



Metropolitan Water Reclamation District of Greater Chicago

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TRANSMITTAL LETTER FOR BOARD MEETING OF JUNE 4, 2020

COMMITTEE ON PENSION, HUMAN RESOURCES AND CIVIL SERVICE

Mr. Brian A. Perkovich, Executive Director

Annual Report for the Deferred Compensation Plan and Trust for 2019

Dear Sir:

The Board of Commissioners adopted the Deferred Compensation Plan and Trust (Plan) effective September 1, 1998. The Plan document has been revised and restated several times since 1998 with the most recent revision adopted June 4, 2015. As stated in the Plan document, the Plan was established and shall be maintained for the exclusive benefit of participants and their beneficiaries.

The District, through its Board of Commissioners, serves as Trustee and fiduciary for the Plan. The Board of Commissioners has established a Deferred Compensation Committee (Committee) in accordance with the Plan document. The Committee consists of the Chairman of the Committee on Finance, Commissioner Frank Avila; the Treasurer, Mary Ann Boyle; and the Director of Human Resources, Beverly K. Sanders. The Committee is the primary fiduciary of the Plan, with authority to interpret and oversee the administration of the Plan. This responsibility includes the recommendation of a plan administrator and investment advisor for the Plan and on-going oversight of these providers to ensure the Plan is administered in accordance with the Plan document and the Investment Policy.

The contract for recordkeeping and administrative services for the District plan expired December 31, 2019. As such the District conducted a request for proposal to solicit bids from the marketplace for these services. On August 8, 2019, the District awarded a contract for these services to the Variable Annuity Life Insurance Company (operating under the brand name AIG Retirement Services). In December 2019, the plan was transitioned from Prudential Retirement Insurance and Annuity Company to AIG Retirement Services. In addition to the administrative service provider, the District also contracts with Segal Marco Advisors, Inc. to provide deferred compensation investment consulting services as required by the Investment Policy.

The Plan document requires that the Committee shall submit an annual report to the Board of Commissioners to provide an assessment of the financial health of the Plan. The Plan balance as of December 31, 2019 was \$287,119,976.29. This represents a net increase of \$42,776,326.17 from December 31, 2018. The Plan had a net outflow (contribution versus distributions) of \$3,200,104.79 for the year. Plan fees were \$15,791.31, up slightly from \$15,525.00 in 2018. Participants experienced total investment gains of \$45,992,222.27 or 18.82% in 2019. Over the same period, the broader market saw U.S. equities post a 31.02% return and U.S. fixed income markets post an 8.72% return. The table below shows a comparison of total assets over the prior three -year period:

	December 31, 2017	December 31, 2018	December 31, 2019
Mutual Funds	\$180,991,317.68	\$168,301,771.15	\$209,544,645.54
Stable Value Funds	\$71,716,046.05	\$73,922,364.46	\$74,528,852.00
Self-directed Accts	\$2,320,831.97	\$2,119,514.51	\$3,046,478.75
Total Assets	\$255,028,195.70	\$244,343,650.12	\$287,119,976.29

There were 2,008 participants, including active employees and retirees enrolled in the Plan as of December 31, 2019 compared to 2,016 at the close of 2018. As of December 31, 2019, the average account balance was \$141,829.06 up from \$121,741.92 as of December 31, 2018.

As provided in the Trust document, the annual report includes as an attachment, Exhibit 1: (a) a balance sheet of the Plan as of December 31, 2019; and (b) a statement of investments including changes in assets available for distribution in 2019.

The Deferred Compensation Committee is pleased to submit this report to the Board of Commissioners.

Respectfully Submitted, Frank Avila, Chairman Deferred Compensation Committee; Mary Ann Boyle, Treasurer; Beverly K. Sanders, Director of Human Resources

Attachments