

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

Special Meeting – Regular Minutes

May 23, 2016
3:02 PM
Office of the Fund

Date of Meeting: May 23, 2016
Start Time: 3:02 p.m.
Place: The Fund office, 321 N. Clark Street, Chicago, IL 60654

The following were Present:

Victor Roa	- President
Erin Keane	- Vice President
Michael LoVerde	- Secretary
Carol Hamburger	- Trustee
James Capasso, Jr.	- Trustee
Carole Brown	- Trustee
James Joiner	- Trustee
Miriam Martinez	- Office of the City Treasurer
Michael Cairns	- NEPC, LLC – Fund’s Investment Consultant
Kristin Finney-Cooke	- NEPC, LLC – Fund’s Investment Consultant
DeAnna Ingram	- NEPC, LLC – Fund’s Investment Consultant
Graham Grady	- Taft Stettinius & Hollister LLP, Fund’s Attorney
Cary E. Donham	- Taft Stettinius & Hollister LLP, Fund’s Attorney
Michael Walsh	- Executive Director and Chief Investment Officer
Peggy Grabowski	- Comptroller
Nadia Oumata	- Manager of Accounting and Investments
John Carroll	- Compliance Administrator
Sheila Jones	- Administrative Coordinator

Absent: Kurt Summers, Trustee

Guests: Drew Beres, Office of the City Treasurer, City of Chicago
Clay Dietty, Office of the Mayor, City of Chicago
Joseph Healy, Local 1092
Kristen Brundirks, GRS
Alex Rivera, GRS

A special meeting of the Retirement Board of the Laborers’ and Retirement Board Employees’ Annuity and Benefit Fund of Chicago (LABF) was held in the Fund office on May 23, 2016. President Roa declared there was a quorum after Secretary LoVerde took attendance. There was no public participation.

Mr. Walsh started to introduce two impact statements that the Board had previously requested. Trustee Brown requested some time to update the Board on the negotiations that have been taking place between the City of Chicago and local labor organizations (Laborers’ Locals 1001 and 1092) regarding long-term funding for the LABF.

Trustee Brown noted two new benefit features that were being considered by the City of Chicago and Locals 1001 and 1092. The first benefit change discussed was for employees hired on or after January 1, 2017. These employees would be required to make a total contribution to the Fund of 11.5% of their eligible compensation. In addition, they will be able to retire at age 65 instead of age 67 with an unreduced pension.

The second benefit change discussed was a provision to allow Tier II employees to elect to retire at age 65 instead of waiting until age 67. Trustee Brown noted that for a Tier II member to be able to retire at age 65 instead of age 67, the member would need to contribute an additional 3% of compensation, in addition to the current contribution rate of 8.5% of compensation.

Trustee Brown also noted that the City and the unions agreed in principle to a 40-year ARC funding mechanism with a 5-year ramp that would bring the LABF to 90% funding by 2057. Trustee Brown noted the funding for LABF would come from three sources:

- 1) The increase in the 911 surcharge that went from \$2.00 to 3.90, plus

- 2) The currently budgeted amount for pensions (approximately \$15 million); and
- 3) The amount the City currently bills to the City's enterprise funds for pension costs.

Trustee Brown noted that the City of Chicago is currently working on draft legislation codifying the proposed changes. Trustee Brown indicated that she expected the LABF would receive more information, including a draft of the proposed legislation, by the end of the week.

The LABF's staff and Trustees asked questions about the new proposed benefit structures and about the funding mechanism for the benefits. The Board also discussed having GRS prepare impact statements so as to be able to better analyze the proposed solution and asked Trustee Brown to provide the Board with a copy of draft legislation as soon as it became available.

It was moved by Trustee Brown, seconded by Trustee LoVerde that the Board support the ongoing pension negotiation process taking place between the City of Chicago and Laborers' Locals 1001 and 1092 in their efforts to secure a long-term funding solution for the LABF.

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

ADJOURNMENT

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

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