

Metropolitan Water Reclamation District Retirement Fund

Minutes Regular Meeting Board of Trustees August 30, 2023

Meeting#: 1207

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	
John P. Dalton		X
John R. Markovich	X	
Robert Quezada	X	
Hon. Kari K. Steele	X	

Staff present: Jim Mohler, Executive Director
 Mary Murphy, Operations Manager
 Ksenija Hrvojevic, Benefits Manager
 Brian Gillespie, Investment Officer
 Vrinda Kulkarni, Accounting Supervisor

Also present: Kweku Obed, Investment Consultant, Marquette Associates
 Mary Ann Boyle, MWRD Treasurer
 Wendy Sin, Assistant Treasurer
 Brian Rediger, Accounting Manager
 Jason Franken, Foster & Foster
 Kirstin Carlson, Provaliant
 Jim Haddon, Ramirez Asset Management
 Helen Yee, Ramirez Asset Management
 Nathan Kush, Neuberger Berman
 Cheryl Cannistra, Neuberger Berman

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 – 7/26/23

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

(Enter Commissioner Spyropoulos at 10:01 a.m.)

Approval Executive Session Minutes – 7/26/23

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

Approval of Meeting Agenda – 8/30/23

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

Consent Agenda

Administrative Expenses, 21 items, \$627,002.29

Motion to approve by Commissioner Steele. Seconded by Trustee Quezada, unanimously approved by roll call vote.

Investment Expenses – 19 items, \$852,430.72

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

Employee Annuity, 3 annuities, \$13,497.67

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

Surviving Spouse Annuity – N/A

Child Annuity – N/A

Refunds – 6 refunds, \$190,267.79

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

Duty Disability, benefits for 11 persons, \$1,044.14 combined daily rate

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

Ordinary Disability, benefits for 8 persons, \$1,825.46 combined daily rate

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

Administrative

Cash Allocation

Mr. Mohler reported that (\$14.9M) is necessary to cover the projected disbursements for September (\$16.7M). For October projected disbursements of (\$17M), Fund staff projects (\$15.6M) of invested assets will be needed to honor them and recommended the following sources for liquidity.

<u>Manager</u>	<u>Mandate</u>	<u>Liquidation Amount (\$)</u>
SSgA Aggregate Bond Index	Passive Bonds	\$9.6M
Wasatch Advisors	SC Value	\$3.0M
MFS	Global Low/Vol	\$3.0M

Motion to liquidate up to \$15.6M from the investment portfolio for October projected disbursements as described by Fund staff by Trustee Quezada. Seconded by Trustee Markovich, unanimously approved by roll call vote.

Ratification of Telephone Poll

Mr. Mohler discussed with the Board the reason for the telephone poll conducted earlier in the month and the need for the Board to ratify the poll results at their next available meeting.

Motion to approve the results of the telephone poll by Vice President Kennedy. Seconded by Commissioner Spyropoulos, unanimously approved by roll call vote.

Actuarial Experience Study

Mr. Franken from Foster & Foster, Consulting Actuaries, presented to the Board the results of the Experience Study conducted covering the years of 2018 to 2022. The various actuarial assumptions used to create the annual Actuarial Valuation were discussed and recommendations were made for changes to certain assumptions for the 2023 Actuarial Valuation. Ms. Boyle, District Treasurer, addressed the Board and requested that Mr. Franken, Mr. Mohler, and herself review various impacts based on the recommended changes. The Board thanked Mr. Franken for his presentation and took the matter under advisement. No action taken.

Trustee Election 2023

Ms. Hrvojevic updated the Board on the status of the 2023 Trustee Election timeline. The Fund shall know if an election is going to occur by 9/12/23 at 12 p.m., deadline for filing the necessary nominating petitions. Discussion ensued. No action taken.

Provaliant Presentation

Ms. Carlson from Provaliant updated the Board on the status of the PAS project. Discussion ensued. No action taken.

Project Ascent and Ancillary IT Projects Update

Ms. Murphy updated the Board on the progress on the PAS development project and the other ancillary IT projects that are in process. Discussion ensued.

Benefit Focus Software

Mr. Mohler updated the Board on communications with the District to receive access to their benefit software system, Benefit Focus, to streamline the processing of retiree healthcare elections made by members participating in the District's Retiree Health Care Plans. Mr. Mohler stressed that there will be a need to ensure that the Retirement Board and Fund Staff are indemnified from liability regarding the handling of a member's PII between the parties. Discussion ensued. No action taken.

Semi-Annual FOIA Activity Report

Ms. Kulkarni, Accounting Supervisor, updated the Board regarding FOIA requests received in the first half of 2023. Discussion ensued. No action taken.

Fiduciary Training Session Discussion

Mr. Mohler reminded the Board that a Fiduciary training session is scheduled for the Board at the September 27th meeting. Discussion ensued. No action taken.

Educational Opportunities 2023 Discussion

Mr. Gillespie reported on upcoming opportunities for Trustee education. Discussion ensued. No action taken.

Executive Session Transcripts Review – 5 ILCS 120/2(c)(21)

Mr. Mohler discussed with the Board that executive session transcripts from 1994 to 2003 were identified in offsite storage. Researching the matter led to the conclusion that minutes had never been prepared for these executive session meetings. Mr. Mohler informed the Board that all matters discussed in these meetings were concluded a long time ago and recommended that a description of the meetings and the exemption of the Open Meetings Act presumed to have been used, be approved for opening to the public. Discussion ensued.

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

Legal & Legislative

Mr. Mohler informed the Board that House Bill 2035 had been signed by the Governor and is now Public Act 103-0523. Mr. Mohler thanked the Board for their support on moving this legislation, and recognized Mr. Tom Walsh, Representative Burke, and Senator Cunningham for their work in getting this bill to the Governor's desk. Discussion ensued. No action taken.

Staff Investment Update(s)

Manager Presentations – Ramirez Asset Management & Neuberger Berman

Mr. Haddon and Ms. Yee from Ramirez Asset Management discussed with the Board the performance of their Core Plus Fixed Income account as of 6/30/23. Discussion ensued. No actions were taken.

Mr. Kush and Ms. Cannistra from Neuberger Berman discussed with the Board the performance of their Core Plus Fixed Income account as of 6/30/23. Discussion ensued. No actions were taken.

Current vs. Target Asset Allocation

Mr. Gillespie presented to the Board the Fund's current asset allocation compared to the target allocation. Discussion ensued. No actions taken.

Watchlist Update

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

MWDBE Utilization – Asset Management and Brokerage

Mr. Gillespie discussed with the Board the mid-year status of the Fund's utilization of MWDBE asset management firms and the brokerage services utilized by such firms. Discussion ensued. No action taken.

Investment Policy Revision

Mr. Gillespie discussed with the Board that with the addition of Private Credit to the investment portfolio, adjustments will need to be made to the Fund's Investment Policy, specifically adding it as an approved asset class and include it within the Fund's target asset allocation. Staff and Consultant recommended adjustments to add a 5% allocation to Private Credit to the Fund's target allocation. Discussion ensued.

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

RFP Private Credit Update

This matter was not discussed.

Investment Consultant Report(s)

Market Environment

Mr. Obed reviewed the investment markets through July 2023. Discussion ensued. No action taken.

Second Quarter Investment Performance Report

Mr. Obed discussed with the Board the Fund's returns through 6/30/23. Discussion ensued. No action taken.

Monthly Flash Report

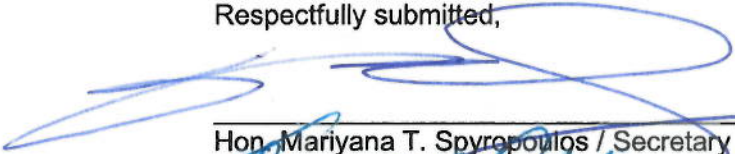
Mr. Obed presented the July 2023 Monthly Performance Report, which presents the performance of the Fund's portfolio by asset class and by manager. Discussion ensued. No action taken.

Adjournment 8/30/23 Meeting

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

President Young adjourned the meeting at 12:27 p.m.

Respectfully submitted,



Hon. Mariyana T. Spyropoulos / Secretary



Jim Mohler / Executive Director

Prepared by:



Vrinda Kulkarni

Vrinda Kulkarni / Accounting Supervisor