

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting No. 1009**

May 17, 2019

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

May 17, 2019

Report of Meeting No. 1009 held on May 17, 2019, starting at 9:02 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) (<i>entered at 9:24 am</i>)
James Capasso, Jr.	– Trustee (Annuitant Elected Member)
James Joiner	– Trustee (Active Employee Elected Member)

Staff & Consultants:

Joseph Burns	– Jacobs, Burns, Orlove & Hernandez, Fund Counsel
Dr. Terence Sullivan	– Fund's Physician (portion*)
James Wesner	– Marquette Associates, Fund's Investment Consultant (portion*)
Neil Capps	– Marquette Associates, Fund's Investment Consultant (portion*)
Alex Rivera	– Gabriel Roeder Smith & Company, Fund Actuary (portion*)
Jeffrey Tebeau	– Gabriel Roeder Smith & Company, Fund Actuary (portion*)
Jenna Marsh	– Gabriel Roeder Smith & Company, Fund Actuary (portion*)
Michael Walsh	– Executive Director and Chief Investment Officer
Peggy Grabowski	– Comptroller
John Carroll	– Compliance Administrator
Sheila Jones	– Administrative Coordinator
Nadia Oumata	– Manager of Accounting and Investments (portion*)
Tina Rhoten	– Benefits Manager (portion*)
Paul Rzeszutko	– Assistant Benefits Manager (portion*)

Absent:

Carole Brown	– Trustee (Chief Financial Officer, City of Chicago)
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Observer: None

President Roa determined that a quorum was present after Secretary LoVerdeSecretary LoVerdeSecretary LoVerde took attendance.

Portion* - These meeting participants were present only for a portion of the meeting.



*Laborers' and Retirement Board Employees'
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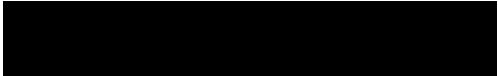
Board Members:

I am transmitting herewith the minutes for the meeting of the Retirement Board which was held on May 17, 2019. The minutes are comprised of the following:

- Public Participation
- Approval of Minutes from Prior Meetings
- 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
- Gabriel, Roeder, Smith & Company Presentation
- Investments Report
- Executive Session No. 1
- Administrative Report
- Legal Report
- Executive Session No. 2
- Legal Report Continued
- Executive Session No. 3
- Adjournment

All the foregoing matters were checked upon receipt in 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.

APPROVAL OF MINUTES FROM PREVIOUS MEETINGS

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the regular minutes of Meeting No. 1008 held on April 23, 2019, be approved as submitted.

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

It was moved by Trustee Hamburger, seconded by Trustee LoVerde, that the minutes of Executive Sessions 1, 2 and 3 of Meeting No. 1008 held on April 23, 2019, be approved as submitted.

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Summers, Capasso, and Joiner.
Against -- 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 the applications presented for Refunds of Contributions Due to Separation from Service be approved and ordered paid.

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

2. Miscellaneous Refunds

Mr. Carroll reviewed the starred case for deceased member Robert Dobbs and noted that applications for the remaining refund of contributions payable were received from two competing parties. One group applying for benefits were the Contingent Beneficiaries on Mr. Dobbs' most recent Beneficiary Designation Form. The other party that applied for the remaining contributions was the sister of the deceased Primary Beneficiary on Mr. Dobbs' Beneficiary Designation Form, who passed away on October 3, 2016. Mr. Carroll noted that prior to her death the named Primary Beneficiary had failed to apply for benefits and had indicated to LABF staff that she would not apply for any benefits payable on account of Mr. Dobbs' death.

Mr. Carroll mentioned that Fund staff and Fund Counsel reviewed the case and recommend approving the payment of the remaining balance payable from Mr. Dobbs' account to the Contingent Beneficiaries and denying the payment of the remaining contributions to the sister of the Primary Beneficiary.

It was moved by Trustee LoVerde, seconded by Trustee Joiner, to approve the applications presented for Miscellaneous Refunds of Contributions, including payment to the Contingent Beneficiaries and the denial of payment to the sister of the Primary Beneficiary in the Dobbs starred case, be approved and ordered paid as discussed in the meeting.

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

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SCHEDULE B – APPLICATIONS FOR ANNUITIES

1. Employee Annuities

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

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

2. Spouse and Child

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

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

SCHEDULE C – ADJUSTMENT REFUNDS TO NEW ANNUITANTS

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

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

SCHEDULE D – APPLICATIONS FOR DUTY DISABILITY BENEFITS

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

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

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, Hamburger, Summers, 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 be approved and ordered paid.

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

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SCHEDULE H – PAYMENT OF UNCASHED CHECKS OF DECEASED MEMBERS

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

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

SCHEDULE I – PAYMENT OF EXPENSES

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

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

Trustee Capasso announced that Fred Heiss, former legal counsel to the LABF, had passed away on May 16, 2019.

It was moved by Trustee Hamburger, seconded by Trustee Capasso, that a flower arrangement along with a note of condolence from the Fund be sent to the family of Mr. Heiss.

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

Dr. Sullivan left the meeting.

PRESENTATION BY GABRIEL, ROEDER, SMITH & COMPANY

Alex Rivera and Jeffrey Tebeau, of Gabriel, Roeder, Smith & Company, presented a summary of the 2018 actuarial valuation and GASB 67/68 reports. See attached documents.

Trustee Summers entered the meeting.

Alex Rivera, Jeffrey Tebeau, and Jenna Marsh of Gabriel Roeder Smith & Company (“GRS”), Tina Rhoten, Paul Rzeszutko, and Christopher Lucas of LABF left following the presentation.

Trustee Summers requested that his vote be added in the affirmative for the previous motions in the meeting.

INVESTMENTS REPORT

Market Tracker Report

This item was taken out of Order. Mr. Wesner provided a summary market update.

April 30, 2019 Preliminary Performance Report

This item was taken out of order. Mr. Wesner reviewed the Fund’s April 30, 2019 Preliminary Performance Report.

First Quarter 2019 Performance Report

Mr. Wesner reviewed the Fund’s first quarter 2019 Performance Report. Mr. Wesner also reviewed the Fund’s average expenses of .67% compared to the industry average of .77% and he noted that the goal for

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the Fund was to reduce expenses to the .55% to .66% range. The Board requested some additional breakdowns of the Fund's expenses compared to that of public pension peers, as well as some additional reports on fees.

Watch List

The Trustees reviewed the Watch List. It was moved by Trustee LoVerde, seconded by Trustee Hamburger to remove ASB Capital Management from the Watch List.

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

Hedged Credit RFP

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 1

At 9:59 a.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 Capasso seconded the motion.

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

At 10:04 a.m. Trustee LoVerde made a motion, seconded by Trustee Joiner, that the executive session be adjourned and that the Board return to open session.

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

The Trustees took no action.

James Wesner, Neil Capps (Marquette Associates), and Nadia Oumata (LABF) left the meeting at 10:15a.m.

ADMINISTRATIVE REPORT

AON Consulting, Inc. Agreement: Tier 3 Normal Cost Determination

The Board reviewed a request by the City of Chicago that the Fund extend the AON Consulting, Inc. contract for two years.

It was moved by Trustee Hamburger, seconded by Trustee LoVerde, to extend the AON Consulting, Inc. agreement for two years.

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

Public Act 100-0023 Employer Contribution Mechanics

Mr. Walsh reported that he had sent letters regarding the determination of contributions for members on union leaves of absence to the unions and union employees affected by Public Act 100-0023, and that he would report back to the Board as the matter progresses.

Legislative Update

Mr. Walsh presented a legislative report from Bob Molaro dated May 1, 2019. (See attached). He also gave updates on various pieces of legislation which are being considered in Springfield (Senate Bill 1671,

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Senate Bill 2060, House Bill 2460, Senate Bill 1264 and Senate Bill 1698). Mr. Walsh noted several ambiguities regarding Senate Bill 1698 and the Board confirmed that it does not support the Bill as currently written.

Miscellaneous

Annual Funding Resolution – Mr. Walsh noted that staff is preparing a preliminary draft of the Annual Funding Resolution and will send it to the Trustees before the June Meeting.

Election Rules – Mr. Walsh informed the Board that a draft of the 2019 Election Rules for an Active Employee Trustee will be presented at the next Board meeting. Mr. Walsh confirmed that the election is to be a walk-in election as has been LABF's past practice.

LEGAL REPORT

City of Chicago vs. PABF et al.

This item was discussed in executive session.

EXECUTIVE SESSION NO. 2

At 10:30 a.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss pending or probable litigation against, affecting or on behalf of the Fund. Trustee Hamburger seconded the motion.

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

At 10:35 a.m., Trustee LoVerde 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 Roa, Keane, LoVerde, Hamburger, Summers, Capasso, and Joiner.
Against – None.

No action taken.

Underwood Litigation

This item was discussed in executive session.

EXECUTIVE SESSION NO. 3

At 10:35 a.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss pending or probable litigation against, affecting or on behalf of the Fund. Trustee Joiner seconded the motion.

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

At 10:42 a.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, Hamburger, Capasso, and Joiner.
Against – None.

No action taken.

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LEGAL REPORT CONTINUED

Johnson Litigation

This item was not discussed in the meeting.

Treadwell Litigation

Mr. Walsh reported that the Fund did not receive written confirmation stating that all parties involved in this case wanted to settle the matter amongst themselves, therefore Mr. Walsh recommended that the Board set a Hearing date for the July 23, 2019 Board meeting.

It was moved by Trustee Capasso, seconded by Trustee LoVerde, to set July 23, 2019, for a Hearing date for the Treadwell matter.

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

ADJOURNMENT

With no further business, at 10:44 a.m., Trustee Summers made a motion to adjourn the meeting. Trustee Capasso seconded the motion.

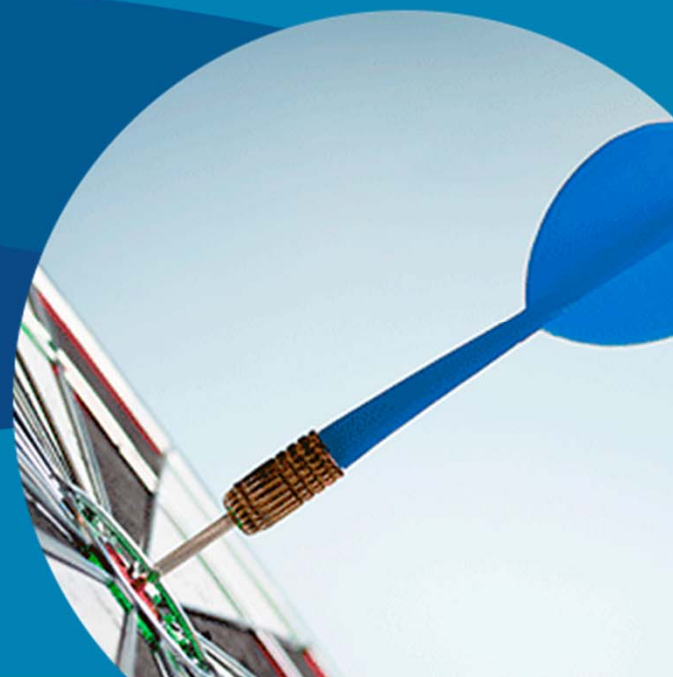
Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, Summers, Capasso and Joiner.
Against – None.



Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago

Actuarial Valuation as of
December 31, 2018

May 17, 2019

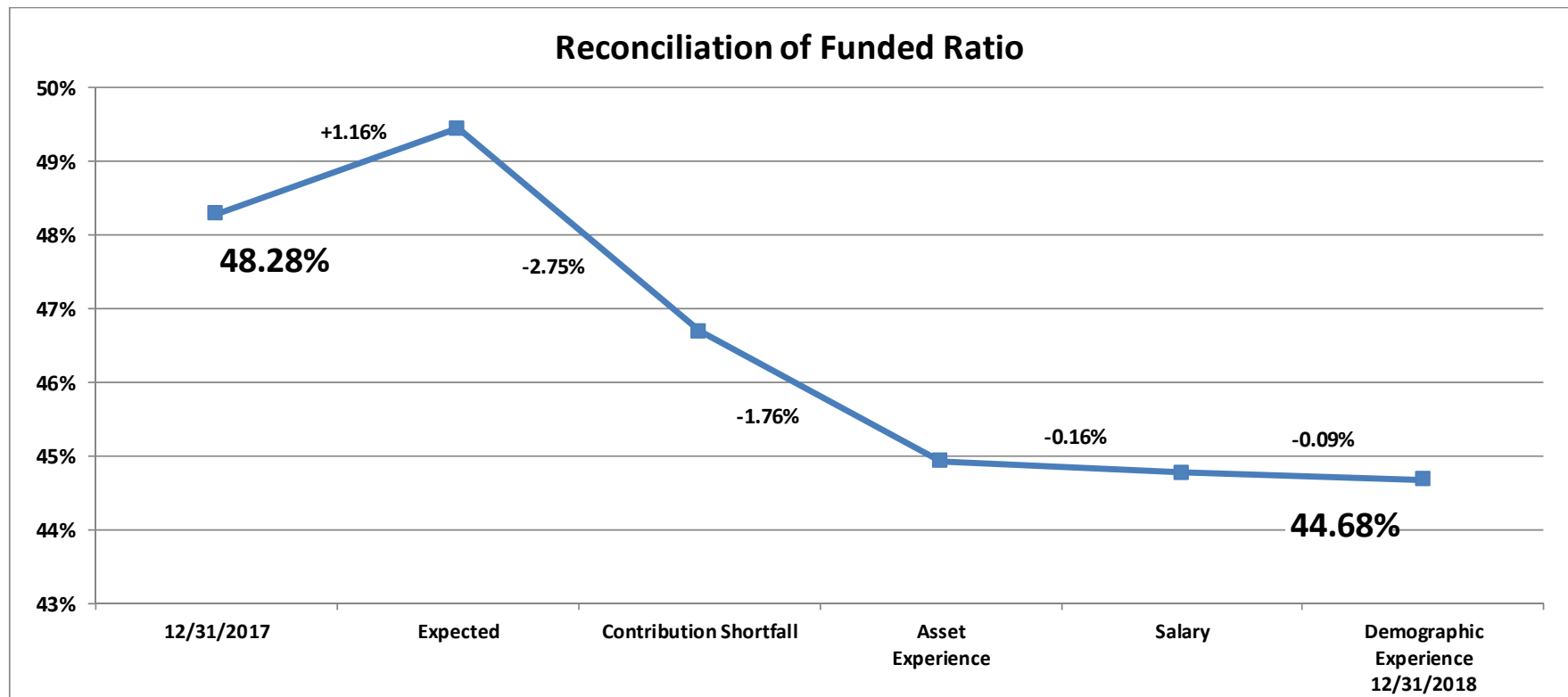


Key Valuation Results

	December 31, 2017	December 31, 2018	% Change
Actuarial Liability	\$ 2,578,745,050	\$ 2,652,874,883	2.87 %
Assets - Actuarial Value	1,245,119,356	1,185,292,117	(4.80)%
Unfunded Liability (Surplus)	1,333,625,694	1,467,582,766	10.04 %
Funded Ratio (AVA)	48.28%	44.68%	(7.46)%
Funded Ratio (MVA)	49.15%	41.26%	(16.06)%
	Fiscal Year 2018	Fiscal Year 2019	
Statutory City Contribution	\$ 48,000,000	\$ 60,000,000	25.00 %
Actuarial Determined Contribution (ADC)	129,247,584	148,409,689	14.83 %

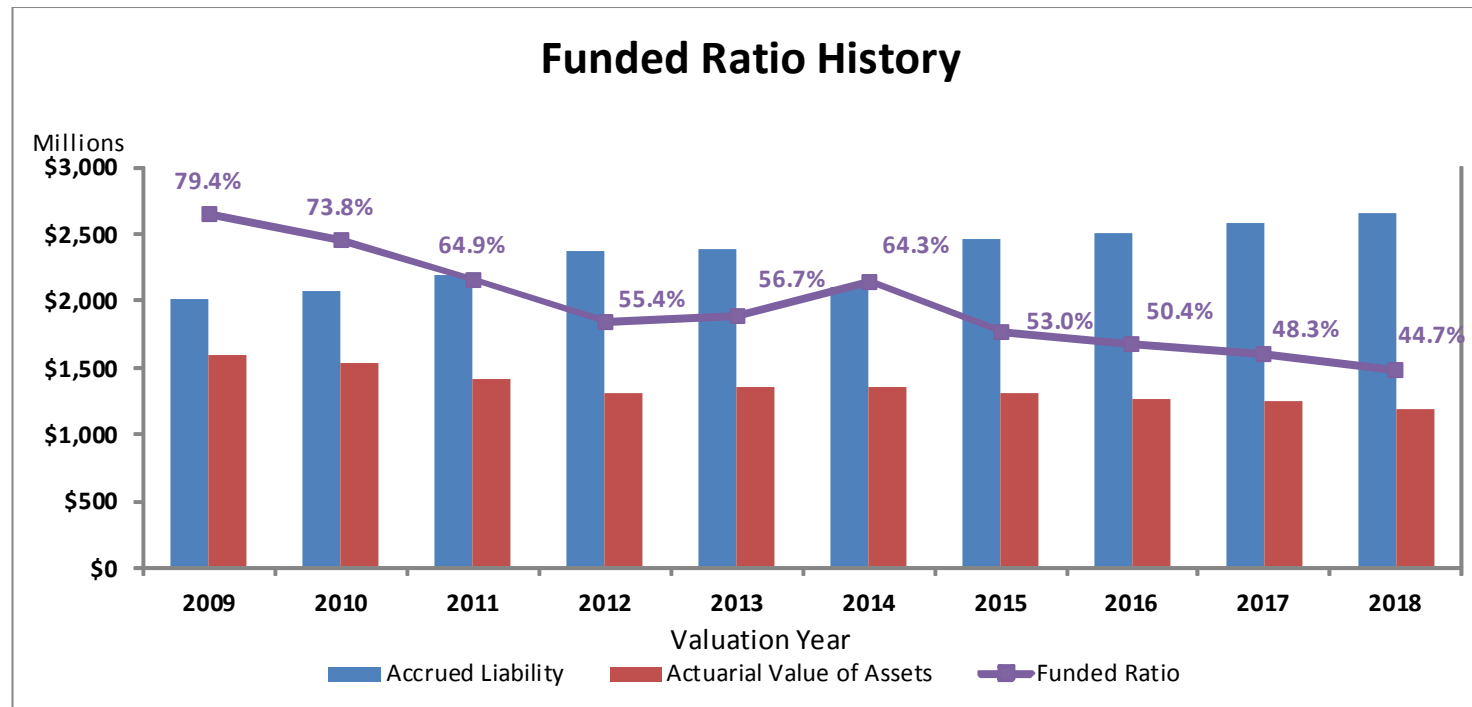
- Funded Ratio (AVA) decreased due to unfavorable investment return and contributions less than Normal Cost plus interest on the Unfunded Actuarial Accrued Liability
- Contribution shortfalls persist
- The funded ratio is projected to decline from 44.7 percent in 2018 to 37.4 percent in 2022 and then increase gradually to 90.0 percent in 2058. However, the funded ratio doesn't reach 50.0 percent until 2049.

Reconciliation of Funded Ratio

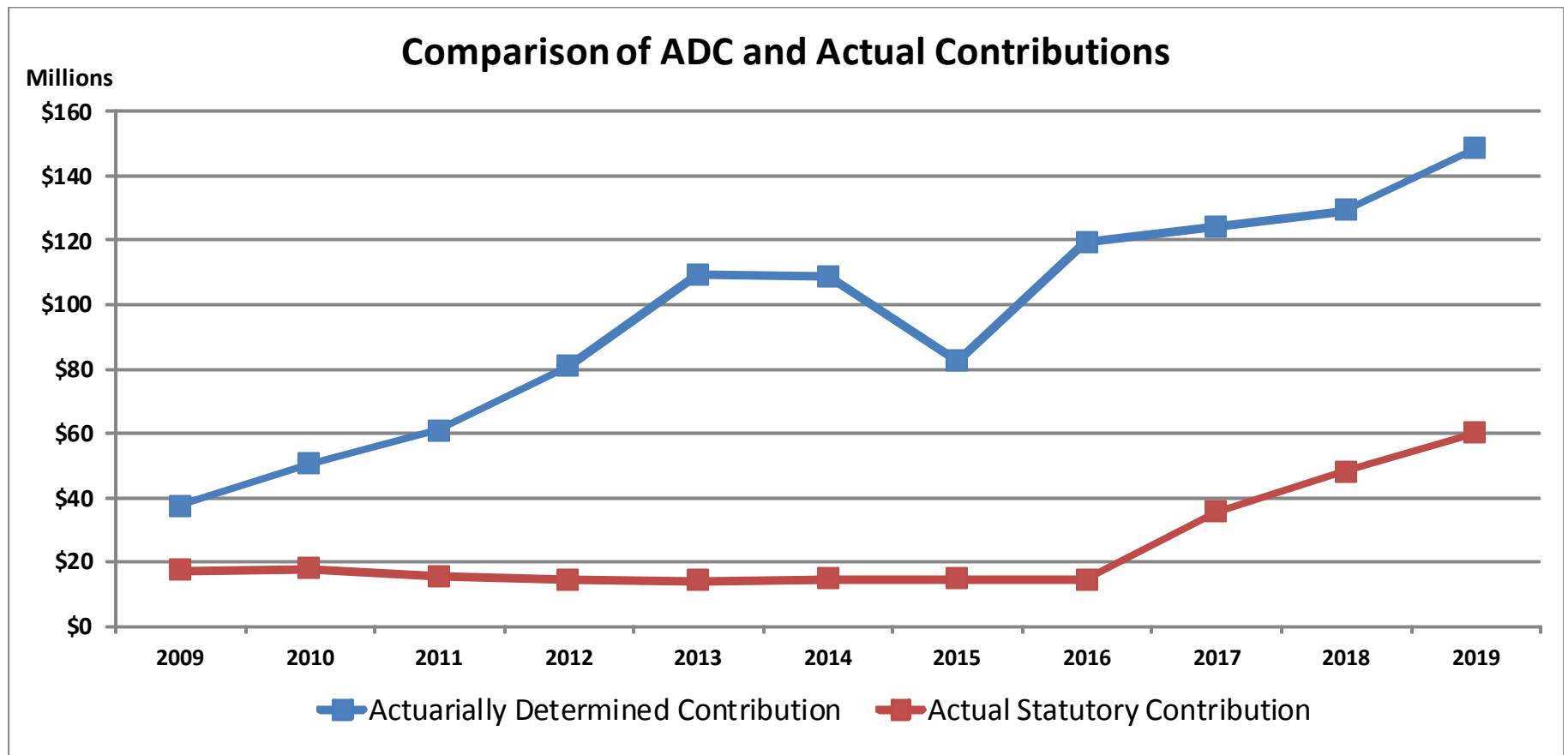


Expected reflects contributions equal to normal cost plus interest on unfunded actuarial liability.

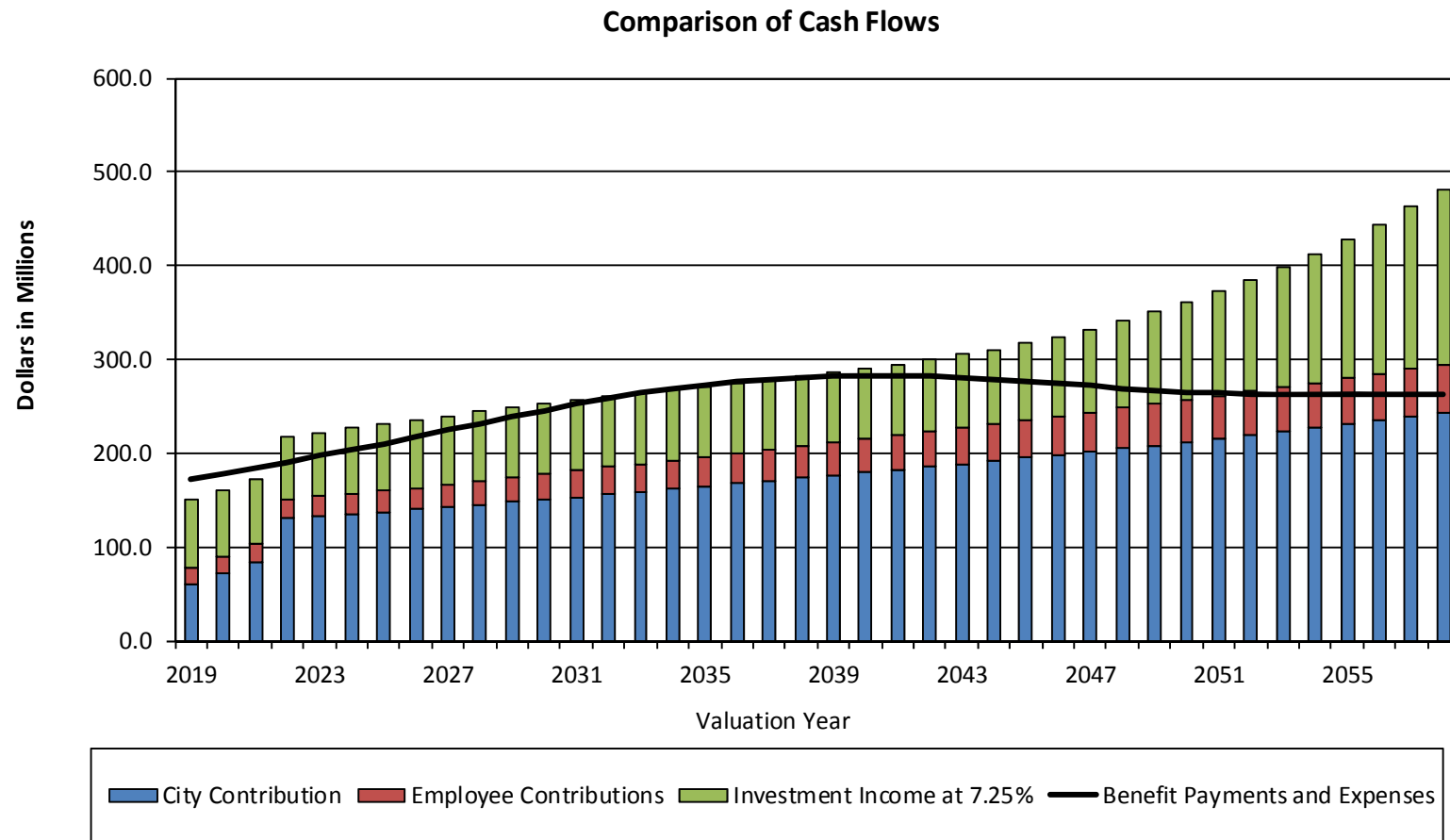
History of Funded Ratio



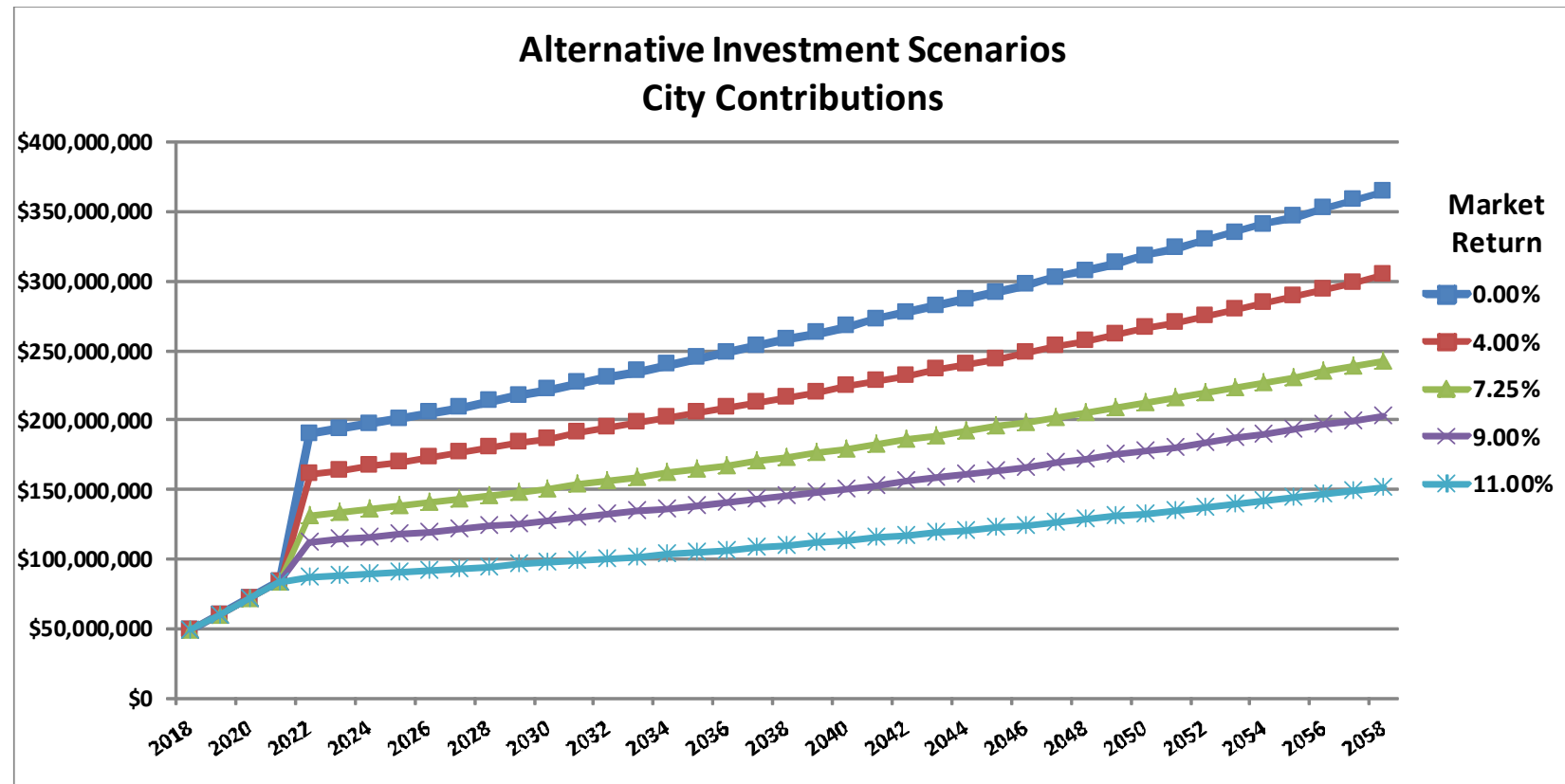
Contribution Comparison



Projections – Cash Flow



Projections – City Contributions



As a result of the funding policy under Public Act 100-0023, the funded ratio in each scenario is projected to be 90 percent in 2058.

GASB Statement Nos. 67 and 68

- GASB Statement Nos. 67 and 68 blended discount rate increased from 7.07 percent at December 31, 2017, to 7.11 percent at December 31, 2018 due primarily to the increase in the municipal bond rate
- The municipal bond rate used to develop the blended discount rate increased from 3.31 percent at December 31, 2017, to 3.71 percent at December 31, 2018
- The blended discount rate reflects the year that assets are projected to be depleted under the closed group projections for accounting purposes — 2072
- The following table compares the funded status under the statutory actuarial valuation and the GASB Statement Nos. 67 and 68 actuarial valuation

GASB Statement Nos. 67 and 68

Statutory Requirements		GASB Statement No. 67 Requirements	
Actuarial Cost Method	Entry Age Normal	Cost Method	Entry Age Normal
Discount Rate	7.25%	Discount Rate	7.11%
Actuarial Accrued Liability	\$2,652,874,883	Total Pension Liability	\$2,693,404,508
Actuarial Value of Assets	\$1,185,292,117	Plan Fiduciary Net Position	\$1,094,683,851
Unfunded Actuarial Accrued Liability	\$1,467,582,766	Net Pension Liability	\$1,598,720,657
Funded Ratio	44.68%	Plan Fiduciary Net Position as a Percentage of Total Pension Liability	40.64%
Covered Payroll	\$211,482,201	Covered Payroll	\$211,482,201
Unfunded Actuarial Accrued Liability as a Percentage of Covered Employee Payroll	693.95%	Net Pension Liability as a Percentage of Covered Employee Payroll	755.96%

Disclaimers

- This presentation is intended to be used in conjunction with the actuarial valuation report issued on April 11, 2019. This presentation should not be relied on for any purpose other than the purpose described in the valuation report.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- The actuaries submitting this presentation (Alex Rivera and Jeffrey Tebeau) are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.
- The primary purpose of the actuarial valuation is to measure the financial position of LABF.
- The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The major actuarial assumptions used in this analysis were provided by and are the responsibility of LABF. We are unable to judge the reasonableness of some of these assumptions without performing a substantial amount of additional work beyond the scope of the assignment.

Disclaimers

- Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.
- This is one of multiple documents comprising the actuarial report for the LABF actuarial valuation. Additional information regarding actuarial assumptions and methods, and important additional disclosures are provided in the full actuarial valuation report as of December 31, 2018.
- If you need additional information to make an informed decision about the contents of this presentation, or if anything appears to be missing or incomplete, please contact us before relying on this presentation.

2018 Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago Actuarial Report Fact Sheet

- **Actuarial accrued liability**

- Total AAL increased from \$2.58 billion to \$2.65 billion or 2.9%.

- **Three values of assets**

		2018 Rate of Return	
	12/31/2018 Value	(Net of Investment Expense)	Growth in Assets
Book	\$1.02 billion	11.5%	0.9%
Market	\$1.09 billion	-6.4%	-13.6%
Actuarial (5-yr smoothed)	\$1.19 billion	3.3%	-4.8%

- **Unfunded AAL increased \$134.0 million, from \$1.33 billion to \$1.47 billion, due to:**

Contributions Less than Normal Cost Plus Interest	\$	72.6 million
Investment Loss (Actuarial Value Basis)		46.4 million
Loss from Salary Changes		9.5 million
Other		5.5 million
Total	\$	134.0 million

- **Funded ratio and contributions**

- Based on Actuarial Value of Assets: 44.7%
 - Based on Market Value of Assets: 41.3%
 - Statutory contribution for fiscal year 2019 (\$60.0 million) is significantly lower than the ADC (\$148.4 million).
 - Pursuant to Public Act ("P.A.") 100-0023, effective July 6, 2017, the funding policy was amended and requires City contributions to equal \$36 million in payment year 2018, \$48 million in payment year 2019, \$60 million in payment year 2020, \$72 million in payment year 2021 and \$84 million in payment year 2022. For payment years after 2022, the City contribution equals the sum of the net employer normal cost plus a level percent of payroll amortization of the unfunded liability needed to attain a 90 percent funded ratio by 2058 on an open group basis.
 - The statutory employer multiple is 3.78; the recommended multiple based on ADC funding is 9.35.

- **Projected funded ratio**

- Under the current funding policy and assumptions (including 7.25% annual investment return), the funded ratio is projected to decline from 44.7 percent in 2018 to 37.4 percent in 2022 and then increase gradually to 90.0 percent in 2058. However, the funded ratio doesn't reach 50 percent until 2049.

- **Active members**
 - Membership decreased from 2,794 to 2,715.
 - Average employee is 48.2 years old, with 16.3 years of service, earning \$77,894 annual salary.
 - Total active pensionable payroll increased from \$208.4 million to \$211.5 million, or 1.5%.
- **Inactive members**
 - Membership increased from 1,469 to 1,489.
 - Average inactive member is 59.9 years old, with 2.2 years of service.
- **Annuitants and beneficiaries**
 - The number of employee annuitants increased from 2,585 to 2,594.
 - Average employee annuitant benefit is \$52,478 and age is 70.7.
 - 111 new employee annuitants with average benefit of \$46,668, age of 62.6, with 26.0 years of service.
 - The number of spouse annuitants (including reversionary annuitants) decreased from 1,078 to 1,057.
 - Average spouse annuitant benefit is \$15,758, age is 77.4.
 - The number of child annuitants decreased from 40 to 37.
 - Benefits paid during the year increased 1.8% (See table below).
 - Refunds paid: \$2.7 million.

Benefit Payments (in millions)			
	2017	2018	Increase
Employees' Annuities	\$ 132.2	\$ 135.2	2.27 %
Spouses' Annuities	16.4	16.8	2.44 %
Children	0.1	0.2	50.66 %
Disability Payments	6.0	5.2	(13.33)%
Total	\$ 154.7	\$ 157.4	1.75 %

Summary of Actuarial Valuation

	December 31, 2017	December 31, 2018	% Change
Actuarial Values			
Actuarial Liability	\$ 2,578,745,050	\$ 2,652,874,883	2.87 %
Assets - Actuarial Value	1,245,119,356	1,185,292,117	(4.80)%
Unfunded Liability (Surplus)	1,333,625,694	1,467,582,766	10.04 %
Funded Ratio	48.28%	44.68%	(7.46)%
Actuarial Determined Contribution (ADC)	\$ 129,247,584	\$ 148,409,689	14.83 %
Market Values			
Actuarial Liability	\$ 2,578,745,050	\$ 2,652,874,883	2.87 %
Assets - Market Value	1,267,554,561	1,094,683,851	(13.64)%
Unfunded Liability	1,311,190,489	1,558,191,032	18.84 %
Funded Ratio	49.15%	41.26%	(16.06)%
Book Values			
Actuarial Liability	\$ 2,578,745,050	\$ 2,652,874,883	2.87 %
Assets - Book Value	1,012,876,216	1,022,123,846	0.91 %
Unfunded Liability (Surplus)	1,565,868,834	1,630,751,037	4.14 %
Funded Ratio	39.28%	38.53%	(1.91)%

Actuarial Liability includes pension liability only. Pursuant to the provisions contained in P.A. 98-0043, the city terminated health insurance supplement payments to eligible annuitants as of December 31, 2016, resulting in no OPEB liability.

Reconciliation of Funded Ratio

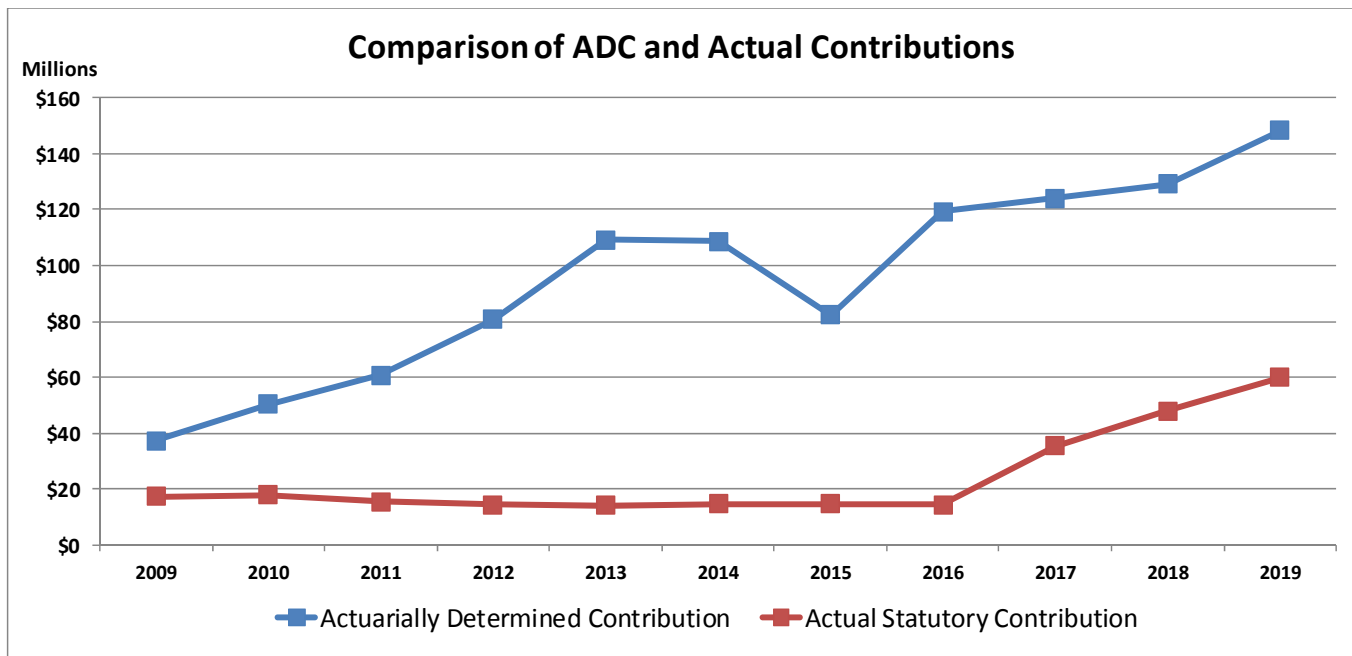
	2014	2015	2016	2017	2018
Funded Ratio Beginning of Year	56.65%	64.28%	52.99%	50.36%	48.28%
Expected Increase If All Assumptions Realized	1.09%	0.54%	1.11%	1.22%	1.16%
Expected Funded Ratio	57.74%	64.82%	54.10%	51.58%	49.44%
Gains (Losses) During the Year Attributable to:					
Contributions in Excess of (Less Than) Normal Cost plus Interest	-3.58%	-2.91%	-3.78%	-3.13%	-2.75%
Gain (Loss) on Investment Return on the Smoothed Value of Assets	1.19%	-0.88%	-0.37%	-0.05%	-1.76%
Gain (Loss) from Salary Changes	0.24%	0.28%	0.23%	0.41%	-0.16%
Gain (Loss) from Retirement, Termination, & Mortality	0.28%	1.02%	0.19%	0.44%	-0.09%
Gain (Loss) from Data Corrections	0.00%	-0.01%	-0.01%	-0.01%	0.00%
Change in Methodology	0.00%	0.00%	0.00%	0.00%	0.00%
Change in Assumptions	0.00%	0.00%	0.00%	-0.95%	0.00%
Plan Amendments ¹	8.41%	-9.33%	0.00%	-0.01%	0.00%
Total Gains (Losses) During the Year	6.54%	-11.83%	-3.74%	-3.30%	-4.76%
Funded Ratio End of Year	64.28%	52.99%	50.36%	48.28%	44.68%

¹ The increase in the Funded Ratio for fiscal year 2014 of 8.41 percent was a result of the benefit changes provided in P.A. 98-0641. The Public Act was ruled unconstitutional and void in its entirety on July 24, 2015, resulting in a decrease in the Funded Ratio for fiscal year 2015 of 9.33 percent.

Actuarial Determined Contributions of Employer and Trend Information

Year	Actuarial Determined Contribution (ADC) of the Employer	Actual Statutory Contribution	Percent of ADC Contributed
2009	\$ 37,199,049	\$ 17,189,811	46.21%
2010	50,274,041	17,938,810	35.68%
2011	60,801,575	15,358,602	25.26%
2012	80,636,419	14,414,835	17.88%
2013	109,290,128	14,100,639	12.90%
2014	108,538,602	14,520,515	13.38%
2015	82,252,473	14,566,544	17.71%
2016	119,215,489	14,443,495	12.12%
2017	124,226,042	35,456,607	28.54%
2018	129,247,584	47,844,184	37.02%
2019*	148,409,689	60,000,000	40.43%

* Expected



Active Accrued Liability and Normal Cost by Tier

	Tier 1 Members	Tier 2 Members ¹	Tier 3 Members ^{2,3}	Total
(1) Count	1,998	576	141	2,715
(2) Actuarial Accrued Liability (AAL)	\$ 873,155,022	\$ 19,382,278	\$ 2,143,580	\$ 894,680,880
(3) Uncapped Payroll	\$ 163,609,223	\$ 39,985,854	\$ 7,938,779	\$ 211,533,856
(4) Capped Payroll	\$ 163,609,223	\$ 39,935,554	\$ 7,937,424	\$ 211,482,201
(5) Average Capped Payroll	\$ 81,886	\$ 69,333	\$ 56,294	\$ 77,894
(6) Expected Capped Payroll	\$ 159,901,110	\$ 40,391,803	\$ 7,996,349	\$ 208,289,262
(7) Total Normal Cost	\$ 33,508,050	\$ 5,950,566	\$ 1,405,680	\$ 40,864,296
(8) Total Normal Cost as a Percent of Expected Capped Pay	20.96%	14.73%	17.58%	19.62%
(9) Estimated Member Contributions	\$ 13,591,595	\$ 3,433,303	\$ 919,580	\$ 17,944,478
(10) Member Contributions as a Percent of Expected Pay	8.50%	8.50%	11.50%	8.62%
(11) Net Employer Normal Cost	\$ 19,916,455	\$ 2,517,263	\$ 486,100	\$ 22,919,818
(12) Net Employer Normal Cost as a Percent of Pay	12.46%	6.23%	6.08%	11.00%

¹ Members who began participating on or after January 1, 2011, but prior to July 6, 2017, and did not irrevocably elect the Tier 3 benefit structure.

² Members who began participating on or after July 6, 2017.

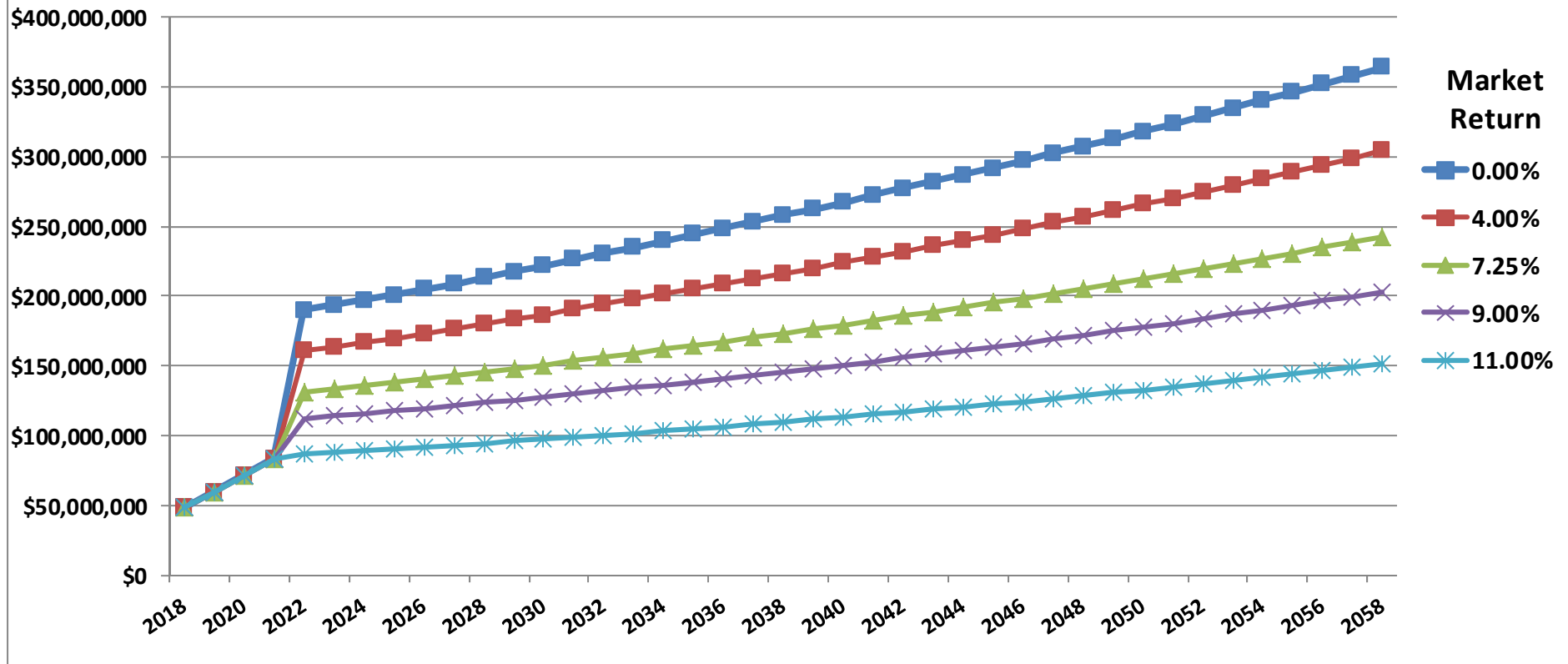
³ 29 Tier 2 members who elected Tier 3 began participating on or after July 6, 2017.

Projection Results

Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago									
Actuarial Valuation Projection Results									
(\$ in Thousands)									
PYE 12/31	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Capped Payroll	Total Statutory Contribution	Employee Contributions	Benefit Payments and Admin. Exp.	
2018	\$ 2,652,875	\$ 1,185,292	\$ 1,467,583	44.68%	\$ 211,482	\$ 48,506	\$ 17,837	\$ 163,994	
2019	2,709,358	1,126,187	1,583,171	41.57%	214,368	60,000	17,944	172,043	
2020	2,763,186	1,095,123	1,668,063	39.63%	218,009	72,000	18,464	178,786	
2021	2,814,931	1,074,811	1,740,120	38.18%	222,246	84,000	19,085	184,911	
2022	2,864,649	1,070,367	1,794,282	37.36%	227,185	131,491	19,787	190,930	
2023	2,911,999	1,095,408	1,816,591	37.62%	232,173	133,623	20,518	197,159	
2024	2,956,426	1,118,326	1,838,099	37.83%	237,282	135,760	21,288	203,743	
2025	2,997,407	1,138,864	1,858,543	37.99%	242,814	138,069	22,122	210,659	
2026	3,034,658	1,156,905	1,877,752	38.12%	248,545	140,449	22,990	217,618	
2027	3,067,539	1,172,044	1,895,495	38.21%	254,574	142,932	23,916	224,951	
2028	3,095,813	1,184,314	1,911,499	38.26%	260,952	145,590	24,881	232,253	
2029	3,120,040	1,194,389	1,925,651	38.28%	267,313	148,234	25,858	238,699	
2030	3,139,254	1,201,485	1,937,769	38.27%	273,771	150,912	26,862	245,807	
2031	3,153,806	1,206,266	1,947,540	38.25%	280,575	153,774	27,900	252,277	
2032	3,163,873	1,208,881	1,954,992	38.21%	286,982	156,472	28,894	258,233	
2033	3,169,350	1,209,360	1,959,990	38.16%	293,308	159,115	29,869	263,943	
2034	3,170,729	1,208,466	1,962,263	38.11%	299,827	161,877	30,854	268,891	
2035	3,168,719	1,207,173	1,961,546	38.10%	306,497	164,772	31,834	272,922	
2036	3,163,881	1,206,193	1,957,688	38.12%	313,039	167,644	32,772	276,172	
2037	3,156,776	1,206,377	1,950,399	38.22%	319,712	170,605	33,715	278,713	
2038	3,147,706	1,208,155	1,939,552	38.38%	326,139	173,473	34,593	280,764	
2039	3,136,889	1,212,048	1,924,841	38.64%	332,657	176,373	35,485	282,470	
2040	3,125,296	1,219,399	1,905,896	39.02%	339,372	179,424	36,392	283,186	
2041	3,114,040	1,231,642	1,882,398	39.55%	346,124	182,565	37,281	282,826	
2042	3,103,797	1,249,713	1,854,084	40.26%	352,742	185,684	38,125	281,838	
2043	3,095,115	1,274,557	1,820,558	41.18%	359,459	188,865	38,968	280,401	
2044	3,088,593	1,307,166	1,781,427	42.32%	366,212	192,089	39,793	278,505	
2045	3,084,354	1,347,998	1,736,356	43.70%	372,819	195,237	40,598	276,617	
2046	3,082,827	1,398,072	1,684,755	45.35%	379,751	198,550	41,445	274,521	
2047	3,084,515	1,458,352	1,626,163	47.28%	386,675	201,905	42,271	272,158	
2048	3,089,644	1,529,619	1,560,024	49.51%	393,698	205,327	43,103	269,824	
2049	3,098,534	1,612,800	1,485,734	52.05%	400,850	208,834	43,946	267,457	
2050	3,111,226	1,708,532	1,402,694	54.92%	408,021	212,374	44,777	265,327	
2051	3,127,190	1,816,889	1,310,302	58.10%	415,130	215,906	45,596	263,982	
2052	3,146,089	1,938,324	1,207,766	61.61%	422,474	219,561	46,495	263,284	
2053	3,167,892	2,073,551	1,094,341	65.46%	429,846	223,257	47,389	262,844	
2054	3,192,614	2,223,448	969,166	69.64%	437,373	227,037	48,321	262,639	
2055	3,220,156	2,388,799	831,356	74.18%	444,972	230,872	49,233	262,733	
2056	3,250,547	2,570,570	679,977	79.08%	452,613	234,736	50,164	263,026	
2057	3,284,097	2,770,134	513,963	84.35%	460,425	238,686	51,105	263,234	
2058	3,320,946	2,988,734	332,212	90.00%	468,330	242,725	52,008	263,531	

Projections assume a stable active population, actual employer contributions equal to scheduled contributions for plan years 2018-2022, then equal to the statutory contribution thereafter, and 7.25 percent per annum investment return.

Alternative Investment Scenarios City Contributions



TO: The Honorable Members of the Board of Trustees
Laborers' Annuity & Benefit Fund

FR: Robert S. Molaro

RE: Legislative Report – May 1, 2019

The 101st General Assembly - Deadlines

Bills out of Committee, 2nd Chamber

May 10, 2019

Final Passage, 2nd Chamber

May 24, 2019

Spring Adjournment Scheduled

May 31, 2019

Bills Applicable to All Funds, including Articles 1 & 1A of Pension Code:

SB 1264 - UNCLAIMED PROPERTY-PENSIONS [Sen. Omar Aquino]

Statutes Amended In Order of Appearance

765 ILCS 1026/15-1505 new

Synopsis As Introduced

Amends the Revised Uniform Unclaimed Property Act. Provides that the Act does not apply to any annuity, pension, or benefit funds held in a fiduciary capacity by a retirement system. Provides that property assumed abandoned in an annuity, pension, or benefit fund held in a fiduciary capacity by a retirement system shall be reported by the retirement system to the administrator. Provides that no retirement system shall pay or deliver any annuity, pension, or benefit funds held in a fiduciary capacity to the administrator. Provides, with exceptions, that the provisions are retroactive to January 1, 2018.

Full Text: <http://www.ilga.gov/legislation/101/SB/PDF/10100SB1264lv.pdf>

Full Text of RUUPA:

<http://www.ilga.gov/legislation/ilcs/ilcs5.asp?ActID=3794&ChapterID=62>

Last Action

4/24/2019 House Assigned to Revenue & Finance Committee

No Hearing Scheduled yet.

NOTE: Waiting for an amendment to extend the exemption sought to the local funds. The State Treasurer's Office is preparing a version of the amendment and may include determining minimum standards for finding potential recipients. House Staff is also working on an amendment a bit more favorable.

HB 2460 - SUSTAINABILITY INVESTING ACT [Rep. William Davis]

Statutes Amended In Order of Appearance

New Act

15 ILCS 520/22.8

30 ILCS 235/2.5

40 ILCS 5/1-113.6

40 ILCS 5/1-113.17 new

Synopsis As Introduced

Creates the Illinois Sustainable Investing Act. Provides that any public agency or governmental unit shall develop, publish, and implement sustainable investment policies applicable to the management of all public funds under its control. Provides that the sustainable investment policy may be incorporated in existing investment policies developed, published, and implemented by a public agency or governmental unit.

Full Text: <http://www.ilga.gov/legislation/101/HB/PDF/10100HB2460eng.pdf>

Last Action: Senate Amendment 1 was filed on 4/29/19

Assigned to Senate Financial Institutions Committee

Hearing Wed., May 1, 11 a.m., Room 409

SB 2062 - SUSTAINABILITY INVESTING ACT [Sen. Iris Y. Martinez]

Full Text: <http://www.ilga.gov/legislation/101/SB/PDF/10100SB2062lv.pdf>

Last Action

2/15/2019 House Referred to House Rules Committee

SB 1698 - BROADCAST PENSION BOARD MEETINGS [Sen. Iris Y. Martinez/Rep. Robert Martwick]

Statutes Amended In Order of Appearance

40 ILCS 5/1-113.16

30 ILCS 805/8.43 new

Synopsis As Introduced

Amends the General Provisions Article of the Illinois Pension Code. Provides that any open meeting of the board of trustees of a retirement system or pension fund or any committee established by a retirement system or pension fund must be broadcast to the public and maintained in real-time on the retirement system's or pension fund's website using a high-speed Internet connection. Provides that the broadcast and maintenance requirements for open meetings do not apply to a pension fund established under the Downstate Police Article or the Downstate Firefighter Article of the Code or to the portion of a hearing or meeting of any pension fund or retirement system during which medical information or other privileged information of participants and beneficiaries will be discussed or presented. Amends the State Mandates Act to require implementation without reimbursement by the State. Effective July 1, 2020.

Full Text: <http://www.ilga.gov/legislation/101/SB/PDF/10100SB1698lv.pdf>

Last Action

3/29/2019 House Assigned to Personnel & Pensions Committee

Hearings

Personnel & Pensions Committee Hearing May 2 2019 8:30AM Stratton Building Room 413 Springfield, IL

A House Amendment has been filed to remove funds in Articles 3, 4 and 5 from coverage.

SB 1671 - EMERGING INVESTMENT MANAGER [Sen. Iris Y. Martinez]

Statutes Amended In Order of Appearance

40 ILCS 5/1-109.1 from Ch. 108 1/2, par. 1-109.1

40 ILCS 5/1-113.14

Synopsis As Introduced

Amends the General Provisions Article of the Illinois Pension Code. Provides that "emerging investment manager" means a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 at the time of the initial contract with the retirement system, pension fund, or investment board (rather than at least \$10,000,000 but less

than \$10,000,000,000) and is a minority-owned business, women-owned business, or business owned by a person with a disability. In a provision requiring a competitive process for awarding investment contracts, adds an exclusion for contracts for investment services with an emerging investment manager. Effective immediately.

Full Text: <http://www.ilga.gov/legislation/101/SB/PDF/10100SB1671lv.pdf>

Last Action

4/11/2019 House Referred to House Rules Committee

SB 2060 - INVESTMENT GOALS [Sen. Iris Y. Martinez]

Statutes Amended In Order of Appearance

40 ILCS 5/1-109.1 from Ch. 108 1/2, par. 1-109.1

Synopsis As Introduced

Amends the General Provisions Article of the Illinois Pension Code. In a provision requiring a retirement system, pension fund, or investment board to adopt a policy setting forth goals for the utilization of emerging investment managers, provides that the goals established shall be based on the percentage of total fees paid under (instead of the total dollar amount of) investment contracts let to minority-owned businesses, women-owned businesses, and businesses owned by a person with a disability. Requires the goals to be established on or before January 1, 2020. Effective immediately.

Full Text: <http://www.ilga.gov/legislation/101/SB/PDF/10100SB2060lv.pdf>

Last Action

4/11/2019 House Referred to House Rules Committee

Bills Amending Open Meetings Act, FOIA Act, Municipal Bankruptcy:

HB 2124 - OPEN MEETINGS ACT-EXCEPTIONS [Rep. Emanuel Chris Welch]

Statutes Amended In Order of Appearance

5 ILCS 120/2 from Ch. 102, par. 42

Synopsis As Introduced

Amends the Open Meetings Act. Provides that a public body may hold a closed meeting to consider the appointment, employment, compensation, discipline, performance, or dismissal of specific employees, specific independent contractors, or specific volunteers (currently, only

specific employees) of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee, independent contractor, or volunteer of the public body or against legal counsel for the public body to determine its validity. Effective immediately.

Full Text: <http://www.ilga.gov/legislation/101/HB/PDF/10100HB2124eng.pdf>

Last Action

2/27/2019 State Government Administration Committee, DO PASS 11-0-0

2/28/2019 House Placed on Calendar 2nd Reading - Short Debate

3/19/2019 House Rules Committee adopts technical amendment

3/28/2019 House 3rd Reading, Passed, 101-3-0

HB 3147 - OPEN MEETINGS ACT-NOTICE [Rep. Brad Halbrook/Sen. Chapin Rose]

Statutes Amended In Order of Appearance

5 ILCS 120/2.03 from Ch. 102, par. 42.03

Synopsis As Introduced

Amends the Open Meetings Act. Provides that if a change is made concerning regular meeting dates, times, or locations (currently, only change in dates), at least 10 days' notice of such change shall be given by publication in a newspaper of general circulation in the area in which such body functions. **Amendment #2 adds publication on website.**

Full Text: <http://www.ilga.gov/legislation/101/HB/PDF/10100HB3147lv.pdf>

Last Action: 4/10/2019 Senate Referred to Senate Assignments Committee

SB 1712 - FOIA-PUBLIC BODY CREDIT CARDS [Sen. David Koehler/Rep. Kelly Burke]

Statutes Amended In Order of Appearance

5 ILCS 140/7 from Ch. 116, par. 207

Synopsis Senate Amendment #2 (becomes the bill)

Amends the Freedom of Information Act. Exempts from disclosure a public body's credit card numbers, debit card numbers, bank account numbers, Federal Employer Identification Number, security code numbers, passwords, and similar account information, the disclosure of which could result in identity theft or impression or defrauding of a governmental entity or a person.

Full Text: <http://www.ilga.gov/legislation/101/SB/PDF/10100SB1712lv.pdf>

Last Action

2/27/2019 House assigned to State Government Administration Committee

Hearings

***State Government Administration Committee Hearing May 1 2019 2:00PM
Capitol Building Room 122B Springfield, IL***

HB 2824 – PENSION CODE - CHI MUNI - VARIOUS [Rep. Michael Zalewski/Sen. John G. Mulroe)

Statutes Amended

40 ILCS 5/8-125

40 ILCS 5/8-162

40 ILCS 5/8-244.1

Synopsis as Amended

___Replaces everything after the enacting clause. Reinserts the provisions of the introduced bill with the following change. Restores language concerning the payment of benefits to certain persons confined in publicly owned and operated mental institutions.

<http://www.ilga.gov/legislation/fulltext.asp?DocName=10100HB2824ham001&GA=101&LegID=119117&SessionId=108&SpecSess=0&DocTypeId=HB&DocNum=2824&GAID=15&Session=>

3/27/2019 House Passed on Third Reading 112-0-0

5/2/2019 Senate Placed on Second Reading

Bills Affecting Only Articles 9 and 10:

HB 2071 - FURLOUGH CREDIT [Rep. Michael J. Zalewski/Sen. Michael Hastings]

Statutes Amended

40 ILCS 5/9-179.4 new

30 ILCS 805/8.43 new

Synopsis As Amended

Amends the Cook County Article of the Illinois Pension Code. Provides that a participant may establish service credit and earnings credit for periods of furlough beginning on or after December 1, 2017 and ending on or before November 30, 2018 if the participant applies before

December 31, 2019, makes a specified contribution, and meets other criteria. Provides that to receive the service credit and earnings credit for periods of salary reduction, the participant must not receive compensation or any type of remuneration from the county for any reduction in salary and must provide a written certification from the county stating that the participant has not received compensation or any type of remuneration from the county for such reduction in salary. Specifies that the employer's normal cost for the purposes of the provision shall be determined by the Fund's actuarial valuation for the year ending December 31, 2018.

Full

Amended

Text:

<http://www.ilga.gov/legislation/101/HB/PDF/10100HB2071eng.pdf>

3/27/2019 House Third Reading, Passed, 75-36-0

3/27/2019 Senate Referred to Senate Committee on Assignments

Has not yet been assigned to a Senate Committee.

SB 1300 – COOK FUNDING SOURCE [Sen. John G. Mulroe/Rep. Martwick]

Statutes Amended In Order of Appearance

40 ILCS 5/9-169 from Ch. 108 1/2, par. 9-169

Synopsis As Introduced

Amends the Cook County Article of the Illinois Pension Code. In a provision concerning employer contributions to the Fund, provides that the contributions may be taken from any revenue source, including, but not limited to, other tax revenue, proceeds of borrowings, or State or federal funds. Effective immediately.

Full Text: <http://www.ilga.gov/legislation/101/SB/PDF/10100SB1300lv.pdf>

Last Action

Assigned to House Personnel & Pensions Committee

Hearings

Personnel & Pensions Committee Hearing May 2 2019 8:30AM Stratton Building Room 413 Springfield, IL