

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting # 964**

August 18, 2015

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**LABORERS' & RETIREMENT BOARD EMPLOYEES'
ANNUITY & BENEFIT FUND OF CHICAGO**

August 18, 2015

Report of Meeting No. 964 held on August 18, 2015, starting at 1:05 p.m. in the office of the Laborers' Pension Fund.

The following were present:

Board Members:

Victor Roa, President (Local 1001)
Erin Keane, Vice President (First Deputy Comptroller, City of Chicago)
Michael LoVerde, Secretary (City of Chicago)
Carole Brown, Trustee (Chief Financial Officer, City of Chicago) - Arrived at 1:15pm
Carol Hamburger, Trustee (Managing Deputy Comptroller, City of Chicago)
Joseph Rinella, Trustee (City of Chicago)
James Capasso, Jr., Trustee (Retired)

Staff & Consultants:

Graham Grady – Taft Stettinius & Hollister LLP, Fund's Attorney
Cary Donham – Taft Stettinius & Hollister LLP, Fund's Attorney
Dr. Terence Sullivan – Fund's Physician
Michael Cairns – NEPC, LLC, Fund's Investment Consultant
Kristin Finney-Cooke – NEPC, LLC, Fund's Investment Consultant
Kristen Jackson – NEPC, LLC, Fund's Investment Consultant
Michael Walsh – Executive Director and Chief Investment Officer
Kathy Schanding – Fund Actuary
Joan Newman – Benefits Manager
Margie Grazevich – Payroll Manager
Irene Velazquez – Benefits Payroll Assistant
John Carroll – Compliance Administrator
Sheila Jones – Administrative Coordinator
Miriam Martinez – CIO, City Treasurer's Office

Absent: Kurt Summers, Jr., Trustee (City Treasurer, City of Chicago)

Observer: Angela Myers (Loop Capital)

President Roa determined that a quorum was present.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the regular minutes of Meeting No. 963 be approved as submitted.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the minutes of the executive sessions 1, 2, 3, 4 and 5 of meeting No. 963 be approved as submitted.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Keane, that the regular minutes of the special meeting of July 30, 2015 be approved as submitted.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the minutes of the executive session of the special meeting of July 30, 2015 be approved as submitted.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.



***Laborers' and Retirement Board Employees'
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Board Members:

I am transmitting herewith the minutes for the meeting of the Retirement Board which was held on **August 18, 2015**. The minutes are comprised of the following:

- Approval of minutes from prior meetings
- Public Participation
- Schedule A: Applications for Refunds
 1. Refund of Contributions Due to Separation from Service
 2. Miscellaneous Refunds
 - a. Refunds of Deceased Members and
 - b. Errors in Deduction
- Schedule B: Applications for Annuities
 1. Employee Annuity Applications
 2. Spouse and Child Annuity Applications
- Schedule C: Adjustment Refunds to New Annuitants
- Schedule D: Applications for Duty Disability Benefits
- Schedule E: Applications for Ordinary Disability Benefits
- Schedule F: Applications for Extension of Duty Disability Benefits
- Schedule G: Applications for Extension of Ordinary Disability Benefits
- Schedule H: Payment of Uncashed Checks of Deceased Members
- Schedule I: Payment of Administrative Expenses
- Investments Report
- Executive Session No. 1
- Investments Report Continued
- Executive Session No. 2
- Executive Session No. 3
- Investments Report Continued
- Executive Session No. 4
- Administrative Report
- Legal Report
- Executive Session No. 5
- Executive Session No. 6
- Executive Session No. 7
- Executive Session No. 8
- Executive Session No. 9
- Executive Session No. 10
- Adjournment

All the foregoing matters were checked upon receipt into the Office of the Retirement Board and were found to be hereinafter set forth.

Sincerely,

Michael R. LoVerde
Retirement Board Secretary

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
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PUBLIC PARTICIPATION

None.

SCHEDULE A – APPLICATIONS FOR REFUNDS

1. Refund of Contributions Due to Separation from Service

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that Refunds of Contributions Due to Separation be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.

2. Miscellaneous Refunds – Deceased Members & Errors in Deductions

It was moved by Trustee Capasso, seconded by Trustee Hamburger, that Refunds of Deceased Members and Errors in Deductions refunds be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.

SCHEDULE B – APPLICATIONS FOR ANNUITIES

1. Employee Annuities

It was moved by Trustee LoVerde, seconded by Trustee Keane, that applications presented for Employee Annuities be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.

2. Spouse and Child Annuities

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that applications presented for Spouse and Child Annuities be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.

SCHEDULE C – ADJUSTMENT REFUNDS TO NEW ANNUITANTS

It was moved by Trustee Hamburger, seconded by Trustee LoVerde, that Adjustment Refunds be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.

SCHEDULE D – APPLICATIONS FOR DUTY DISABILITY BENEFITS

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the applications for Duty Disability Benefits be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.

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SCHEDULE E – APPLICATIONS FOR ORDINARY DISABILITY BENEFITS

It was moved by Trustee LoVerde, seconded by Trustee Rinella, that the applications for Ordinary Disability Benefits be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.

SCHEDULE F – EXTENSION OF DUTY DISABILITY BENEFITS

It was moved by Trustee LoVerde, seconded by Trustee Rinella, that the applications for Extension of Duty Disability Benefits be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.

SCHEDULE G – EXTENSION OF ORDINARY DISABILITY BENEFITS

It was moved by Trustee Capasso, seconded by Trustee LoVerde, that the applications for Extension of Ordinary Disability Benefits be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.

SCHEDULE H – PAYMENT OF UNCASHED CHECKS OF DECEASED MEMBERS

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the Payment of Uncashed Checks of Deceased Members be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.

SCHEDULE I – PAYMENT OF ADMINISTRATIVE EXPENSES

Administrative Invoices and Investment Invoices

It was moved by Trustee Rinella, seconded by Trustee LoVerde, that Invoices be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Rinella and Capasso.
Against -- None.

INVESTMENT REPORT

Market Report and Second Quarter Investment Performance Analysis

Mr. Cairns reviewed the Second Quarter Investment Performance Analysis Report ending June 30, 2015.

Preliminary Flash Report

Mr. Cairns and Ms. Finney-Cooke presented the Preliminary Flash Report for July 31, 2015.

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EXECUTIVE SESSION NO. 1

At 1:33 p.m., Trustee Hamburger requested an executive session under 5 ILCS 120/2(c)(7) discuss the sale or purchase of securities, investments or investment contracts. Trustee LoVerde seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

At 1:37 p.m., Trustee Capasso made a motion, seconded by Trustee LoVerde, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to initiate an RFP for a Blended Emerging Markets Debt manager.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

INVESTMENT REPORT (CONTINUED)

First Quarter Private Equity and Real Estate Reports

Mr. Cairns and Ms. Finney-Cooke reviewed with the trustees the First Quarter Private Equity and Private Real Estate Reports.

EXECUTIVE SESSION NO. 2

At 1:45 p.m., Trustee Capasso requested an executive session under 5 ILCS 120/2(c)(7) discuss the sale or purchase of securities, investments or investment contracts. Trustee LoVerde seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

At 1:48 p.m., Trustee LoVerde made a motion, seconded by Trustee Capasso, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to place the Ariel Microcap Value portfolio on the watch list.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

EXECUTIVE SESSION NO. 3

At 1:50 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(7) discuss the sale or purchase of securities, investments or investment contracts. Trustee Rinella seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

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At 2:19 p.m., Trustee Hamburger made a motion, seconded by Trustee LoVerde, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

The trustees took no action.

INVESTMENT REPORT (CONTINUED)

Private Debt RFP

Ms. Finney-Cooke reviewed the draft Private Debt RFP with the trustees. The trustees request that NEPC post the RFP.

Due Diligence

- PIMCO Investments – Ms. Finney-Cooke reviewed a memo with trustees on the Wells notice received by PIMCO Investments. NEPC will continue to monitor this matter.

- PIMCO Investments – Ms. Finney-Cooke also reviewed a memo with trustees regarding a settlement agreement that PIMCO entered into with the Chicago Mercantile Exchange (CME) on July 22, 2015.

- Wellington Management Company – Mr. Cairns reviewed a memo with trustees noting that Wellington recently informed both NEPC and its clients of a regulatory inquiry by the SEC focusing on Wellington's policies and procedures regarding the control of material non-public information. NEPC will continue to monitor the situation and recommended that no action be taken at this time for this matter.

- Morgan Stanley – Ms. Finney-Cooke reported that as a result of the Volcker rule, Morgan Stanley AIP Global Macro Fund will be re-named the "Riverview Global Macro Fund".

- UBS Emerging Markets Debt – This item was taken out of order. Mr. Cairns reviewed a memo with trustees regarding additional personnel changes at UBS Global Asset Management. NEPC will continue to monitor the Fund's investments with UBS.

The trustees were briefed on the changes taking place at Progress Investments and Newport Capital.

EXECUTIVE SESSION NO. 4

At 2:33 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(7) to discuss the sale or purchase of securities, investments or investment contracts. Trustee Rinella seconded the motion. At this point in the meeting the Fund's Investment Consultants from NEPC left the meeting.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

At 2:36 p.m., Trustee LoVerde made a motion, seconded by Trustee Hamburger, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Rinella, to hire NEPC for investment consulting services pending contract negotiations.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

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ADMINISTRATIVE REPORT

Entrust Special Opps Fund III

Entrust Special Opps Fund III requested a capital call on July 1, 2015 in the amount of \$204,762.00.

JBC Fund IV

JBC Fund IV requested a capital call on July 24, 2015 in the amount of \$844,879.00.

Entrust Special Opps Fund III

Entrust Special Opps Fund III requested a capital call on August 3, 2015 in the amount of \$299,039.00.

Mesirow Real Estate Value Fund II

Mesirow Real Estate Value Fund II requested a capital call on August 21, 2015 in the amount of \$719,943.83.

Midwest Mezzanine Fund IV

Midwest Mezzanine Fund IV made a distribution on July 16, 2015 in the amount of \$194,292.75.

Mesirow X

Mesirow X made a distribution on July 28, 2015 in the amount of \$275,000.00.

Mesirow Real Estate Value Fund

Mesirow Real Estate Value Fund made a distribution on July 29, 2015 in the amount of \$367,271.30.

Entrust Special Opps Fund II

Entrust Special Opps Fund II made a distribution on July 30, 2015 in the amount of \$475,620.00.

Mesirow Fund II

Mesirow Fund II made a distribution on July 30, 2015 in the amount of \$245,000.00.

Implementation of Court Order in Johnson v. LABF

Mr. Walsh reported the estimated cost to adjust computer systems back as a result of the Judge's decision in the Johnson vs. LABF matter. The trustees requested that Mr. Walsh investigate ways to make the system more flexible. Mr. Walsh also discussed the timeline for adjusting annuities and refunding contributions to affected members.

Impact Statements

Mr. Walsh reviewed a request asking the LABF to conduct an actuarial study for a new pension reform proposal affecting Tier I employees. Mr. Walsh reviewed the possible options that could be considered in this study. The Board gave direction to pursue this matter further.

Miscellaneous

- 2015 Trustee Election – Mr. Walsh updated the trustees on the status of the upcoming trustee election.

- Annuitant Signature Verification Cards – Mr. Walsh reported on the status of this year's Signature Verification Card project. The LABF staff had mailed out second letters to non-compliant annuitants and would begin making phone calls to those annuitants beginning the week of August 24, 2015. He also reported that beginning October 1, 2015, the LABF would hold annuitant payments of anyone who had not complied by that date.

- Budget Update – Mr. Walsh discussed with the trustees the staffing levels and the possible need for hiring a temporary employee.

- Newsletter – Mr. Walsh reported that the LABF would be mailing a Participant Newsletter in early September.

- Levy Request Update – Mr. Walsh reported on the Levy Request and how the recent decision in the Johnson case affects this request. The trustees requested Mr. Walsh send a letter to the city of Chicago finance officers informing them of a possible change in the levy request.

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LEGAL REPORT

This item was taken out of order. Mr. Donham reported the status of Johnson v. LABF and expected filing dates for the appeal.

EXECUTIVE SESSION NO. 5

At 3:24 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss potential or current litigation of the Fund. Trustee Rinella seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

At 3:27 p.m., Trustee LoVerde made a motion, seconded by Trustee Rinella, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Rinella, to accept the settlement offer in the Alterra vs. LABF matter.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

EXECUTIVE SESSION NO. 6

At 3:28 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(1) to discuss a personnel matter. Trustee Hamburger seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

At 3:32 p.m., Trustee Hamburger made a motion, seconded by Trustee LoVerde, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

The trustees took no action.

EXECUTIVE SESSION NO. 7

At 3:32 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss potential or current litigation of the Fund. Trustee Hamburger seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

At 3:36 p.m., Trustee LoVerde made a motion, seconded by Trustee Rinella, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

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It was moved by Trustee LoVerde, seconded by Trustee Rinella, that, the LABF not appeal the decision of the court in the seasonal disability matter and that staff begin implementing the court order.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

EXECUTIVE SESSION NO. 8

At 3:39 p.m., Trustee Hamburger requested an executive session under 5 ILCS 120/2(c)(11) to discuss potential or current litigation of the Fund. Trustee Rinella seconded the motion.

Roll-call: For-- Trustees Keane, Brown, Hamburger, Rinella and Capasso.
Against -- None.
Abstain -- Trustees Roa and LoVerde

At 3:43 p.m., Trustee Rinella made a motion, seconded by Trustee Keane, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Keane, Brown, Hamburger, Rinella and Capasso.
Against -- None.
Absent -- Trustees Roa and LoVerde

The trustees took no action.

EXECUTIVE SESSION NO. 9

At 3:44 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(21) to conduct a biannual review of executive session minutes of meetings lawfully closed under the Open Meetings Act. Trustee Rinella seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

At 3:49 p.m., Trustee Hamburger made a motion, seconded by Trustee LoVerde, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

The Board was presented with a comprehensive review of closed executive session minutes. Trustee LoVerde made a motion, seconded by Trustee Rinella, to approve the recommendations of Fund staff and Fund Counsel to make available for public inspection items 1-10 of Section 1 of the memo presented to trustees. Copies of the memo are on file at the Fund office.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

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EXECUTIVE SESSION NO. 10

At 3:51 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(1) to discuss Legal Counsel. Trustee Rinella seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

At 4:02 p.m., Trustee LoVerde made a motion, seconded by Trustee Capasso, that the executive session be adjourned and that the Board return to open session.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.

The trustees took no action.

ADJOURNMENT

With no further business, at 4:03, Trustee Rinella made a motion to adjourn. Trustee LoVerde seconded the motion.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Brown, Hamburger, Rinella and Capasso.
Against -- None.