

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting # 980**

December 19, 2016

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

December 19, 2016

Report of Meeting No. 980 held on December 19, 2016, starting at 10:12 a.m. at the office of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("Fund" or "LABF"). The following notes attendance:

Board Members: Victor Roa – President (Union Appointed Member)
Erin Keane – Vice President (City Comptroller, City of Chicago)
Michael LoVerde – Secretary (Active Employee Elected Member)
Carol Hamburger – Trustee (Managing Deputy Comptroller, City of Chicago)
Kurt Summers, Jr. – Trustee (City Treasurer, City of Chicago) (*arrived at 10:15am*)
James Capasso, Jr. – Trustee (Annuitant Elected Member)
James Joiner – Trustee (Active Employee Elected Member)

Staff & Consultants: Graham Grady – Taft Stettinius & Hollister LLP, Fund's Counsel
Cary Donham – Taft Stettinius & Hollister LLP, Fund's Counsel
Dr. Terence Sullivan – Fund's Physician
Kristin Finney-Cooke – NEPC, LLC, Fund's Investment Consultant
Michael Walsh – Executive Director and Chief Investment Officer
Peggy Grabowski – Comptroller
John Carroll – Compliance Administrator
Nadia Oumata – Manager of Accounting and Investments
Tina Rhoten – Benefits Manager
Paul Rzeszutko – Assistant Benefits Manager
Nicole Evangelista – Payment Services Coordinator

Absent: Carole Brown – Trustee (Chief Financial Officer, City of Chicago)

President Roa determined that a quorum was present.

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the regular minutes of Meeting No. 979 held on November 22, 2016 be approved as submitted.

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

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the minutes of the executive sessions 1, 2 and 3 of Meeting No. 979 held on November 22, 2016 be approved as submitted.

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

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the regular minutes of the Special Meeting held on November 28, 2016 be approved as submitted.

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

ELECTION OF OFFICERS

It was moved by Trustee Capasso, seconded by Trustee Hamburger, to elect Victor Roa as President, Erin Keane as Vice-President, and Michael LoVerde as Secretary of the Board of Trustees of the LABF for the year 2017.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Hamburger, Capasso and Joiner.
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 **December 19, 2016**. The minutes are comprised of the following:

- Public Participation
- Approval of minutes from prior meetings
- Election of Officers
- Schedule A: Applications for Refunds
 1. Refund of Contributions Due to Separation from Service
 2. Miscellaneous Refunds
- Schedule B: Applications for Annuities
 1. Employee Annuities
 2. Spouse and Child Annuities
- 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
- Administrative Report
- Legal Report
- Executive Session No. 1
- Administrative Report Continued
- Executive Session No. 2
- 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

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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 Capasso, seconded by Trustee LoVerde, that Refunds of Contributions Due to Separation from Service be approved and ordered paid.

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

2. Miscellaneous Refunds – Refund to Heirs of Deceased Members and Errors in Deductions

It was moved by Trustee LoVerde, seconded by Trustee Joiner that Refunds to Heirs of Deceased Members and of Errors in Deductions be approved and ordered paid.

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

SCHEDULE B – APPLICATIONS FOR ANNUITIES

1. Employee Annuities

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

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

2. Spouse and Child Annuities

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

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

SCHEDULE C – ADJUSTMENT REFUNDS TO NEW ANNUITANTS

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that Adjustment Refunds to New Annuitants be approved and ordered paid.

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

SCHEDULE D – APPLICATIONS FOR DUTY DISABILITY BENEFITS

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

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

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SCHEDULE E – APPLICATIONS FOR ORDINARY DISABILITY BENEFITS

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

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

SCHEDULE F – EXTENSION OF DUTY DISABILITY BENEFITS

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the applications for Extension of Duty Disability Benefits as amended for member Karulski, be approved and ordered paid.

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

SCHEDULE G – EXTENSION OF ORDINARY DISABILITY BENEFITS

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

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

SCHEDULE H – PAYMENT OF UNCASHED CHECKS OF DECEASED MEMBERS

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the applications for Payments of Uncashed Checks of Deceased Members be approved and ordered paid.

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

SCHEDULE I – PAYMENT OF ADMINISTRATIVE EXPENSES

Administrative Invoices and Investment Invoices

It was moved by Trustee Joiner, seconded by Trustee Summers, that Administrative and Investment Invoices be approved and ordered paid.

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

INVESTMENTS REPORT

November 30, 2016 Preliminary Performance Report

Ms. Finney-Cooke reviewed the November 30, 2016 Preliminary Monthly Performance Report.

Manager Review/Manager Update

Ms. Finney-Cooke reviewed a memo prepared by NEPC which summarized the purchase of Keeley Asset Management Corp. by Teton Advisors. Ms. Finney-Cooke noted that Keeley Asset Management Corp. had been placed on the watch list due to organizational changes at the November 22, 2016 meeting and recommended no further action at this time.

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Contract Items

Ms. Finney-Cooke updated the Board on the status of the DV Urban portfolio. The Trustees discussed the terms of the Newport Capital Partners contract and asked Mr. Walsh to research some questions that they had on this matter. Mr. Walsh will report back his finding at the January 2017 meeting.

ADMINISTRATIVE REPORT

Cash Needs/Capital Calls & Distributions

Mr. Walsh reviewed the capital calls and distributions for the month of November 2016.

2017 Meeting Dates and Office Holidays

Mr. Walsh presented the Fund's proposed 2017 Schedule of Monthly Meetings. It was moved by Trustee Hamburger, seconded by Trustee LoVerde, that the 2017 Board meeting schedule be approved as presented.

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

The Trustees also reviewed the proposed 2017 Office Holiday Observance schedule that was presented.

Disability Service Rule

Mr. Walsh discussed some issues related to the Fund's practice of giving service credit in situations where employees are eligible for duty disability benefits but they do not apply for duty disability benefits with the Fund. Mr. Walsh noted that the current practice of the Fund is to give service credit to anyone who receives workers' compensation benefits from their employer, giving service credit to even those that do not apply for duty disability benefits with LABF. He reviewed the various sections of the Illinois Statute related to disability benefits and service credit.

The Trustees requested that Mr. Walsh provide the Board with additional information concerning this issue and prepare an administrative rule that addresses the ideas that were raised in the meeting. The Trustees also asked about the possibility of increasing communication between the Fund and the City of Chicago and the Committee on Finance on matters related to disability benefits.

Trustee Appointments/Terms

Mr. Walsh discussed the mechanics of Trustee appointments and Trustee terms of service as defined in the Illinois Pension Code. Mr. Walsh identified a method for the Fund to revert to the original staggering of terms as was originally intended by the Illinois Pension Code. The Trustees approved the implementation of the proposed method of regaining staggered terms for the Trustees.

City Retiree Healthcare

Mr. Walsh gave an update on the status of the City retiree healthcare enrollment as well as the status of the LABF's efforts to secure Notices of Assignment paperwork from retirees who had elected to sign up for retiree healthcare benefits. Mr. Walsh suggested that the LABF continue to deduct insurance premiums from the annuities of annuitants who have enrolled in the City-sponsored Blue Cross Blue Shield (BCBS) retiree health insurance program and forward them to BCBS even if the LABF has not yet received a Notice of Assignment. The Board agreed that the Fund can implement a 2-month grace period for annuitants to submit the assignment paperwork.

Legislative Matters

Mr. Walsh reported that Senate Bill 2437 is tentatively set for a vote in the Illinois Senate on January 9, 2017.

Miscellaneous

Education Sheets – Mr. Walsh advised that paperwork was provided to the Trustees noting the number of education hours they obtained for year 2016.

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LEGAL REPORT

IRS Determination Tax Qualification

Mr. Walsh and Fund Counsel reviewed with the Trustees some of the final requirements that are needed to be completed by the Fund for its IRS Determination Letter filing. The Trustees gave direction to move forward with the filing of the proposed amendment with the following elections: (1) include that excess assets will revert to the employer in the noted situation, and (2) excess contributions due to an error will also revert back to the employer.

Underwood Litigation

This item was discussed in executive session.

EXECUTIVE SESSION NO. 1

At 11:40 a.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss potential or current litigation of the Fund. Trustee Summers seconded the motion.

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

At 11:45 a.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, Summers, Hamburger, Capasso and Joiner.
Against -- None.

The Trustees took no action.

ADMINISTRATIVE REPORT CONTINUED

2017 Administrative Budget -This item was taken out of order. Mr. Walsh introduced the 2017 administrative budget.

EXECUTIVE SESSION NO. 2

At 11:46 a.m., Trustee Hamburger requested an executive session under 5 ILCS 120/2(c)(1) and (2) to discuss personnel matters and the salary schedules. Trustee Capasso seconded the motion.

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

At 12:01 p.m., Trustee Capasso 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, Summers, Hamburger, Capasso and Joiner.
Against -- None.

It was moved by Trustee Capasso, seconded by Trustee Summers, to approve the 2017 Administrative Budget for the LABF.

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

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ADJOURNMENT

With no further business, at 12:01 p.m., Trustee Capasso made a motion to adjourn. Trustee Summers seconded the motion.

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