

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting No. 996**

April 17, 2018

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

April 17, 2018

Report of Meeting No. 996 held on April 17, 2018, starting at 1:05 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)
 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
 Kweku Obed – Marquette Associates, Fund's Investment Consultant
 Neil Capps – Marquette Associates, Fund's Investment Consultant
 Dr. Terence Sullivan – Fund's Physician
 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
 Nicole Evangelista – Payment Services Coordinator
 Irene Velazquez – Payment Services Assistant

Absent: Kurt Summers, Jr. – Trustee (City Treasurer, City of Chicago)
 Carole Brown – Trustee (Chief Financial Officer, City of Chicago)

Observers: Brinton Siverly, City of Chicago

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



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

Board Members:

I am transmitting herewith the minutes for the meeting of the Retirement Board which was held on **April 17, 2018**. The minutes are comprised of the following:

- Public Participation
- Approval of Minutes from Prior Meetings
- Note: The following Schedules A Thru I were taken out of order.
- Schedule A: Applications for Refunds
 1. Refund of Contributions Due to Separation from Service
 2. Miscellaneous Refunds
- Schedule B: Applications for Annuities
- Executive Session No. 1
- Schedule B continued: 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
- Investments Report
- Executive Session No. 2
- Investments Report Continued
- Administrative Report
- Legal Report
- Executive Session No. 3
- Executive Session No. 4
- 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' & RETIREMENT BOARD EMPLOYEES'
ANNUITY & BENEFIT FUND OF CHICAGO**

April 17, 2018

PUBLIC PARTICIPATION

None.

APPROVAL OF MINUTES FROM PREVIOUS MEETINGS

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the regular minutes of the Special Meeting held on March 7, 2018 be approved as submitted.

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

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the minutes of Executive Sessions 1, 2 and 3 of the Special Meeting held on March 7, 2018 be approved as submitted.

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

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the regular minutes of Meeting No. 995 held on March 20, 2018 be approved as submitted.

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

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the minutes of Executive Sessions 1 and 2 of Meeting No. 995 held on March 20, 2018 be approved as submitted.

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

The Following Schedules A through I were taken out of order.

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

2. Miscellaneous Refunds

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the applications presented for Miscellaneous Refunds be approved and ordered paid.

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

SCHEDULE B – APPLICATIONS FOR ANNUITIES

1. Employee Annuities

Mr. Walsh recommended that the annuity application of Dedrick Moore be discussed in executive session.

EXECUTIVE SESSION NO. 1

At 1:11 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss potential or current litigation of the Fund. Trustee Joiner seconded the motion.

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

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
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At 1:50 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, Hamburger, Capasso and Joiner.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the applications for Employee Annuities, with the exception of the Dedrick Moore application, be approved and ordered paid.

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

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the application for Employee Annuity of Dedrick Moore be approved and ordered paid.

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

The motion failed to be passed.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the Widow's Annuity of Debbie Holmon be retroactively terminated as of December 27, 1998.

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

SCHEDULE C – ADJUSTMENT REFUNDS TO NEW ANNUITANTS

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

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

SCHEDULE D – APPLICATIONS FOR DUTY DISABILITY BENEFITS

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

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, 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, Capasso and Joiner.
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.

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
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April 17, 2018

Roll-call: For -- Trustees Roa, Keane, LoVerde, Hamburger, 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, Capasso and Joiner.
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 and Investment Invoices be approved and ordered paid.

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

INVESTMENTS REPORT

Market Tracker and Quarterly Market Report

Mr. Obed reviewed the monthly and quarterly market performance for the period ended March 31, 2018.

March 31, 2018 Preliminary Performance Report

Mr. Obed reviewed the Fund's March 31, 2018 Preliminary Performance Report.

Asset Allocation

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 2

At 2:11 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, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

At 2:28 p.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, Capasso and Joiner.

The Trustees took no action.

Annual Review of MWDBE Policies

The Board reviewed and made no changes to the LABF's current MWDBE Policies. *See attached.*

ADMINISTRATIVE REPORT

Legislative Matters

Mr. Walsh reported that he had spoken with the Fund's legislative liaison regarding the trailer bill to PA 100-0023 and mentioned that an amendment could be introduced very soon regarding this matter.

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
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April 17, 2018

Miscellaneous

Actuarial Valuation - Mr. Walsh informed the Board that the Fund's actuary, Gabriel Roeder Smith & Company, will be making their annual presentation at the Regular Board Meeting scheduled for May 22, 2018.

Statements of Economic Interests – Mr. Carroll reminded the Board that the Economic Interests filings are due by May 1, 2018.

LEGAL REPORT

Johnson Litigation

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 3

At 2:40 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss current or potential litigation involving the Fund. Trustee Capasso seconded the motion.

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

At 2:42 p.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, Capasso and Joiner.
Against -- None.

The Trustees took no action.

Underwood Litigation

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 4

At 2:42 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss current or potential litigation involving the Fund. Trustee Joiner seconded the motion.

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

At 2:47 p.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, Capasso and Joiner.
Against -- None.

The Trustees took no action.

ADJOURNMENT

With no further business, at 2:47 p.m., Trustee LoVerde made a motion to adjourn the meeting. Trustee Hamburger seconded the motion.

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

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

**Policy Regarding Racial, Ethnic, and Gender Diversity
For Fiduciaries, Consultants, and Senior Staff**

WHEREAS, the trustees of the Laborers' and Retirement Board Employees' Annuity & Benefit Fund of Chicago ("LABF") recognize the competitive advantage diversity brings to the business environment and remain dedicated to creating an inclusive business environment by increasing the diversity of LABF's fiduciaries and professional management; and

WHEREAS, in the procurement of consulting services for consultants,¹ who act as fiduciaries² on behalf of LABF, the Retirement Board will continue to require the inclusion of qualified service providers who are minority owned businesses, female owned businesses, and businesses owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act, 30 ILCS 575/1 et seq.; and

WHEREAS, the General Assembly of Illinois amended the Illinois Pension Code, 40 ILCS 5/1-109.1(5), to require entities subject to the Pension Code, including LABF, to adopt a policy that sets forth goals for increasing the racial, ethnic, and gender diversity of its fiduciaries, consultants and senior staff and annually review the established goals.

NOW THEREFORE, BE IT RESOLVED THAT, the trustees of the Laborers' and Retirement Board Employees' Annuity & Benefit Fund of Chicago approve this policy to expend all reasonable and prudent efforts to use and retain fiduciaries, consultants, and senior staff that are diverse based on race, ethnicity, and gender. This policy shall be reviewed annually.

I HEREBY CERTIFY that this is a true copy of a Policy duly reviewed by the Retirement Board of the Laborers' and Retirement Board Employees' Annuity & Benefit Fund of Chicago, at a meeting held on April 17, 2018. The Policy was first adopted at a meeting held on November 17, 2009 and subsequently reviewed and revised at various meetings of the Retirement Board as noted below.


Secretary
The Retirement Board

¹ "Consultant" is defined at 40 ILCS 5/1-101.5 (2009).

² "Fiduciary" is defined at 40 ILCS 5/1-101.2 (2009).

Original Date: 11/17/2009
Reviewed Date: 04/15/2011
Reviewed Date: 03/20/2012
Reviewed Date: 04/16/2013
Reviewed Date: 04/15/2014
Reviewed Date: 04/14/2015
Reviewed Date: 04/28/2016
Reviewed Date: 04/18/2017

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

**Policy Regarding Businesses Owned by
Minorities, Females, and Persons with Disabilities
for Administrative Contracts and Service Agreements**

WHEREAS, the trustees of the Laborers' and Retirement Board Employees' Annuity & Benefit Fund of Chicago ("LABF") recognize a commitment to the success of businesses owned by minorities, females, and persons with a disability and acknowledge the competitive advantage diversity brings to the business environment; and

WHEREAS, the trustees of LABF are dedicated to promoting opportunities to award administrative contracts and service agreements executed on behalf of LABF to businesses owned by minorities, females, and persons with disabilities; and

WHEREAS, while recognizing this initiative, the trustees acknowledge their fiduciary responsibilities to LABF regarding best price and execution for all contracts for the purchase of services entered into on behalf of LABF; and

WHEREAS, the Executive Director shall report to the Retirement Board annually on all contracts let for contractual services; and

WHEREAS, the General Assembly of Illinois amended the Illinois Pension Code, 40 ILCS 5/1-109.1(6), to require entities subject to the Pension Code, including LABF, to adopt a policy that sets forth goals for utilization of businesses owned by minorities, females, and persons with disabilities, as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act, 30 ILCS 575/1 et seq., for all contracts and services and annually review the established goals.

NOW THEREFORE, BE IT RESOLVED THAT, the trustees of the Laborers' and Retirement Board Employees' Annuity & Benefit Fund of Chicago approve this policy to include the utilization of qualified businesses owned by minorities, females, and persons with disabilities in any search for administrative contracts and service agreements that may be conducted by the Fund. Within the bounds of fiduciary and financial prudence, it shall be the goal of LABF to expend between 15% and 20% of its spending on administrative contracts and service agreements from businesses owned by minorities, females, and persons with disabilities.

This policy shall be reviewed annually and reported to the Governor and the General Assembly as required by the Pension Code.

I HEREBY CERTIFY that this is a true copy of a Policy duly reviewed by the Retirement Board of the Laborers' and Retirement Board Employees' Annuity & Benefit Fund of Chicago at a meeting held on April 17, 2018. The Policy was originally adopted at a meeting held on November 17, 2009, and subsequently reviewed and revised at various meetings of the Retirement Board as noted below.



Secretary /
The Retirement Board

Original Date: 11/17/2009
Reviewed Date: 04/15/2011
Reviewed Date: 03/20/2012
Reviewed Date: 04/16/2013
Reviewed Date: 04/15/2014
Reviewed Date: 04/14/2015
Reviewed Date: 04/28/2016
Reviewed Date: 04/18/2017

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

Brokerage Policy

WHEREAS, the trustees of the Laborers' and Retirement Board Employees' Annuity & Benefit Fund of Chicago (LABF) recognize a commitment to the success of minority owned businesses, female owned businesses, and businesses owned by a person with a disability, and to promoting opportunities to such businesses in the City of Chicago and within the State of Illinois;

WHEREAS, while recognizing this initiative, the trustees acknowledge their fiduciary responsibilities to LABF regarding best price and execution for all brokerage business executed on behalf of LABF;

WHEREAS, in addition to this policy of best price and execution, LABF also desires to utilize whenever possible Chicago-based minority owned, female owned, and disabled owned brokerage services in the City of Chicago and the State of Illinois;

WHEREAS, we support the aims of the Equal Employment Opportunity Commission, and acknowledge the desirability of open access to competition on the part of minority owned businesses, female owned businesses, and businesses owned by a person with a disability for the opportunity to provide brokerage services to LABF;

WHEREAS, minority owned businesses, female owned businesses, and businesses owned by a person with a disability are defined as a sole proprietorship, partnership, or corporation owned, operated, and controlled by minority group members, females, or disabled persons who have at least 51% ownership. These owners must have day to day operational and managerial control, and an interest in capital and earnings commensurate with his or her percentage of ownership. In addition, the brokerage firm and its operating members must be registered with the appropriate federal and state agencies and must have an established record of business performance through a history of having provided good execution and reporting services.

WHEREAS, the policy of the trustees regarding brokerage business is as follows;

Subject to best execution, investment managers of separately managed accounts are expected to meet the following minimum MWDBE commission requirements:

- | | |
|---|-----|
| • Domestic Equity
(Large, Mid, and Small Cap Equity) | 40% |
| • Global Equity | 30% |
| • International Equity | 20% |
| • International Equity – Small Cap | 10% |
| • Emerging Markets Equity | 10% |
| • Fixed Income | 25% |

The percentage of commissions to meet LABF's MWDBE goals cannot be achieved by using indirect methods such as step-outs. Therefore, to meet LABF's MWDBE goals, all trades must be executed directly with the MWDBE brokers. The trustees prefer that the brokers utilized have an office in Chicago or within the State of Illinois.

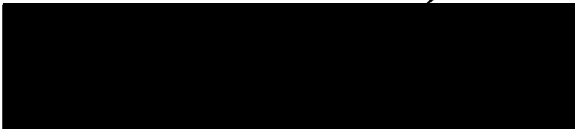
Each manager will submit a compliance report to LABF on a quarterly basis. LABF investment staff will report to the Board of Trustees of LABF annually on the utilization of MWDBE brokers. If a manager fails to comply with the above guidelines on a calendar basis, they may be asked to appear before the Retirement Board and explain why they were unable to achieve

the minimum MWDBE commission goals. Failure by an investment manager to meet MWDBE brokerage goals will be considered a factor when evaluating overall performance of the investment manager.

The MWDBE brokerage policy will be reviewed annually.

NOW THEREFORE BE IT RESOLVED: that the trustees of the Laborers' and Retirement Board Employees' Annuity & Benefit Fund of Chicago approve a policy of offering to minority owned businesses, female owned businesses, and businesses owned by a person with a disability, opportunities to provide brokerage business throughout Chicago and the State of Illinois for the efficient and continued operation of LABF.

I HEREBY CERTIFY that this is a true copy of a Policy duly reviewed by the Retirement Board of the Laborers' and Retirement Board Employees' Annuity & Benefit Fund of Chicago, at a meeting held on April 17, 2018. The Policy was first adopted at a meeting held on December 17, 2002 and subsequently reviewed and revised at various meetings of the Retirement Board as noted below.



Secretary
The Retirement Board

Original Date: 12/17/2002
Revised Date: 12/20/2005
Revised Date: 01/15/2008
Revised Date: 08/18/2009
Reviewed Date: 04/15/2011
Revised Date: 03/20/2012
Reviewed Date: 04/16/2013
Revised Date: 11/19/2013
Revised Date: 12/17/2013
Revised Date: 02/18/2014
Reviewed Date: 04/15/2014
Reviewed Date: 04/14/2015
Reviewed Date: 04/28/2016
Reviewed Date: 04/18/2017

Amended MWDBE Investment Manager Utilization Policy, Effective February 1, 2015

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago is committed to providing opportunities for minority owned business entities, female owned business entities and business entities owned by a person with a disability as defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act. Pursuant to Illinois Pension Code (40 ILCS 5/1-109.1(4)), the LABF Board of Trustees has adopted the following minimum goals for the utilization of Emerging Investment Managers.

Goals for the Utilization of Emerging Investment Managers:

By Ownership:

<u>Investment Manager Classification</u>	<u>As a Percentage of Total Assets</u>
Minority Owned Business Entity	13% to 15%
Woman Owned Business Entity	2% to 4%
Disabled Owned Business Entity	Best Efforts

By Asset Class:

<u>Asset Class</u>	<u>As a Percentage of Total Assets</u>
Equity	18% to 20%
Fixed Income	7% to 9%
Alternatives	11% to 16%

Pursuant to Illinois Pension Code (40 ILCS 5/1-109.1(9)), the LABF Board of Trustees has also adopted the following policy setting minimum goals for its utilization of Minority Investment Managers.

Goals for the Utilization of Minority Investment Managers by Classification:

<u>Investment Manager Classification</u>	<u>As a Percentage of Total Assets</u>
Minority Owned Business Entity	15% to 23%
Woman Owned Business Entity	2% to 5%
Disabled Owned Business Entity	Best Efforts

These goals will be reviewed annually.

Original Date: 11/17/2009
Reviewed Date: 04/15/2011
Reviewed Date: 03/20/2012
Reviewed Date: 04/16/2013
Reviewed Date: 04/15/2014
Revised Date: 01/15/2015
Reviewed Date: 04/14/2015
Reviewed Date: 04/28/2016
Reviewed Date: 04/18/2017
Reviewed Date: 04/17/2018