

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting No. 976**

August 23, 2016

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

August 23, 2016

Report of Meeting No. 976 held on August 23, 2016, starting at 1:02 p.m. at the office of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("Fund").

The following were present:

Board Members:

Victor Roa, President (Local 1001)
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)

Fund's Staff & Consultants:

Graham Grady – Taft Stettinius & Hollister LLP, Fund's Counsel
Cary Donham – Taft Stettinius & Hollister LLP, Fund's Counsel
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
Tina Rhoten – Benefits Manager
Margie Grazevich – Payment Services Manager
Irene Velasquez – Payment Services Assistant
Nicole Evangelista – Payment Services Coordinator
Dr. Terence Sullivan – Fund Physician

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

Observers: Miriam Martinez – Office of the City Treasurer, City of Chicago
Jason Parks – Loop Capital Markets

President Roa determined that a quorum was present.

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the regular minutes of Meeting No. 975 held on July 23, 2016 be approved as submitted.

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

It was moved by Trustee Hamburger, seconded by Trustee LoVerde, that the minutes of the executive sessions 1, 2, 3, and 4 and of meeting No. 975 held on July 23, 2016 be approved as submitted.

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



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

Board Members:

I am transmitting herewith the minutes for the meeting of the Board which was held on **August 23, 2016**. The minutes are comprised of the following:

- Approval of minutes from prior meetings
- Public Participation
- Schedule A: Applications for Refunds
 1. Refund of Contributions Due to Separation From Service
 2. Miscellaneous Refunds
- Schedule B: Applications for Annuities
 1. Employee Annuity Applications
 2. Spouse and Child Annuity Applications
- 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
- Petition for the Waiver of Guardianship – Taken out of order.
- Alliant/Mesirow Insurance Presentation
- Executive Session No. 1
- Investments Report
- Administrative Report
- Executive Session No. 2
- Legal Report
- Executive Session No. 3
- Executive Session No. 4
- Executive Session No. 5
- Adjournment

All the foregoing matters were checked upon receipt into the office of the Board and were found to be hereinafter set forth.

Sincerely,

Michael R. LoVerde
Board Secretary

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

August 23, 2016

PUBLIC PARTICIPATION

None.

SCHEDULE A – APPLICATIONS FOR REFUNDS

1. Refund of Contributions Due to Separation from Service

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

2. Miscellaneous Refunds

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

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

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

2. Spouse and Child Annuities

It was moved by Trustee LoVerde, seconded by Trustee Keane, that applications presented 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 Joiner, seconded by Trustee LoVerde, that 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 Hamburger, seconded by Trustee LoVerde, 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.

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

August 23, 2016

SCHEDULE E – APPLICATIONS FOR ORDINARY DISABILITY BENEFITS

It was moved by Trustee Capasso, 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 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, 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 ADMINISTRATIVE EXPENSES

Administrative Invoices and Investment Invoices

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.

Petition for the Waiver of Guardianship

This item was taken out of order. Mr. Donham reviewed the details of the Petition for the Waiver of Guardianship for Ms. Elba Berrios, a Widow's Annuitant of the Fund.

It was moved by Trustee LoVerde, seconded by Trustee Joiner, to waive guardianship proceedings pursuant to 40 ILCS 5/11-233(c) for Elba Berrios and make monthly annuity payments to her daughter, Elizabeth Ramirez, as payee for the benefit of Ms. Berrios. See attached decision of the Board.

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

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

August 23, 2016

Alliant (Mesirow) Insurance Presentation

Timothy Bowen of Alliant/Mesirow Insurance Services, previously Mesirow Insurance Services Inc., made a presentation to the Trustees regarding the LABF's renewal of fiduciary liability insurance coverage and cyber liability insurance coverage.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to accept recommended Renewal Option 1 for the fiduciary liability insurance policy with a \$50,000 deductible.

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

It was moved by Trustee LoVerde, seconded by Trustee Capasso, to purchase separate Cyber Liability Coverage Option 1 through Beazley as reviewed in the meeting.

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

Mr. Walsh asked Mr. Bowen to research the possibility of a reduction in the cost of the Fund's Fiduciary Liability Insurance Policy without the Cyber Liability Rider due to the Fund's decision to purchase a standalone Cyber Liability Policy.

EXECUTIVE SESSION NO. 1

At 1:36 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, Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

At 3:29 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, Hamburger, Capasso and Joiner.
Against -- None.

The Trustees took no action.

INVESTMENT REPORT

June 30, 2016 Market Report and Investment Performance Analysis

Mr. Cairns and Ms. Finney-Cooke reviewed the Market Report and Investment Performance Analysis for June 30, 2016.

Quarterly Watch List

Mr. Cairns and Ms. Finney-Cooke reviewed with Trustees the performance of Keeley Asset Management and updated Trustees on the organizational changes that had previously taken place at the firm. NEPC recommended removing Keeley from the Watch List.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to remove Keeley Asset Management from the Watch List.

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

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

August 23, 2016

March 31, 2016 Private Equity and Real Estate Reports

Ms. Finney-Cooke reviewed the Private Equity and Private Real Estate Reports for March 31, 2016.

July 31, 2016 Preliminary Flash

Ms. Finney-Cooke presented the Trustees with the Preliminary Flash Report for July 31, 2016.

Manager Review/Due Diligence

Ms. Finney-Cooke presented an update regarding organizational changes at PIMCO and personnel changes at both Hexavest and Morgan Stanley AIP. NEPC recommended no action be taken at this time and will continue to monitor these matters.

Non-Core Value Add Opportunistic Real Estate RFP

Mr. Walsh updated the Board regarding contract negotiations with Long Wharf Real Estate Partners. It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to make a \$10 million commitment in Long Wharf Real Estate Partners V, LP subject to final contract negotiations.

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

ADMINISTRATIVE REPORT

Entrust Special Opps Fund III

Entrust Special Opps Fund III requested a capital call on July 1, 2016 in the amount of \$421,992.00.

Mesirow Real Estate Value Fund II

Mesirow Real Estate Value Fund II requested a capital call on July 12, 2016 in the amount of \$470,389.00.

JBC Fund IV

JBC Fund IV made a distribution on July 1, 2016 in the amount of \$1,244,110.00.

Midwest Mezzanine Fund IV

Midwest Mezzanine Fund IV made a distribution on July 11, 2016 in the amount of \$419,683.00.

Mesirow Real Estate Value Fund

Mesirow Real Estate Value Fund made a distribution on July 27, 2016 in the amount of \$319,379.00.

Permal Private Equity Opportunities V

Permal Private Equity Opportunities V made a distribution on July 25, 2016 in the amount of \$7,006.00.

Entrust Special Opps Fund II

Entrust Special Opps Fund II made a distribution on July 28, 2016 in the amount of \$918,886.00.

Legislative Update

Mr. Walsh reported that House Bill 6030 passed the Illinois General Assembly and was approved by the Governor on July 29, 2016, becoming Public Act 99-0683. This will allow Illinois Pension Funds to access to data maintained by the Illinois Department of Public Health's Office of Vital Records regarding deceased annuitants.

Participant Payment Matter

Mr. Grady reported the details of a potential matter of fraud regarding electronic overpayments of approximately \$35,100 to a deceased annuitant, Clareece Derbigny, into a bank account where her son, Joel Derbigny, was a co-owner. Mr. Grady reviewed a timeline of the potential fraud and reviewed actions the Fund has taken to get the overpayments paid back in this matter. Ms. Derbigny's annuity was ultimately suspended in 2007 due to non-compliance with the Fund's Signature Verification Form request.

Mr. Grady recommended referring the case to the State's Attorneys in Cook, Will and DuPage Counties for reasonable suspicion of fraud. Mr. Grady further recommended that the LABF hire a collection agency on a contingency basis to attempt to recoup the overpayments in this matter.

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

August 23, 2016

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to refer the Derbigny matter to the State's Attorneys in Cook County, Will County and DuPage County on the grounds of reasonable suspicion of fraud.

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

It was moved by Trustee Capasso, seconded by Trustee Hamburger, to engage a collection agency on a contingency basis to attempt to collect the money owed to the LABF in this matter.

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

Miscellaneous

Election - Mr. Walsh informed the Board that election notices had been sent to City departments and members on disability and that advertisements of the October 27, 2016 Active Member Election had been placed in the Sun-Times newspaper.

MWDBE Investment Hearings - Mr. Walsh updated the Board on the Senate Committee on Pension Investments Subject Matter Hearings on MWBE Investments which were held on August 11th and 12th of 2016.

Impact Statements - Mr. Walsh reported that the GRS funding impact statement is scheduled for completion in early September.

EXECUTIVE SESSION NO. 2

At 4:15 p.m., Trustee Hamburger requested an executive session under 5 ILCS 120/2(c)(8) and 120/2(c)(11) to discuss data security procedures and potential or current litigation of the Fund. Trustee LoVerde seconded the motion.

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

At 4:24 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.

The Trustees took no action.

LEGAL REPORT

Carmichael Litigation

Mr. Donham reported the status of the Carmichael Litigation. The trustees also asked some questions on administration of the Fund for members affected by this litigation.

DV Urban Litigation

Mr. Donham updated the Trustees on the status of the DV Urban Litigation and noted that due to a recent final order, the case cannot be refiled in the Circuit Court of Cook County.

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

August 23, 2016

EXECUTIVE SESSION NO. 3

At 4:29 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 4:33 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 Board was presented with a comprehensive review of closed executive session minutes. Trustee LoVerde made a motion, seconded by Trustee Hamburger, to approve the recommendations of Fund staff and Fund Counsel to make available for public inspection items 1-23 of Section 1 of the memo presented to 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.

EXECUTIVE SESSION NO. 4

At 4:35 p.m., Trustee Hamburger requested an executive session under 5 ILCS 120/2(c)(11) to discuss potential or current litigation of the Fund. Trustee LoVerde seconded the motion.

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

At 4:37 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, Hamburger, Capasso and Joiner.
Against -- None.

The Trustees took no action.

EXECUTIVE SESSION NO. 5

At 4:37 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 Hamburger seconded the motion.

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

At 4:42 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, Hamburger, Capasso and Joiner.
Against -- None.

The Trustees took no action.

ADJOURNMENT

With no further business, at 4:42 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.

BEFORE THE LABORERS' AND RETIREMENT BOARD EMPLOYEES'
ANNUITY AND BENEFIT FUND OF CHICAGO

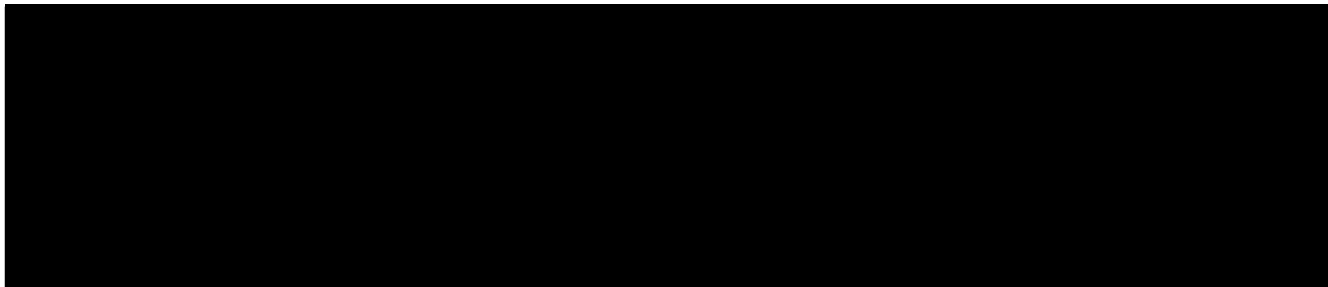
IN THE MATTER OF)
)
Elba Berrios)

DECISION OF THE BOARD OF TRUSTEES

This matter coming to be heard before the Board of Trustees of the Laborers' and Retirement Board Employees' Annuity and Benefits Fund of Chicago (Board) on a Petition for the Waiver of Guardianship (Petition) pursuant 40 ILCS 5/11-223(c) A hearing on the Verified Petition of Elizabeth Ramirez before the Board was held on August 23, 2016. The Board after reviewing the Petition and the Doctor's Report and a hearing on the evidence, does hereby make the following:

FINDINGS OF FACT

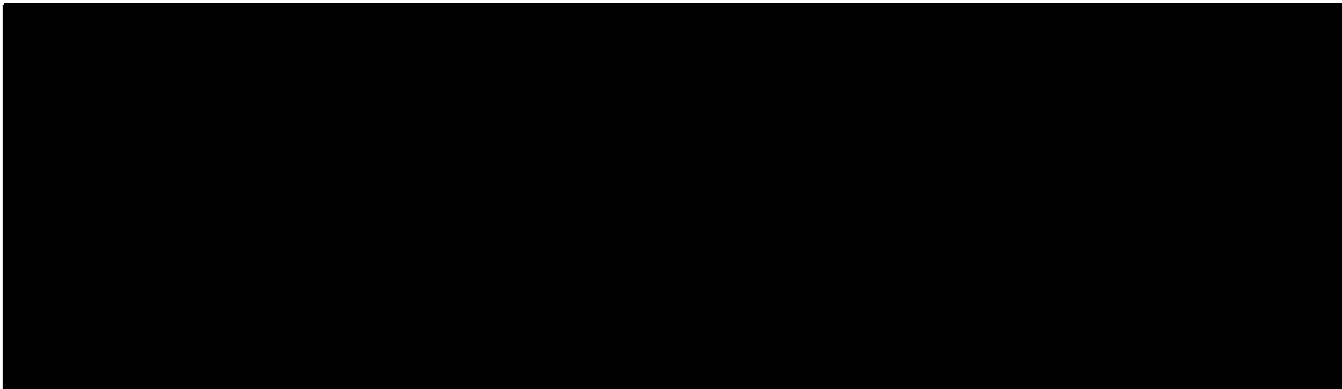
1. That Elba Berrios is receiving an annuity from the Fund.
2. That the Petitioner is the Daughter of Elba Berrios.
3. That the Petitioner has been responsible for the care of her mother, Elba Berrios, but lacks the resources necessary to seek and obtain a guardianship order from the Circuit Court of Cook County, Illinois.



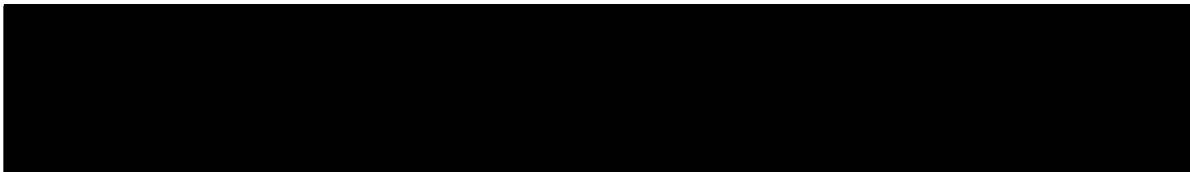
5. That based on the Report, the Board finds that Elba Berrios is under legal disability and that it is in her best interest for the Board to waive guardianship proceedings.

IT IS HEREBY ORDERED AS FOLLOWS:

1. The Fund has jurisdiction over the parties and the subject matter.
2. That the Board exercises its sound discretion to waive guardianship proceedings pursuant to 40 ILCS 5/11-233(c).



Entered by the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago on August 23, 2016.



President of the Board of Trustees

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

The undersigned certifies that a copy of the Decision of the Board of Trustees was mailed by regular mail on the 26th day of August, 2016, at 321 North Clark Street, Chicago IL 60654 to the annuitant, Petitioner and interested parties.

