

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting No. 1013**

September 17, 2019

***Suite 1300 • 321 N Clark Street • Chicago Illinois 60654-4739
(312) 236-2065 • Fax (312) 236-0574***

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

September 17, 2019

Report of Meeting No. 1013 held on September 17, 2019, starting at 1:01 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 Trustee)
James Joiner	– Vice-President (Active Employee-Elected Trustee)
Michael LoVerde	– Secretary (Active Employee-Elected Trustee)
Carol Hamburger	– Trustee (City of Chicago – Appointed Trustee)
James Capasso, Jr.	– Trustee (Annuitant-Elected Trustee)
Melissa Conyears-Ervin*	– Trustee (Ex-Officio Trustee) (<i>arrived at 1:07pm</i>)
Reshma Soni*	– Trustee (Ex-Officio Trustee) (<i>arrived at 1:15pm</i>)

Staff & Consultants:

Joseph Burns*	– Jacobs, Burns, Orlove & Hernandez, Outside Counsel
Taylor Muzzy	– Jacobs, Burns, Orlove & Hernandez, Outside Counsel
Dr. Terence Sullivan*	– Fund's Physician
James Wesner*	– Marquette Associates, Investment Consultant
Neil Capps*	– Marquette Associates, Investment Consultant
Michael Walsh	– Executive Director and Chief Investment Officer
John Carroll	– Compliance Administrator
Sheila Jones	– Administrative Coordinator
Nadia Oumata*	– Manager of Accounting and Investments
Tina Rhoten*	– Benefits Manager
Paul Rzeszutko*	– Assistant Benefits Manager

Absent:

Jennie Bennett	– Trustee (City of Chicago – Appointed Trustee)
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Observer(s):

Martin Johnson*	– Office of the Chief Financial Officer, City of Chicago
Hector Dox*	– Office of the City Treasurer, City of Chicago

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

* *Denotes partial attendance.*



**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 September 17, 2019. The minutes are comprised of the following:

- Public Participation
- Approval of Minutes of 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
- Alliant/Mesirow Fiduciary Liability Insurance Presentation
- Investment Report
- Alliant/Mesirow Fiduciary Liability Insurance Presentation Continued
- Investment Report Continued
- Executive Session No. 1
- Executive Session No. 2
- Administrative Report
- Legal Report
- 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

**LABORERS' AND RETIREMENT BOARD EMPLOYEES'
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PUBLIC PARTICIPATION

None.

APPROVAL OF MINUTES OF PREVIOUS MEETINGS

It was moved by Trustee Joiner, seconded by Trustee Capasso, that the regular minutes of Meeting No. 1012 held on August 20, 2019, be approved as submitted.

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

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the minutes of Executive Sessions 1 and 2 of Meeting No. 1012, held on August 20, 2019, be approved as submitted.

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

SCHEDULE A – APPLICATIONS FOR REFUNDS

1. Refund of Contributions Due to Separation from Service

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the applications presented for Refunds of Contributions Due to Separation from Service be approved and ordered paid.

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

2. Miscellaneous Refunds

None.

SCHEDULE B – APPLICATIONS FOR ANNUITIES

1. Employee Annuities

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

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

2. Spouse and Child Annuities

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, Joiner, LoVerde, Hamburger, and Capasso.
Against -- None.

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, Joiner, LoVerde, Hamburger, and Capasso
Against -- None.

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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, Joiner, LoVerde, Hamburger, and Capasso.
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, Joiner, LoVerde, Hamburger, and Capasso.
Against -- None.

SCHEDULE F – EXTENSION OF DUTY DISABILITY BENEFITS

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

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

SCHEDULE H – PAYMENT OF UNCASHED CHECKS OF DECEASED MEMBERS

None.

SCHEDULE I – PAYMENT OF ADMINISTRATIVE EXPENSES

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

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

Dr. Sullivan left the meeting. Trustee Conyears-Ervin arrived.

ALLIANT / MESIROW PRESENTATION

Fiduciary Liability Insurance

Craig Goesel and Clayton Casale of Alliant/Mesirow Insurance Services presented the Trustees with options for fiduciary liability and cyber liability insurance coverage for a one-year term beginning October 1, 2019 and ending September 30, 2020. The Trustees, Alliant/ Mesirow, and Fund Counsel discussed the options which were presented. The Trustees requested that Alliant/Mesirow provide additional quotes for alternate coverage levels, which the Trustees also reviewed and discussed. During the discussion, Trustee

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Conyears-Ervin expressed her preference for the option that offered \$5 million in fiduciary liability coverage.

It was moved by Trustee LoVerde, seconded by Trustee Capasso, to purchase a \$10 million fiduciary liability insurance policy from ULLICO, Inc. and a \$2 million cyber liability policy from Beazley Insurance Inc., each for a one-year term beginning October 1, 2019 and ending September 30, 2020.

Roll-call: For -- Trustees Roa, Joiner, LoVerde, Hamburger, Capasso, and Soni.
Against -- Trustee Conyears-Ervin.

See attached document.

INVESTMENTS REPORT

Parts of the Investments Report were taken out of order.

Market Tracker Report

Mr. Wesner provided a summary market update.

August 31, 2019 Preliminary Performance Report

Mr. Wesner reviewed the Fund's August 31, 2019 Preliminary Performance Report.

Investment Contract Matter

This item was taken out of order and then it was discussed in executive session.

EXECUTIVE SESSION NO. 1

At 2:28 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 Capasso seconded the motion.

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

At 2:45 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, Joiner, LoVerde, Hamburger, Capasso, Conyears-Ervin, and Soni.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to end contract negotiations with Corbin Capital Partners.

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

Joseph Burns left the meeting.

Investment Matters – Brightwood and Long Wharf

This topic was discussed in executive session.

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EXECUTIVE SESSION NO. 2

At 2:46 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 Joiner seconded the motion.

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

At 2:59 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, Joiner, LoVerde, Hamburger, Capasso, Conyears-Ervin, and Soni.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Joiner, to invest \$10 million in Brightwood Capital Partners SBIC III, L.P.

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

It was moved by Trustee LoVerde, seconded by Trustee Joiner, to invest \$10 million in Long Wharf Real Estate Partners Fund VI, L.P.

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

Investment Policy Matter

Mr. Walsh explained that HB 2460, creating the Illinois Sustainable Investing Act, was signed into law as P.A. 101-0473 and he explained some of the challenges associated with implementing the new law. He will present a draft of the required Investment Policy amendment to the Trustees at the November 19, 2019 Board meeting.

The LABF Board, staff and consultants thanked Trustee Hamburger for her many years of hard work and commitment to the Fund and its members at this, her last, LABF Board meeting prior to her retirement.

James Wesner, Neil Capps, and Trustee Conyears-Ervin left the meeting.

ADMINISTRATIVE REPORT

Active Employee Election Update

Mr. Walsh reported that the Election Committee certified the 2019 Trustee Election results and declared Michael LoVerde, having run unopposed, the winner. The Trustees congratulated Mr. LoVerde.

Legislative Matters

Mr. Walsh reported that Senate Bill 2460, an amendment to the Unclaimed Property Act, had been signed by the Governor, becoming Public Act 101-0546, and that Fund staff will begin working to implement this new law.

Miscellaneous

Marquette Associates Symposium – Mr. Walsh reminded the Board of the Marquette's 2019 Investment Symposium being held on October 4, 2019 from 8:00 a.m. to 2:00 p.m.

New America Alliance (NAA) Event – Mr. Walsh announced the NAA's MWDBE Brokers Symposium being held on October 17, 2019.

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Ariel Capital Educational Seminar – Mr. Walsh reminded the Board about Ariel Capital's educational seminar being held on October 30, 2019 from 11:30 a.m. to 1:30 p.m.

Senate Special Committee Meeting – Mr. Walsh reported that the Senate Special Committee on State and Pension Investments will hold hearings on October 23-24, 2019.

Year-to-Date Trustee Educational Hours – Mr. Carroll reminded the Board that Trustees are required to complete 8 hours of educational training annually and informed the Trustees of the number of hours each had completed year-to-date. Mr. Carroll also informed the newer Trustees that their educational requirements are prorated based upon their start dates.

Public Act 100-0023 Employer Contribution Mechanics

President Roa indicated that some of the unions employing members affected by this matter were planning to discuss the matter with the City of Chicago at an upcoming meeting.

LEGAL REPORT

Treadwell Matter

Mr. Muzzy presented the final written decision in the Treadwell matter to the Board.

It was moved by Trustee LoVerde, seconded by Trustee Capasso, to approve the final written decision based on the Treadwell Hearing held at the Board meeting on July 23, 2019.

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

Underwood Litigation

Mr. Walsh informed the Board that there were a number of recent filings in the Underwood matter, but that nothing new has transpired that has a material effect on the day-to-day operations of the Fund.

ADJOURNMENT

With no further business, at 3:30 p.m., Trustee LoVerde made a motion to adjourn the meeting. Trustee Hamburger seconded the motion.

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

An Insurance Proposal Exclusively for:

**Laborers & Retirement Board Employees' Annuity & Benefit
Fund of Chicago**



**Fiduciary Liability Insurance Coverage Summary:
2019 Presentation**

Presented: **September, 2019**

Presented by:

Craig Goesel
Senior Vice President

Clayton Casale
Account Manager

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Mesirow Insurance Services, Inc.,
an Alliant-owned company



Executive Summary

Alliant Insurance Services, Inc. appreciates the opportunity to present our Management Liability insurance capabilities to **Laborer's & Retirement Board Employees' Annuity & Benefit Fund of Chicago**.

Alliant's experience with large public entity exposures and the development of group purchase programs dates back to 1977 when our public entity division was established. Over the past 40 years we have become a nationally recognized leader in this specialized market sector.

As we developed a variety of programs for the public sector we knew that our model and concept could be duplicated nationally for management liability coverage of retirement systems.

As a result, we created the first ever fiduciary and management liability program in the country designed to allow systems to band together and drive down the insurance marketplace in addition to leveraging broader coverage than what typically can be obtained as a standalone entity.

Our strategic alliance with both NASRA and NCPERS allow their members to access our exclusive program; resulting in significant savings to some of the largest systems in the country.

We understand the complexity of retirement exposures and are leading experts in designing coverage that is specifically tailored for our clients' needs. We have an entire claims division that handles claim situations that arise.

We author articles on management liability and the exposures faced by the public sector, we continually keep abreast of public pension issues and consult with our clients on those issues as it relates to insurance exposures and risk management and finally, we are regular speakers at conferences regarding risk management for pension fund trustees for both NASRA and NCPERS.

Below is a limited list of retirement system clients, demonstrating our experience:

State Retirement System of Illinois (SRS)
Judges Retirement System of Illinois (JRS)
State University Retirement System of Illinois (SURS)
California PERS (CalPERS)
The Chicago Municipal, Laborers, Policemen & Firemen Annuity and Benefit Funds (Four *different* fund clients)
Illinois State Board of Investments (ISBI)
State of Kentucky TRS
State of South Carolina PERS & Deferred Comp Plan
Orange County ERS
Contra Costa County ERS
Missouri Department of Transportation and Patrol ERS
Napa County Deferred Comp Plan
Fresno County ERS
Merced County ERS & Deferred Comp Plan
Imperial County ERS
Mendocino County ERS
Sacramento County Benefit Plans
San Bernardino County ERS
Santa Barbara County ERS
Sonoma County ERS

Why Alliant Insurance Services

We are an **employee-owned** insurance broker, employing over 2,800 employees among our affiliates

Alliant Insurance Services is an **independent, full-service** insurance broker (placing Fiduciary Liability Insurance Coverage Summary, Property, Casualty, Life & Health insurance programs)

We have **direct access** to all of the major players in the Public Pension insurance marketplace. We do not utilize costly wholesalers to place this business

We have a **Practice Group dedicated to organized labor** (including multi-employer, Taft-Hartley and public pension clients)

Our experienced staff of professionals consists of **former underwriters** who can better tailor products to meet the evolving needs of Trustees

Our team leader, Craig Goesel, has over **>20 years of experience** in underwriting and placing Management Liability insurance for clients

We are an **industry expert**; with over 500 clients and \$5,000,000 premium placed nationally, we are the **largest broker in the nation** for Public Pension clients

We **partner** with state and national agencies and associations - including NASRA, IPPFA, IPPAC, MAPERS and TEXPERS - to help Trustees better understand their liability, insurance options and how to reduce their exposures. Alliant is a **CorPERS** member of the National Conference on Public Employee Retirement Systems (NCPERS)

We act as a **procurement agency** for clients, ensuring that they receive the most comprehensive and favorably priced program through a competitive bid process

We provide helpful **guidance** on coverage provisions, market selection and limits analysis in a clear, easy to understand, proposal presentation

We have a **network** of positive relationships in the management liability space (clients, attorneys, consultants, etc.) that would provide **favorable references**

Alliant Insurance Services has challenged a number of carriers (including ULLICO, Euclid, AIG, and Chubb) in **coverage development** to ensure the most comprehensive coverage meets the unique needs of our clients

We have a **dedicated claim advocacy** team, and have been successful in **reversing denials** of coverage on behalf of our Taft-Hartley and Public Pension clients

Procurement Request for Fiduciary Liability Insurance

Re: Procurement Request: Fiduciary Liability Insurance: Laborers & Retirement Board Employees' Annuity & Benefit Fund of Chicago

Dear Underwriter:

Alliant Insurance Services, Inc., an Alliant-owned company, LLC requests the participation of your firm in the procurement of Fiduciary Liability Insurance for Laborers & Retirement Board Employees' Annuity & Benefit Fund of Chicago. Alliant Insurance Services, Inc., an Alliant-owned company, LLC will present terms on to the Board of Trustees in July. As such, *I am looking for your responses early August* so we can properly draft the presentation and summarize the results in writing prior to the meeting.

Alliant Insurance Services, Inc., an Alliant-owned company, LLC requires our carriers to be admitted to offer this insurance coverage within the State of Illinois and to hold an AM Best's Rating of at least {A- (VII)}. As such, we have only provided this submission to those carriers that currently hold these designations. If your firm's designations fall below these thresholds during the submission process, please immediately alert Alliant Insurance Services, Inc., an Alliant-owned company, LLC.

The Laborers & Retirement Board Employees' Annuity & Benefit Fund of Chicago currently purchases a Fiduciary Liability program:

I attach the following documents for your consideration:

- Most recent executive summary
- Most recent investment performance report / financial statement
- Application

Alliant Insurance Services, Inc., an Alliant-owned company, LLC is not utilizing a wholesaler, procurement firm, mid-broker or other intermediary to secure these renewal terms. As such, we request that you provide only to MIS the renewal terms offered and no compensation is due to other such parties.

I would be happy to discuss this submission further. Please let me know if you have any questions or concerns.
Thank You & Best Regards,

Craig Goesel
Senior Vice President
v 312.595.8146
e cgoesel@alliant.com

Procurement Request: Carrier Responses

Insurance Company	AM Best's Rating	Carrier Response
Arch Insurance Co.	A+ (XV)	Not willing to quote primary layer due to class of business (IL-based and an affiliate of the public pension industry) Would be willing to quote excess layers in the future if that is an opportunity
Axis Insurance Co.	A+ (XV)	Not willing to quote primary layer due to class of business (IL-based and an affiliate of the public pension industry) Would be willing to quote excess layers in the future if that is an opportunity
AIG Insurance Group	A (XV)	Not willing to quote due to class of business (IL-based and an affiliate of the public pension industry)
Beazley Insurance Co.	A++ (XV)	Quoted the Cyber Liability (declined the Fiduciary)
CNA Insurance Co.	A (XV)	Not willing to quote due to class of business (IL-based and an affiliate of the public pension industry)
Euclid/Hudson Insurance Co.	A (XV)	Quoted primary & excess program
Hartford Insurance Co.	A+ (XV)	Not willing to quote due to class of business (IL-based and an affiliate of the public pension industry)
Houston Casualty Insurance Co.	A+ (XV)	Not willing to quote due to class of business (IL-based and an affiliate of the public pension industry)
RLI Insurance Co.	A+ (XV)	Not willing to quote due to class of business (IL-based and an affiliate of the public pension industry)
Travelers Insurance Co.	A++ (XV)	Not willing to quote due to class of business (IL-based and an affiliate of the public pension industry)
Ullico/Markel Ins Co.	A (XIV)	Quoted primary & excess program
XL Specialty Insurance Co.	A (XV)	Not willing to quote due to class of business (IL-based and an affiliate of the public pension industry)

All coverages and exclusions are not included on this page. Please refer to policy for all applicable terms and conditions. Additional limits and/or changes may be available after review and acceptance by insurer.

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

Fiduciary Liability: 2019 Presentation

Important Policy Provisions:

Coverage Provision	ULLICO	Euclid
Name Insured to include past/present/future Trustee & employees of the Fund	Yes	Yes
Claims Made Policy	Yes	Yes
Duty to Defend	Optional (Responsibility of Defense is decided by the Insured)	Optional (Responsibility of Defense is decided by the Insured)
Coverage for Spouses, Estates, Heirs, Legal Representatives or Assigns of an Insured Person	Yes	Yes
Provides coverage for past acts (provided the policy will not respond to previously known incidents that could reasonably give rise to a claim)	Yes	Yes
Trustee Expense Coverage	Yes (\$1,000,000)	Yes (\$1,000,000)
Client's Choice of Counsel	Yes	Yes
Non-Cancellable by carrier (except for non-payment of premium)	Yes	Yes
HIPAA fines & penalties	Yes (\$10,000,000)	Yes (\$1,500,000)
Punitive Damages	Where Insurable Under Law	Where Insurable Under Law
Severability (Exclusions and Application)	Yes	Yes
Waiver of Recourse	Yes (a \$25 fee-per-trustee does NOT need to be collected)	Yes (a \$25 fee-per-trustee does NOT need to be collected)
Employment Practices Liability	Yes (\$1,000,000 limit; \$25k retention)	Yes (\$100,000 limit)
Consent to Settle Clause	Removed	Removed
Claim expenses included within the limit of liability (these expenses may include outside counsel, forensic accountants, actuaries, expert witnesses, etc.)	Yes	Yes
Include "Waive statutory indemnification provision" language	Yes	Yes

All coverages and exclusions are not included on this page. Please refer to policy for all applicable terms and conditions. Additional limits and/or changes may be available after review and acceptance by insurer.

Important Exclusions

Coverage Provision	ULLICO	Euclid
Personal Profit/ Illegal Remuneration	Excluded (although defense for allegations of such will be defended until the act is finally adjudicated)	Excluded (although defense for allegations of such will be defended until the act is finally adjudicated)
Criminal/Fraudulent Acts/Willful violation of any law	Excluded (although defense for allegations of such will be defended until the act is finally adjudicated)	Excluded (although defense for allegations of such will be defended until the act is finally adjudicated)
Bodily Injury, Personal Injury and Property Damage	Excluded	Excluded
Violations of any Workers Compensation, Unemployment Insurance, Social Security or similar Disability Benefits Law	Excluded	Excluded
A demand, suit or other proceeding rendered against the Insured prior to the first date of inception of coverage	Excluded (multiple allegations that stem from a single wrongful act will be treated as one claim under this policy, subject to the aggregate limit of liability)	Excluded (multiple allegations that stem from a single wrongful act will be treated as one claim under this policy, subject to the aggregate limit of liability)
Pollution or Pollutants	Excluded	Excluded
Contractual Liability of Others (other than contractual liability established by the Employee Benefit Plan)	Excluded	Excluded
Benefits Due	Excluded (provided this exclusion will allow coverage for claims expenses and the portion of the claim that may become a personal obligation of an Insured Person)	Excluded (provided this exclusion will allow coverage for claims expenses and the portion of the claim that may become a personal obligation of an Insured Person)
Specific debt instruments or investments	Not Excluded	Not Excluded

All coverages and exclusions are not included on this page. Please refer to policy for all applicable terms and conditions. Additional limits and/or changes may be available after review and acceptance by insurer.

Program Options

	<i>Expiring</i>	Option 1	Option 2	Option 3
Primary Insurance Carrier / Excess Insurance Carrier	<i>Markel American Ins. Co./Hudson Ins. Co. (Beazley for Cyber)</i>	<i>Markel American Ins. Co./Hudson Ins. Co. (Beazley for Cyber)</i>	<i>Markel American Ins. Co./Hudson Ins. Co. (Beazley for Cyber)</i>	<i>Markel American Ins. Co./Hudson Ins. Co. (Beazley for Cyber)</i>
Fiduciary Limit Cyber Limit	<ul style="list-style-type: none"> • \$15,000,000 • <u>\$2,000,000</u> 	<ul style="list-style-type: none"> • \$15,000,000 • <u>\$2,000,000</u> 	<ul style="list-style-type: none"> • \$15,000,000 • <u>\$2,000,000</u> 	<ul style="list-style-type: none"> • \$15,000,000 • <u>\$2,000,000</u>
Retention / Deductible	<ul style="list-style-type: none"> • \$50,000 • \$25,000 	<ul style="list-style-type: none"> • \$50,000 • \$25,000 	<ul style="list-style-type: none"> • \$100,000 • \$25,000 	<ul style="list-style-type: none"> • \$250,000 • \$25,000
Annual Premium Percentage Increase	\$206,127	\$223,482 8.42%	\$217,350 5.44%	\$213,432 3.54%

Notes: 1) Annual Premiums above do not include applicable taxes and fees; 2) Annual aggregate limit of liability for all trustees; 3) Retention/deductible applies to each claim; 4) Annual premium change of 8.42% for 2019-2020 policy term; 5) Cyber program can include a \$2M Limit for Data Recovery Costs for an additional premium of \$735; 6) An additional \$5M of Fiduciary Liability insurance would cost apx. \$30,000 annually.

The Following Information Required to issue policies:

1. Applications completed, signed and dated by a Trustee or Authorized Representative
2. How many employees are employed, this information is required to rate the Employment Practice Liability Coverage
3. Most recent copy of the actuarial valuation

All coverages and exclusions are not included on this page. Please refer to policy for all applicable terms and conditions. Additional limits and/or changes may be available after review and acceptance by insurer.

Benchmarking:

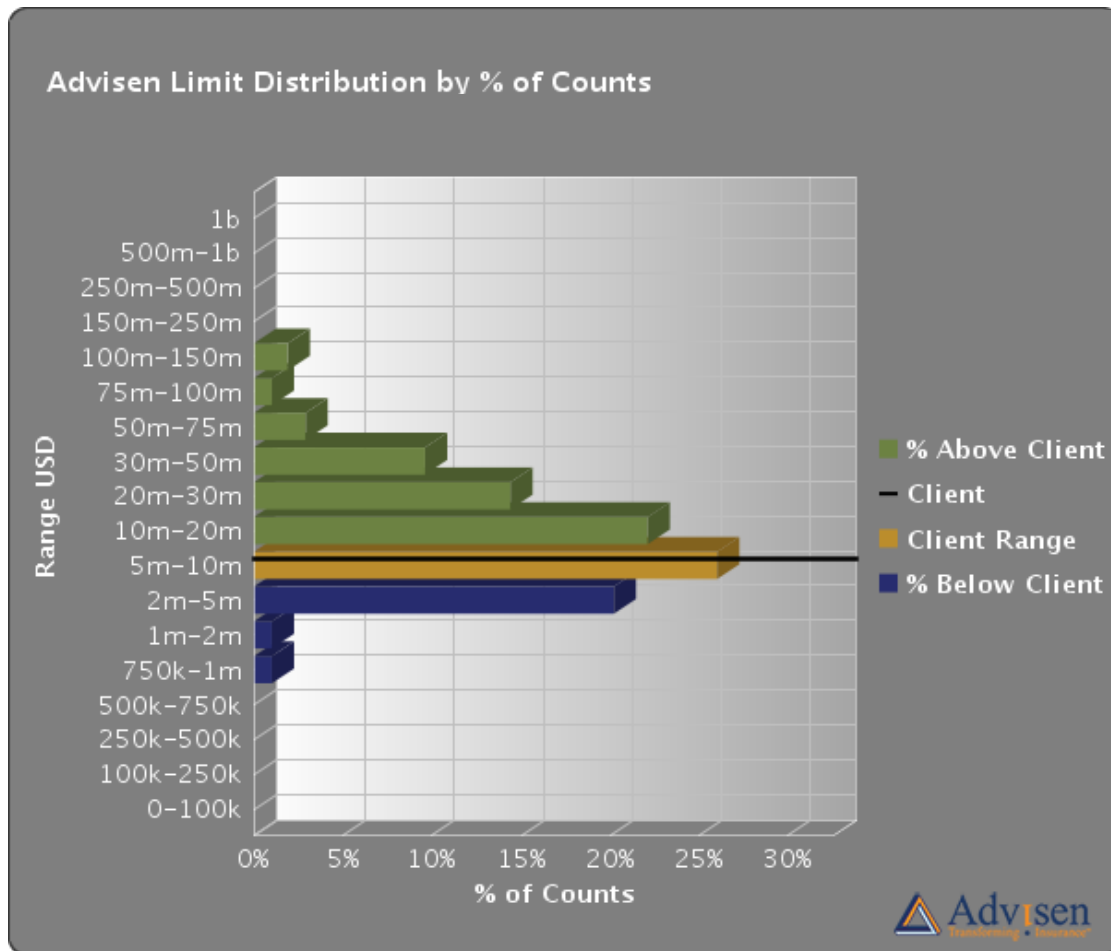
Peer Group: Public Pension Funds (including state & municipal); between \$500M and \$2.5B in Assets;
Fiduciary Liability Insurance; peer group size = 102

Limit Profile:

50% of peers purchase limits *greater than* \$10M

26% of peers purchase limits *>\$5M up to and including* \$10M

24% of peers purchase limits *lower than* \$5M



Limit Analysis:

As the largest provider of fiduciary liability insurance to public pension funds, we conducted an analysis of the buying habits of other funds of the Laborers' and Retirement Board Employees' Annuity & Benefit Fund of Chicago's size & scope. The benchmarking would suggest \$15M is an adequate limit for the trustees.

Waiver of Recourse

With the enactment of ERISA in 1974, Trustees of employee benefit plans became personally liable for their acts on behalf of the participants of those plans. Fiduciary Liability Policies became very popular, but ERISA only allowed the Trust Funds themselves to purchase insurance to protect the funds - not the respective trustees.

Therefore, a nominal fee was charged directly to the Trustees as a way to circumvent this provision.

Although Public Pension Funds are not subject to ERISA law, the various state pension codes often follow in the "spirit of ERISA". In addition, as the Fiduciary Liability policies were originally drafted to protect ERISA plans, the waiver provision followed across Non-ERISA plans.

With that said, we have been successful in petitioning the carriers to waive their recourse to the trustees without having to charge, unless there is a requirement within the respective governing code. As Public Pension Codes typically have no such provision, we no longer need to charge the trustees for the waiver of recourse. The trustees still retain the same full coverage as provided in the past.

Compensation

Alliant Insurance Services, LLC is compensated for our risk management, insurance placement, marketing, policy issuance and other insurance services for this insurance program using a commission based compensation plan.

As the different carriers provide distinct commission schedules, we have outlined the *standard* commission schedules from carriers that provide this insurance coverage. However, Alliant Insurance Services, Inc. has agreed to reduce our compensation by 10% for the benefit of combined marketing of the Chicago Public Pension Funds programs. Please note that commissions paid do not influence our recommendations for coverage placements:

Insurance Company	Standard Commission % Paid
Arch.....	15%
Axis	15%
AIG.....	15%
Chubb	15%
C/N/A	12.5%
Euclid.....	17%
Hartford	15%
Houston Casualty Company	15%
RLI	15%
Travelers	15%
ULLICO	15%
XL.....	12.5%

All coverages and exclusions are not included on this page. Please refer to policy for all applicable terms and conditions. Additional limits and/or changes may be available after review and acceptance by insurer.

Fiduciary Liability Insurance For Public Pension Funds

Trustees and staff members of governmental, municipal and quasi-governmental pension plans face increased exposure in their fiduciary roles. Allegations of breaches of duty are costly to defend, and may result in personal liability of the trustees. Alliant Insurance Services experts provide the following summary of typical fiduciary liabilities, and offer solutions to lessen your fiduciary exposure.

PENSION CODE STANDARDS & FIDUCIARY DUTIES

The fiduciary duties under most State Pension Codes mirror standards similar to those outlined in ERISA. These duties include acting solely in the interest of the participants & beneficiaries, adhering to the so-called “prudent investor” standard and other provisions of the State Pension Code.

ENFORCING PROVISIONS & LIMITATIONS ON LIABILITY

State Pension Codes, and ERISA law, typically provide that participants, beneficiaries, fiduciaries and/or the Attorney General may bring suits to enforce fiduciary duties and other provisions of the respective Pension Code.

These Pension Codes often do not provide limitations, or at least not *complete* limitations, on liability. They also make clear that litigation against fiduciaries is permissible. Fiduciaries that breach their duty can be held personally liable to make good to such Fund any losses resulting from such breach.

INSURANCE AUTHORIZATION & INDEMNIFICATION PROVISIONS

Each board and pension fund is often authorized to purchase insurance to protect against liability of trustees, staff and employees which may arise as a result of claims.

State Pension Codes generally permit, but do not guarantee, the indemnification of trustees and employees of the Fund – however, this indemnification is provided for allegations other than willful misconduct or gross negligence (properly structured insurance programs will not exclude allegations of willful misconduct or gross negligence).

IN SUMMARY

State Pension Codes require fiduciaries to adhere to many of the same standards outlined in ERISA. Breaches of established fiduciary duties may translate into *personal liability* for the trustees of public pension funds. These same Pension Codes allow for the purchase of insurance to protect the plan, the trustees and the staff from such liability.

Our professionals at Alliant Insurance Services, Inc. are experienced in prudently structuring comprehensive fiduciary liability insurance programs to provide trustees with added protection in their roles as fiduciaries of public pension funds.

Fiduciary Liability Insurance For Public Pension Fund (con't)

NAMED INSURED

The Pension Fund and/or Retirement Fund
Past, present and futures trustees, directors
& officers (including spouses and legal
estate).

Past, present and futures employees, staff,
plan administrator (including spouses and
legal estate).

INSURED WRONGFUL ACTS

Breach of Fiduciary duties; violation of the
responsibilities, obligations or duties
imposed by Municipal, State or similar
Pension Code

Any act error of omission in the
performance of counseling participants,
providing interpretations, handling records
or effecting enrollment.

COVERAGE EXTENDS TO CLAIMS

Written demand for monetary and injunctive
relief

Criminal or civil proceedings commenced
by service of complaint, return of an
indictment and/or agency or regulatory
proceeding

LOSSES COVERED INCLUDE

Damages; judgments; settlements; pre- &
post- judgment interest
Defense expense
Civil penalties associated with CAP,
HIPPA, 5021 or 502i

OTHER POLICY PROVISIONS

Annual policy period; annual aggregate
limits of liability; higher limits available
than those presented
Claims-Made coverage (provides coverage
for claims arising from prior acts)
Defense costs within the annual limit

NOTABLE EXCLUSIONS

Coverage does not extend to: outside service
vendors; benefits due the participants;
fraudulent acts or illegal personal profit;
failure to collect contributions; bodily or
property damage; failing to comply with
Workers Comp, unemployment, Social
Security.

Public Act 97-0651 (House Bill 3813):

We reference the below as an example of changing legislation that can affect the responsibilities, and therefore liabilities, of Trustees. The below is an amendment to the responsibilities imposed upon fiduciaries by the IL State Pension Code. As the Fiduciary Liability policy is intended to cover board members (and employees) for breaches of these stated responsibilities, defense coverage would be provided for alleged breaches of such duties/responsibilities.

Public Act 97-0651 Further amends the Illinois Pension Code. Provides that any reasonable suspicion by any appointed board member of a retirement system created under the Code of a false statement/record being submitted or permitted by a person under the Code shall be immediately referred to the board of trustees or the State's Attorney of the jurisdiction where the alleged fraudulent activity occurred. The board of trustees of this retirement system or shall immediately notify the State's Attorney of the jurisdiction where any alleged fraudulent activity occurred for investigation

Claim Reporting

The ramification of the current insurance market condition from the claims prospective is that insurance carriers are much stricter in claims being reported promptly. Therefore, we recommend all of our clients inform us (or your appropriate carrier) as soon as possible when first made aware of an incident, accident, lawsuit, or circumstance which could give rise to a claim.

What could happen if you delay reporting a new claim?

The carrier could reserve rights against you and offer less than 100% of what is due.
The claim could be denied in its entirety.

Prompt claim reporting begins with the immediate investigation into the facts and circumstances of an accident, work related injury or allegation. Every such incident, no matter how minor, should be investigated as soon as possible. In order to assist you in preparing and reporting claims, Alliant Insurance Services maintains a directory of accident investigation forms and contact numbers for your insurers claim departments.

These comprehensive forms along with Claim Handling Tips and reporting instructions for your insurer's claims departments can be accessed by visiting our website:

<http://www.alliant.com/property/claimreporting/default.jsp>

If you have difficulty reporting any claim, you can also contact our claim department who will assist in filing the matter with the insurance company. You may call, fax or email your claim materials to our office:

Phone: 312.595.6200 (available 24/7)

Fax: 312.595.6506

Email: claimsreporting@alliant.com

Important Disclosures

Our proposal is an outline of the coverage offered by the insurers, based on the information provided by your company – including but not limited to the insurance Application, which we have relied upon in preparing this proposal. If changes need to be made, please notify our office immediately. All changes are subject to review and acceptance by the insurance company. This proposal does not constitute a contract and does not include all the terms, coverage, exclusions, limitations, or conditions of the actual contract language. You must read the policies for those details. For your reference, policy forms will be made available upon request.

In addition to fees, commissions or other compensation retained by Alliant Insurance Services, Inc it is understood that in some circumstances other parties necessary to arrange placement of coverage may earn usual and customary commissions and/or fees in the course of providing insurance products. In addition, as is a common practice in the industry, Alliant Insurance Services, Inc benefits from programs implemented by certain insurers, wholesale brokers (property & casualty) and administrators (benefits) providing for compensation, in addition to commissions and fees, to be paid to Alliant Insurance Services, Inc based upon differing factors. This additional compensation may include non-cash awards and benefits. The insurance you purchase through Alliant Insurance Services, Inc may be issued by an insurer, wholesale broker (property & casualty) or administrator (benefits) who has such a program. Further, Alliant Insurance Services, Inc may receive fees from premium finance transactions (property & casualty). Additionally, Alliant Insurance Services, Inc may share non-identifiable commercial insurance program data with third-parties for benchmarking purposes (property & casualty). Should you have specific questions concerning Alliant Insurance Services, Inc' compensation or data sharing, please contact your Alliant Insurance Services, Inc executive.

Best's Insurance Reports

Best's Insurance Reports, published annually by A. M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

A Best's Financial Strength Rating (FSR) is an opinion of an insurer's ability to meet its obligations to policyholders. The Best's Financial Strength Rating is based on analysis, which gives consideration to a number of factors of varying importance. While the analysis is believed to be reliable, we cannot guarantee the accuracy of the rating or the financial stability of the insurance company.

A copy of the *Best's Insurance Report* on the insurance companies quoted is available upon request.

BEST'S RATINGS

	Description
A++, A+	Superior
A, A-	Excellent
B++, B+	Good
B, B-	Fair
C++, C+	Marginal
C, C-	Weak
D	Poor
E	Under Regulatory Supervision
F	In Liquidation
S	Rating Suspended

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

Fiduciary Liability: 2019 Presentation

FINANCIAL STRENGTH RATING

Description			
Class I	\$ 0	to	\$ 1,000,000
Class II	1,000,000	to	2,000,000
Class III	2,000,000	to	5,000,000
Class IV	5,000,000	to	10,000,000
Class V	10,000,000	to	25,000,000
Class VI	25,000,000	to	50,000,000
Class VII	50,000,000	to	100,000,000
Class VIII	100,000,000	to	250,000,000
Class IX	250,000,000	to	500,000,000
Class X	500,000,000	to	750,000,000
Class XI	750,000,000	to	1,000,000,000
Class XII	1,000,000,000	to	1,250,000,000
Class XIII	1,250,000,000	to	1,500,000,000
Class XIV	1,500,000,000	to	2,000,000,000
Class XV	2,000,000,000	to	or more

RATING MODIFIER

Modifier	Descriptor	Definition
u	Under Review	A modifier that generally is event-driven (positive, negative or developing) and is assigned to a company whose Best's rating opinion is under review and may be subject to change in the near-term, generally defined as six months.
pd	Public Data	Assigned to insurers that do not subscribe to Best's interactive rating process. Best's "pd" Ratings reflect qualitative and quantitative analyses using public data and information.
s	Syndicate	Assigned to syndicates operating at Lloyd's.

Best's Ratings for proposed companies at time of presentation are indicated on each page for each individual coverage.

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