

**Laborers' and Retirement Board Employees'  
Annuity and Benefit Fund of Chicago  
Minutes of Regular Board Meeting No. 1012**

**August 20, 2019**

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

**August 20, 2019**

Report of Meeting No. 1012 held on August 20, 2019, starting at 1:03 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 Coneyears-Ervin	– Trustee (Ex-Officio Trustee)
Reshma Soni	– Trustee (Ex-Officio Trustee)

**Staff & Consultants:**

Joseph Burns	– Jacobs, Burns, Orlove & Hernandez, Fund Counsel
Marisel Hernandez	– Jacobs, Burns, Orlove & Hernandez, Fund Counsel
Taylor Muzzy	– Jacobs, Burns, Orlove & Hernandez, Fund Counsel
Dr. Terence Sullivan*	– Fund's Physician
James Wesner*	– Marquette Associates, Fund Investment Consultant
Kweku Obed*	– Marquette Associates, Fund Investment Consultant
Neil Capps*	– Marquette Associates, Fund 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
Tina Rhoten*	– Benefits Manager
Paul Rzeszutko*	– Assistant Benefits Manager

**Absent:**

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

Conner Brashear*	– Office of the Chief Financial Officer, City of Chicago
Martin Johnson*	– Office of the Chief Financial Officer, City of Chicago
Hector Dox*	– Office of the City Treasurer, City of Chicago
Craig Fleck*	– Office of the City Treasurer, City of Chicago
Ted Ledford*	– General Public

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

\* *Denotes partial attendance.*



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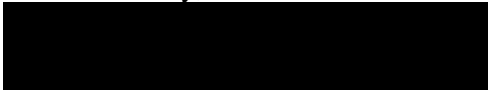
Board Members:

I am transmitting herewith the minutes for the meeting of the Retirement Board which was held on August 20, 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
- Election of Board Vice-President
- Investment Report
- Administrative Report
- Executive Session No. 1
- Legal Report
- Executive Session No. 2
- Legal Report Continued
- 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 LoVerde, seconded by Trustee Hamburger, that the regular minutes of Meeting No. 1011 held on July 23, 2019, be approved as submitted.

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

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the minutes of Executive Session 1 of Meeting No. 1011, held on July 23, 2019, be approved as submitted.

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

**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, Capasso, Conyears-Ervin, Soni.  
Against-- None.

2. Miscellaneous Refunds

Mr. Walsh requested that this item be deferred until later in the meeting. (See: Legal Report)

**SCHEDULE B – APPLICATIONS FOR ANNUITIES**

1. Employee Annuities

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

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

2. Spouse and Child Annuities

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

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

**SCHEDULE C – ADJUSTMENT REFUNDS TO NEW ANNUITANTS**

It was moved by Trustee Joiner, seconded by Trustee Capasso, that adjustment refunds to new annuitants be approved and ordered paid.

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

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**SCHEDULE D – APPLICATIONS FOR DUTY DISABILITY BENEFITS**

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

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

**SCHEDULE E – APPLICATIONS FOR ORDINARY DISABILITY BENEFITS**

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

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

**SCHEDULE F – EXTENSION OF DUTY DISABILITY BENEFITS**

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

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

**SCHEDULE G – EXTENSION OF ORDINARY DISABILITY BENEFITS**

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

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

**SCHEDULE H – PAYMENT OF UNCASHED CHECKS OF DECEASED MEMBERS**

None.

**SCHEDULE I – PAYMENT OF EXPENSES**

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

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

*Dr. Sullivan left the meeting.*

**Election of Board Vice-President**

It was moved by Trustee Capasso, seconded by Trustee LoVerde, to elect Trustee James Joiner as Board Vice-President.

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

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**INVESTMENTS REPORT**

Parts of the Investments Report were taken out of order.

Market Tracker Report

Mr. Obed provided a summary market update.

July 31, 2019 Preliminary Performance Report

Mr. Obed reviewed the Fund's July 31, 2019 Preliminary Performance Report.

2<sup>nd</sup> Quarter Performance Report

Mr. Wesner reviewed the Fund's 2<sup>nd</sup> Quarter Performance Report, highlighted details on individual managers, and reviewed the Fund's average expenses compared to its peers.

Private Equity RFP

Mr. Wesner reviewed RFP documents for a private equity search that Marquette Associates is recommending. Mr. Wesner reviewed the quiet period, the timeline for the RFP, and noted the minimum qualifications for this RFP. Mr. Wesner requested authorization from the Board to launch the RFP.

It was moved by Trustee LoVerde, seconded by Trustee Joiner, to approve the RFP for a private equity manager as proposed by Marquette Associates.

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

Watch List

Mr. Wesner presented a memo to the Board, prepared by Marquette Associates, which reported on organizational changes within J.P. Morgan Strategic Property Fund and he recommended putting that fund on the Watch List due to the changes.

It was moved by Trustee LoVerde, seconded by Trustee Capasso, to put the J.P. Morgan Strategic Property Fund on the Watch List due to organizational changes.

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

Investment Contract Matter

This item was deferred to a future Board meeting.

*James Wesner, Kweku Obed and Neil Capps left the meeting.*

**ADMINISTRATIVE REPORT**

Conference Travel Approval

Mr. Walsh requested approval of travel expenses associated for one LABF staff member to attend the Conference of Consulting Actuaries annual meeting from October 27, 2019 to October 30, 2019.

It was moved by Trustee Hamburger, seconded by Trustee Capasso, to approve the travel costs for one LABF staff member to attend the Conference of Consulting Actuaries annual meeting from October 27, 2019 to October 30, 2019.

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

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Legislative Matters

Mr. Walsh reported that no further action has been taken with respect to Senate Bill 1264 or House Bill 2460 since being sent to the Governor in June.

Miscellaneous

LABF Special Meeting – Mr. Walsh reminded the Board of the Special Board Meeting scheduled for September 12, 2019 at 9:00 a.m.

Election Update – Mr. Walsh reminded the Board that completed nominating petitions from potential candidates for the upcoming active employee trustee election are due by no later than 3 p.m. on Monday, August 26, 2019 and that, so far, only one candidate had submitted a nominating petition.

Mesirow Presentation – Mr. Walsh informed the Board that Alliant/Merisow Insurance Services will be presenting options for fiduciary liability insurance coverage at the September 17, 2019 Board meeting.

City of Chicago – Mr. Walsh reported that the City of Chicago has chosen a third-party Workers' Compensation Administrator and that the LABF is trying to set up a meeting with the appropriate parties so that LABF's processes and needs can be addressed as part of the transition.

Public Act 100-0023 Employer Contribution Mechanics

This item was deferred to a future Board meeting.

Personnel Matter

This topic was discussed in Executive Session.

**EXECUTIVE SESSION NO. 1**

At 1:48 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(1) to discuss appointment, employment, compensation, discipline, or dismissal of specific employees of the public body or legal counsel for the public body. Trustee Joiner seconded the motion.

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

At 2:03 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, Joiner, LoVerde, Hamburger, Capasso, Conyears-Ervin, Soni.  
Against – None.

No action taken.

**LEGAL REPORT**

Treadwell Matters

This topic was discussed in Executive Session.

**EXECUTIVE SESSION NO. 2**

At 2:03 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(4) to discuss considering evidence/testimony presented in an open/closed hearing and 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.

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

At 2:26 p.m., Trustee Hamburger 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, Joiner, LoVerde, Hamburger, Capasso, Conyears-Ervin, Soni.  
Against -- None.

The following vote for Miscellaneous Refunds was taken out of order.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to pay the one Miscellaneous Refund listed in the Proposal as follows: 50% of Alphonso Treadwell's Refund of Employee Contributions through August 5, 2004 to his ex-wife, Yvonne Treadwell, and the remainder of the refund to be divided equally between the five children listed on his Beneficiary Designation form dated August 12, 2004.

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

**LEGAL REPORT CONTINUED**

Review of Executive Session Minutes

It was moved by Trustee LoVerde, seconded by Trustee Joiner, to approve the recommendations of Fund staff and Fund Counsel to make available for public inspection items 1-11 of the memo that was provided to the Trustees at the meeting. A copy of the memo is on file in the Fund office.

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

Underwood Litigation

Mr. Walsh reviewed a document with the Board which gave an overview of the retiree healthcare subsidy eligibility criteria and he also reviewed the Proposed Administrative Rules Regarding "Service" for Healthcare Subsidy Eligibility Purposes, which he explained the LABF plans to use to administer the subsidy payment. See the attached document.

**ADJOURNMENT**

With no further business, at 2:34 p.m., Trustee Capasso made a motion to adjourn the meeting. Trustee Conyears-Ervin seconded the motion.

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



## Pension Fund Healthcare Subsidy

### **Text of 1985 Amendment (P.A. 84-159) Creating Section 11-160.1 (replaced in 1989)**

§ 11-160.1 Group Health Care Plan. Each employee annuitant in receipt of an annuity on the effective date of this Section and each employee who retires on annuity after the effective date of this Section, may participate in a group hospital care plan and a *group* medical and surgical plan approved by the Board if the employee annuitant is age 65 or over **with at least 15 years of service**. The Board, in conformity with its regulations, shall pay to the organization underwriting such plan the current monthly premiums up to the maximum amounts authorized in the following paragraph for such coverage.

As of the effective date the Board is authorized to make payments up to \$25 per month for employee annuitants age 65 years or over with at least 15 years of service.

If the monthly premium for such coverage exceeds the \$25 per month maximum authorization, the difference between the required monthly premiums for such coverage and such maximum may be deducted from the employee annuitant's annuity if the annuitant so elects; otherwise such coverage shall terminate.

Amounts contributed by the city as authorized under Section 11-178 for the benefits set forth in this Section shall be credited to the reserve for group hospital care and group medical and surgical plan benefits and all such premiums shall be charged to it.

The group hospital care plan and group medical and surgical plan established under this Section are not and shall not be construed to be pension or retirement benefits for the purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

*Added by P.A. 84-159, § 1, eff. August 16, 1985*

### **Eligibility Criteria from Court-Ordered Subsidy Notice Letter**

1. Annuitant must have retired on or after August 23, 1989;
2. Annuitant must have been hired prior to April 4, 2003;
3. Annuitant must have **at least 15 years of City of Chicago service**;
4. Annuitant must be 65 years old or older; and
5. Annuitant must have either:
  - a. participated in a group healthcare plan for which the Fund offers to deduct health insurance premiums from monthly annuities in accordance with the 1983 and 1985 amendments to the Illinois Pension Code Statutes (currently either the Blue Cross/Blue Shield plans sponsored by the City of Chicago or the Aetna plans sponsored by the Labor Benefits Association);
  - OR
  - b. for the period between January 1, 2017 and December 31, 2019, participated in any health insurance plan and paid their healthcare insurance coverage themselves, either through an account on which the annuitant is named or an account established for the benefit of the annuitant.

### **Proposed Administrative Rules Regarding “Service” for Healthcare Subsidy Eligibility Purposes**

“Service” as described in 40 ILCS 5/11-160.1 (based on P.A. 84-159, effective Aug. 16, 1985) shall have the same meaning as elsewhere in Article 11 of the Pension Code and shall include all “service” that was used in the LABF’s annuity calculation and was derived from employment with the City of Chicago, but exclude service derived from other employers (e.g. exclude service derived from the Chicago Board of Education, the Chicago Transit Authority, and other employers). The following are examples of “service” that is derived from employment with the City of Chicago:

1. All refunded service used in age and service—a.k.a. money purchase—annuities; and
2. All service purchased during an Early Retirement Incentive; and
3. All service transferred/purchased from other City of Chicago pension funds (e.g. include service transferred from the Firemen’s Fund); and
4. All service earned while on an approved leave of absence from the City (e.g. include disability leave, military leave, union leave, etc.).