a.m.)

Surviving Spouse – 1 new surviving spouse, \$9,088.17

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

Child Annuitants – 2 new child annuitants, \$1,000.00

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

Refunds – 8 refunds, \$250,373.98

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

Duty Disability, benefits for 10 persons, \$380.86

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

Ordinary Disability, benefits for 17 persons, \$3,087.50

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

Administrative

Cash Allocation

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

For December 2022 disbursements of (\$17.1M), (\$15.6M) will be needed to be liquidated to honor them. For January 2023 projected disbursements of (\$16.5M), Fund staff projects (\$15M) of invested assets will be needed to honor them and recommends the following sources for liquidity:

Manager	Mandate	Liquidation Amount (\$)
Wasatch	Small Cap Value	\$6.0M
SSgA	Intl. Passive	\$4.0M
SSgA	Large Cap Passive	\$2.5M
SSgA	Mid Cap Passive	\$2.5M

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

Staff Administrative Update

Proposed Board Meeting Dates 2023

Motion by President Young to approve the proposed Board meeting dates for 2023. Seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.

Project Ascent – Update

Ms. Murphy, Operations Manager updated the Board on the progress on the PAS development project. The project kickoff meeting will be December 14th, with LRS, Provaliant, and staff – and MBS will attend virtually. Goals for the kickoff meeting include setting the project timeline and discussing ancillary business and administrative decisions that will need to be made along the way. Data cleansing efforts by MBS and staff are ongoing.

IT Budget 2023 – Proposed Cost Analysis

Mr. Mohler presented a document including a graphical representation of the 2023 IT Budget vs. the 2022 IT Budget. Due to the increased reliance on the expertise of outside consultants and the use of subscription services, the IT Budget has been expanded significantly. He and Ms. Murphy held small group meetings with the Trustees for review and discussion of the listed projects and services needed.

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

RFP Actuarial Services – Provider Consideration

Mr. Mohler reviewed the qualifications of the three finalist actuarial firms that had made presentations to the Board at the October meeting: Foster& Foster, Segal Advisors and Cavanaugh Macdonald. Discussion ensued.

Motion to give staff direction to approach Foster & Foster regarding contract negotiations was made by Commissioner Spyropoulos. Seconded by Vice President Kennedy, unanimously approved by roll call vote.

5 Year Operating Cash Flows Projection

Mr. Mohler presented a projection of 5 Year Operating Cash Flows for the Fund, highlighting possible Special Contributions from the District in 2023, and the ongoing “operating deficit” that must be paid out of investment returns.

Duty Disability Settlement Offset – Update

Mr. Mohler reviewed the proposed duty disability settlement offset procedure, stating that a kickoff meeting with District personnel and District’s outside counsel took place; the goal is to have updated draft disability forms ready for Board approval at the December meeting, with a recommended procedure start date of 1/1/23.

Legislative Liaison/Lobbyist Services 2023

Mr. Mohler requested, and the Board provided, direction to retain Thomas Walsh for legislative services in 2023.

Illinois Legislative Spring Session 2023

Mr. Mohler reviewed some of the items being discussed by the Illinois Legislature in the Veto Session (none are directly related to Fund).

Educational Opportunities 2023 Discussion

Mr. Gillespie reported the NCPERS conference will be held May 2023 in New Orleans, and the IFEBP conference will be held October 2023 in Boston.

Motion to approve the NCPERS and IFEBP conferences in 2023 for possible Trustee participation was made by Trustee Dalton. Seconded by Trustee Markovich, unanimously approved by roll call vote.

Trustee Education Hours 2022 Certification 40 ILCS 5/1-113.18

Mr. Gillespie presented the annual training certification letter that will be filed with the IL Department of Insurance, stating that all Trustees have completed the required 8 hours of training in 2022, for approval.

Motion to certify the letter was made by Commissioner Spyropoulos. Seconded by President Young, unanimously approved by roll call vote.

Legal & Legislative*

None

Staff Investment Update(s)

Staff Comments

Mr. Gillespie reported a news headline that the Department of Labor has concluded their debate and has ruled that consideration of ESG should be part of a Board's fiduciary responsibility in relation to ERISA plans.

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.

MWDBE Manager Utilization Quarterly Report

Mr. Gillespie presented the MWDBE Manager Utilization Quarterly Report.

MWDBE Broker Utilization Quarterly Report

Mr. Gillespie presented the MWDBE Broker Utilization Quarterly Report.

Investment Consultant Report(s)

Comments

Mr. Mohler congratulated Mr. Obed on his recent appointment to the PBGC Advisory Board.

Market Environment

Mr. Obed reviewed the investment markets through October 2022. Discussion ensued.

Third Quarter Investment Report

Mr. Obed presented the Q3 2022 Performance Report. Discussion ensued.

Monthly Flash Report

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

Asset Allocation Discussion – Private Credit & Infrastructure

Mr. Mohler and Mr. Obed reviewed prior discussions on the role that private credit and infrastructure could play in the portfolio. Mr. Mohler stated that staff would draft RFP examples and present for discussion with the Board at upcoming meetings, in order to assist the Board in their consideration of issuing an RFP for these asset classes.