

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting No. 982**

February 21, 2017

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

February 21, 2017

Report of Meeting No. 982 held on February 21, 2017, starting at 1:02 p.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)
 Kurt Summers, Jr. – Trustee (City Treasurer, City of Chicago) (*arrived at 1:12 pm*)
 Carol Hamburger – Trustee (Managing Deputy Comptroller, City of Chicago)
 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
 Michael Cairns – NEPC LLC, Fund's Investment Consultant
 Kristin Finney-Cooke – NEPC LLC, Fund's Investment Consultant
 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
 Margie Grazevich – Payment Services Manager
 Nicole Evangelista – Payment Services Coordinator
 Irene Velazquez – Payment Services Assistant
 Tina Rhoten – Benefits Manager
 Paul Rzeszutko – Assistant Benefits Manager

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

Observer: Tyra Taylor – Fin Daily

President Roa determined that a quorum was present.



***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 **February 21, 2017**. 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
 3. Coveliars (no action required)
- 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: None
- Schedule I: Payment of Administrative Expenses
- Investments Report
- Executive Session No. 1
- Executive Session No. 2
- Administrative Report
- Legal Report
- Executive Session No. 3
- Executive Session No. 4
- 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.

APPROVAL OF PREVIOUS MINUTES

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the regular minutes of Meeting No. 981 held on January 24, 2017 be approved as submitted.

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

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the minutes of the executive sessions 1, 2, 3 and 4 of Meeting No. 981 held on January 24, 2017 be approved as submitted.

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

SCHEDULE A – APPLICATIONS FOR REFUNDS

1. Refund of Contributions Due to Separation from Service

It was moved by Trustee Hamburger, 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, Summers, Hamburger, Capasso and Joiner.
Against -- None.

2. Miscellaneous Refunds – Refund to Active Members - Errors in Deductions

It was moved by Trustee Hamburger, seconded by Trustee LoVerde that the Refunds to Active Members - Errors in Deductions be approved and ordered paid.

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

SCHEDULE B – APPLICATIONS FOR ANNUITIES

1. Employee Annuities

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

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

2. Spouse and Child Annuities

It was moved by Trustee LoVerde , seconded by Trustee Joiner, 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.

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3. Coveliers (no action required)

The Board reviewed the matter of Richard Coveliers and the fact that the member had filed an annuity application and submitted the necessary documents for employee annuity benefits which was previously denied at the July 2015 Board Meeting.

On December 21, 2016, the decision of the LABF Board of Trustees denying the application for annuity was reversed by the Circuit Court of Cook County. LABF is appealing the Circuit Court's decision, but will pay the benefits noted in proposal pending the outcome of the appeal.

SCHEDULE C – ADJUSTMENT REFUNDS TO NEW ANNUITANTS

It was moved by Trustee LoVerde, seconded by Trustee Capasso, 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.

SCHEDULE E – APPLICATIONS FOR ORDINARY DISABILITY BENEFITS

It was moved by Trustee Hamburger, seconded by Trustee LoVerde, 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 Hamburger, seconded by Trustee LoVerde, that the applications for Extension of Duty Disability Benefits, 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 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, Summers, Hamburger, Capasso and Joiner.
Against -- None.

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SCHEDULE H – PAYMENT OF UNCASHED CHECKS OF DECEASED MEMBERS

None.

SCHEDULE I – PAYMENT OF ADMINISTRATIVE EXPENSES

It was moved by Trustee Joiner, seconded by Trustee LoVerde, 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

Fourth Quarter 2016 Market Report/Investment Performance Analysis

Mr. Cairns reviewed the 2016 fourth quarter market report and Ms. Finney-Cooke reviewed the investment performance analysis report for the fourth quarter of 2016.

Watch List

Ms. Finney-Cooke reviewed the Watch List. No changes were made to the List.

Manager Review/Updates

Ms. Finney-Cooke reviewed a memo regarding a settlement between the Department of Justice and Deutsche Bank, the Fund's securities lending agent. Ms. Finney-Cooke also reviewed a memo regarding organizational changes at LM Capital Group. NEPC will continue to monitor both of these matters.

Third Quarter 2016 Private Equity and Real Estate Reports

Mr. Cairns and Ms. Finney-Cooke reviewed the 2016 third quarter private equity and real estate reports.

January 31, 2017 Preliminary Performance Report

Mr. Cairns reviewed the January 31, 2017 Preliminary Monthly Performance Report.

City of Chicago Resolution on Fossil Fuels Divestment Discussion

Mr. Walsh and the Trustees reviewed the key questions in a letter from the City of Chicago's Committee on Finance related to a proposed resolution on fossil fuels divestment. Mr. Walsh gave a preliminary estimate of the Fund's possible equity exposure to some of the companies in question, and noted that some of the questions cannot be answered very easily. The Board requested that Mr. Walsh circulate a draft response to the Trustees for their review prior to submission.

Investment Contract Matters

This item was discussed in executive session.

EXECUTIVE SESSION NO. 1

At 2:27 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 Summers seconded the motion.

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

At 2:30 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, Summers, Hamburger, Capasso and Joiner.
Against -- None.

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The Trustees took no action.

EXECUTIVE SESSION NO. 2

At 2:30 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 Summers seconded the motion.

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

At 2:37 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, Summers, Hamburger, Capasso and Joiner.
Against -- None.

The Trustees took no action.

ADMINISTRATIVE REPORT

Cash Needs

Mr. Walsh reviewed the cash withdrawals for the month of February 2017.

Disability Service Rule

Mr. Walsh reported on some of the follow-up actions that Fund staff has taken related to the Board's prior directive regarding granting of service credit to members who are eligible but did not apply for disability benefits from the Fund. He reported on some of the outcomes from a recent meeting between Fund staff and the City of Chicago's Committee on Finance. He noted the following:

1. The Committee on Finance may allow the LABF to add some additional information about applying for disability benefits with the City pension Funds to a Committee on Finance letter that is sent out to City of Chicago employees who are injured on the job.
2. The Committee on Finance may allow the Fund to obtain electronic reports listing employees of the City of Chicago who have recently been approved to receive Workman's Compensation benefits. With this information, LABF may be able to proactively contact these employees to explain the need to apply for disability benefits with LABF.

Mr. Walsh also reported that Fund staff is preparing a Duty Disability brochure that they plan to distribute to various City of Chicago departments which can be used to inform employees of the steps required to apply for and receive disability benefits from the LABF. He also noted that LABF staff plans to produce posters containing information regarding LABF's duty disability benefits that can be distributed for use by various City departments.

In addition, the Trustees continued to discuss some of the possible administrative practices that may be adopted by the Fund in order to make disability benefits administration more clearly defined for staff and for members. The Trustees wanted some more time to think about some of the additional issues surrounding this matter and requested to continue this discussion at a future meeting.

Legislative Matters

Mr. Walsh reviewed the status of Senate Bill 2437, which would place funding for the LABF and MEABF on an actuarial basis and an identical bill, Senate Bill 14. SB 2437 passed the General Assembly during the previous legislative session and is awaiting action by the Governor; and SB 14 has passed the Senate in the current session. Mr. Walsh and the Trustees discussed options for clarifying the legislation should it become law such as adopting certain "administrative rules" or working to have clarifying legislation introduced. Mr. Walsh also provided Trustees with a copy of a memo prepared by the Fund's legislative Liaison.

City Retiree Healthcare

Mr. Walsh updated the Trustees on the status of annuitants who had signed up for City of Chicago retiree healthcare benefits through Blue Cross Blue Shield of Illinois. He noted that some of the annuitants were reaching the end of

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the grace period for returning their "Assignment Form" to the Fund. Mr. Walsh informed the Trustees that Fund staff would continue to reach out to these individuals in an attempt to obtain the signed authorization forms. However, Mr. Walsh also explained Blue Cross Blue Shield's 90-day delinquency process and informed that Board that the delinquency process would soon begin for those annuitants, if any, that fail to submit the "Assignment Form" by the end of the grace period.

Miscellaneous

Calibre CPA Group – Mr. Walsh reviewed a letter to the Board from Calibre CPA Group, the Fund's auditor.

Special Investment Meeting – Mr. Walsh reminded the Board of the special investment meeting scheduled for Thursday, March 2, 2017 at 9:00 at the Fund office to discuss the Investment Consultant Search responses. Mr. Walsh informed the Trustees that he planned on sending a draft summary of RFP responses to them a few days prior to the meeting.

LEGAL REPORT

IRS Determination Letter

Mr. Walsh informed Trustees that the Fund had received a favorable IRS Determination Letter issued by the IRS that is contingent upon the Fund's adoption of the Second Amended and Restated Policy Regarding IRS Qualification Requirements for the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago. It was moved by Trustee LoVerde, and seconded by Trustee Hamburger, that the Fund adopt the Second Amended and Restated Policy Regarding IRS Qualification Requirements for the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago. See Attached documents.

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

Trustee Summers left at 3:34 p.m.

Review Executive Session Minutes

This item was discussed in executive session.

EXECUTIVE SESSION NO. 3

At 3:35 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(21) to discuss minutes of meetings lawfully closed under the Open Meetings Act. Trustee Joiner seconded the motion.

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

At 3:40 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, Hamburger, Capasso and Joiner.
Against -- None.

Trustee Hamburger made a motion, seconded by Trustee LoVerde, to approve the recommendations of Fund staff and Fund counsel to make available for public inspection items 1-13 of Section 1 of the memo that was reviewed with the Trustees. Copies of the memo are on file at the Fund office.

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

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EXECUTIVE SESSION NO. 4

At 3:41 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss litigation of the Fund. Trustee Joiner seconded the motion.

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

At 3:44 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, Hamburger, Capasso and Joiner.
Against -- None.

The Trustees took no action.

ADJOURNMENT

With no further business, at 3:44 p.m., Trustee LoVerde made a motion to adjourn. Trustee Capasso seconded the motion.

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