

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting No. 1005**

January 22, 2019

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

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

January 22, 2019

Report of Meeting No. 1005 held on January 22, 2019, starting at 1:09 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
Dr. Terence Sullivan	– Fund's Physician
Kweku Obed	– Marquette Associates, Fund's Investment Consultant
Neil Capps	– Marquette Associates, 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
Paul Rzeszutko	– Assistant Benefits Manager
Nicole Evangelista	– Payment Services Coordinator
Christopher Lucas	– Staff Actuary/Senior Developer

Absent:

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

Observer: Jeff Johnson, Board President, Municipal Employees Annuity and Benefit Fund 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 January 22, 2019. The minutes are comprised of the following:

- Public Participation
- Approval of Minutes from 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
- Investments Report
- Executive Session No. 1
- Administrative Report
- Executive Session No. 2
- Legal Report
- Executive Session No. 3
- 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**

January 22, 2019

PUBLIC PARTICIPATION

None.

APPROVAL OF MINUTES FROM PREVIOUS MEETINGS

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the regular minutes of Meeting No. 1004 held on December 18, 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, 3, and 4 of Meeting No. 1004 held on December 18, 2018 be approved as submitted.

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

SCHEDULE A – APPLICATIONS FOR REFUNDS

1. Refund of Contributions Due to Separation from Service

It was moved by Trustee Capasso, seconded by Trustee Hamburger, 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 Joiner, that the applications presented for Miscellaneous Refunds of Contributions 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 Hamburger, seconded by Trustee LoVerde, that the applications 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

It was moved by Trustee Joiner, seconded by Trustee Capasso, 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 Capasso, 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

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

January 22, 2019

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, 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.

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 Hamburger, 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

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

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

INVESTMENTS REPORT

Market Tracker

Mr. Obed reviewed the 2018 market performance.

December 31, 2018 Preliminary Performance Report

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

Asset Allocation Follow-Up / Implementation Discussion

This item was discussed in executive session.

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

January 22, 2019

EXECUTIVE SESSION NO. 1

At 1:32 PM, 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 1:34 PM, Trustee Hamburger made a motion, seconded by Trustee Keane 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 Hamburger, seconded by Trustee LoVerde, to terminate the Morgan Stanley Riverview Global Macro Fund L.P. portfolio.

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

ADMINISTRATIVE REPORT

Ethics Training

Mr. Carroll reviewed the Trustee ethics training requirement and reported that all the Trustees had met or exceeded the requirements of eight hours of ethics training for 2018.

It was moved by Trustee LoVerde, seconded by Trustee Capasso, to certify that the following Trustees completed their required ethics training for 2018: Trustees Roa, Keane, LoVerde, Summers, Hamburger, Brown, Capasso and Joiner.

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

Public Act 100-0023 Employer Contribution Mechanics

Mr. Walsh presented a table which summarized several possible approaches for implementing employer contributions for City of Chicago ("City") employees who are on approved leaves of absence from the City to work for a local labor organization ("LOA Employees"). Mr. Walsh explained that with respect to these members, Article 11 of the Illinois Pension Code requires that "the participant, or the labor organization on the participant's behalf, makes contributions to the Fund as though it were the employer, in the same amount and same manner as specified under this Article [11]...based on his current salary with such labor organization...". Mr. Walsh summarized how employer contributions have in the past been made on behalf of LOA Employees based on the historical "multiplier" funding mechanism; however, Mr. Walsh explained that the requirement that contributions be made in the "same amount and same manner" is open to interpretation following the passage of Public Act 100-0023 ("Act") which changed the employer funding mechanism to a multi-year "ramp" followed by actuarial based funding. Mr. Walsh also discussed IRS plan qualification issues.

The Trustees discussed the issues at length and agreed that it was necessary to get clarification from the City of Chicago's Corporation Council on the ambiguities related to this matter. The Trustees directed Mr. Walsh to write to Corporation Council seeking clarification and to send separate letters to Fund members who are affected by this issue.

Legislative Matters

Mr. Walsh reported that House Bill 166 passed and was signed by Governor Rauner before he left office.

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

January 22, 2019

Miscellaneous

Statement of Economic Interest – Mr. Carroll confirmed home and email addresses with Trustees and reported that he will send changes to the Cook County Clerk's Office. The statement is due May 1, 2019.

2019 Financing Request (Tax Levy)

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 2

At 2:50 pm, Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss pending or probable litigation against, affecting or on behalf of the Fund. Trustee Joiner seconded the motion.

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

At 3:03 PM, Trustee Hamburger made a motion, seconded by Trustee LoVerde 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

Holmon Matter

Mr. Grady reported that he was contacted by the attorney representing Debbie Holmon, a former widow annuitant, regarding changes with respects to her ongoing bankruptcy case and requested a modification to her repayment agreement with LABF. Mr. Grady suggested that the Board give Mr. Walsh the authority to alter Ms. Holmon's repayment plan, to which they agreed.

Hearing Request

Mr. Walsh reported that the LABF had received a request for a hearing from Rick Osborn, an LABF member who is disputing the requirement that he repay certain disability payments to LABF after receiving a settlement with respect to a claim filed with the Illinois Workers' Compensation Commission. Mr. Walsh explained that the LABF had paid Mr. Osborn duty disability benefits, but that he later received a settlement which resulted in him receiving benefits under the Workers' Compensation Act totaling greater than 75% of his salary, which eliminates his entitlement to related disability benefits from LABF based on the Illinois Pension Code. The LABF requested that Mr. Osborn repay the approximately \$9,500 in benefits he received from LABF. Mr. Walsh recommended that the Trustees grant Mr. Osborn a hearing tentatively scheduled to take place at the March 19, 2019 Board meeting. The Trustees agreed to schedule the hearing for March 19, 2019 and Mr. Walsh stated that he would circulate a Notice of Hearing prior to the meeting.

Underwood Litigation

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 3

At 3:10 PM, Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss pending or probable litigation against, affecting or on behalf 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'
ANNUITY & BENEFIT FUND OF CHICAGO**

January 22, 2019

At 3:23 PM, Trustee Hamburger made a motion, seconded by Trustee LoVerde 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 3:23 PM, 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