

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting No. 993**

January 23, 2018

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

January 23, 2018

Report of Meeting No. 993 held on January 23, 2018, starting at 1:04 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) (<i>arrived at 1:08 pm</i>)
	Michael LoVerde	– Secretary (Active Employee Elected Member)
	Carol Hamburger	– Trustee (Managing Deputy Comptroller, City of Chicago)
	James Capasso, Jr.	– Trustee (Annuitant Elected Member)
	Kurt Summers, Jr.	– Trustee (City Treasurer, City of Chicago) (<i>arrived at 1:44 pm</i>)
	Carole Brown	– Trustee (Chief Financial Officer, City of Chicago) (<i>arrived at 1:08 pm</i>)
	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
	James Wesner	– Marquette Associates, Fund's Investment Consultant
	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 Officer
	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: Dr. Terence Sullivan – Fund's Physician

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 **January 23, 2018**. The minutes are comprised of the following:

- Public Participation
- Approval of Minutes from Prior Meeting
- 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
- Investments Report Continued
- Administrative Report
- Legal Report
- Executive Session No. 2
- Administrative Report Continued
- 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

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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. 992 held on December 19, 2017 be approved as submitted.

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

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the minutes of Executive Sessions 1, 2, 3 and 4 of Meeting No. 992 held on December 19, 2017 be approved as submitted.

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

2. Miscellaneous Refunds

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

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

SCHEDULE B – APPLICATIONS FOR ANNUITIES

1. Employee Annuities

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

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

SCHEDULE C – ADJUSTMENT REFUNDS TO NEW ANNUITANTS

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

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

Trustees Keane and Brown entered at 1:08 p.m.

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

SCHEDULE G – EXTENSION OF ORDINARY DISABILITY BENEFITS

Mr. Walsh explained the absence of Dr. Sullivan and reviewed the merits of the Amanda Lewis application for extension of ordinary disability benefits.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the applications for Extension of Ordinary Disability Benefits, with the exception of Amanda Lewis application, be approved and ordered paid.

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

It was moved by Trustee LoVerde, seconded by Trustee Brown, that the application for Extension of Ordinary Disability Benefits for Amanda Lewis be approved and ordered paid pending the examination and approval of Dr. Sullivan.

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

SCHEDULE H – PAYMENT OF UNCASHED CHECKS OF DECEASED MEMBERS

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the applications for Payment of Uncashed Checks of Deceased Members be approved and ordered paid.

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

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INVESTMENTS REPORT

December 31, 2017 Preliminary Performance Report

Mr. Obed reviewed the December 31, 2017 Preliminary Performance Report.

Asset Allocation Discussion

Mr. Wesner reviewed reports pertaining to private markets and real estate allocations.

RFP Discussions

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 1

At 1:35 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 Hamburger seconded the motion.

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

At 1:38 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, Brown and Joiner.
Against -- None.

The Trustees took no action.

Public Act 100-0542 Disclosure

Mr. Walsh briefly explained Public Act 100-0542, which requires consultants to provide certain disclosures regarding their compensation in addition to data pertaining to searches for investment services conducted by the consultant. Mr. Obed reviewed a memo prepared by Marquette Associates in compliance with the requirements of the new law and noted Marquette Associates' strong numbers related to recommendations of MWDBE investment managers to its clients over the past year.

Trustee Summers entered at 1:44 p.m.

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 2017.

It was moved by Trustee Capasso, seconded by Trustee LoVerde, to certify that the following Trustees completed their required ethics training for 2017: Trustees Roa, Keane, LoVerde, Summers, Hamburger, Brown, Capasso and Joiner.

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

Fraud Matter

This item was taken out of order.

Mr. Carroll reviewed a previously discussed fraud matter in which a family member of a deceased LABF member appears to have forged the member's signature and continued to receive annuity payments after the member's death. The Board previously directed staff to report the matter to the State's Attorney's Office. Mr. Carroll informed the Board that LABF has since been reimbursed by the depositing bank for the overpayment of \$10,997.88 and requested direction from the Board regarding a follow-up letter to the State's Attorney's Office outlining the recovery of funds.

The Board directed staff to send a letter to the State's Attorney's Office updating them on the recovery of funds in this matter.

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2017 Statements of Economic Interest

This item was taken out of order.

In preparation for the 2017 Statements of Economic Interests filings, Mr. Carroll informed the Trustees that their names and contact information will be submitted to the County Clerk's Office and requested to be informed of any changes in their contact information.

ADMINISTRATIVE REPORT

LABF Retired Employees Health Insurance Benefits

This item was taken out of order.

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 2

At 1:57 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(1) and (11) to discuss personnel matters and salary schedules as well as current or potential litigation. Trustee Joiner seconded the motion.

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

At 2:07 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, Summers, Brown and Joiner.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Joiner, to approve Version 1 of The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago Policy for Retired Employees Healthcare Insurance Benefits (the "Policy"). *See attached.*

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

ADMINISTRATIVE REPORT (continued)

Legislative Matters

Mr. Walsh discussed the requirement under P.A. 100-0023 (the "Act") to hire an independent actuary in order to calculate the "Tier 3" normal cost as a percentage of pay. As prescribed by the Act, this figure is to be used to determine the contributions of those employees subject to the "Tier 3" benefit structure. Mr. Walsh referred the Trustees to a letter from Trustee Brown (Chief Financial Officer, City of Chicago) which contained the City's request to engage Aon Consultants ("Aon") for this purpose (*see attached*).

The Trustees discussed the matter at length. Mr. Walsh expressed that he would be comfortable utilizing Aon in this limited capacity, but did want the opportunity to have a discussion with Aon regarding their methodology and assumptions prior to engaging them. Trustee Brown conveyed the City's interest in leveraging their current contract with Aon. Mr. Walsh expressed his desire that the Fund enter into a contractual arrangement with Aon as well in order to ensure that the Fund and its members are afforded certain legal protections. Trustee Brown suggested that the Fund and Aon might enter into a side letter agreement for this purpose. Trustees directed Mr. Walsh to work with the City and Aon on a side letter agreement.

It was moved by Trustee LoVerde, seconded by Trustee Capasso, to approve the City of Chicago's selection of an independent actuary pursuant to P.A. 100-0023 subject to signing of a side letter agreement.

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

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Legislative Matter - Interceptor Provision

Mr. Walsh referenced an email the Fund received from its legislative consultant explaining that draft legislation addressing the interceptor provision, prepared by the State's Legislative Reference Bureau at the request of the Fund, was inadvertently introduced, becoming House Bill 4224. Mr. Walsh went on to review some previous discussions the Board had regarding this matter as well as some of the history surrounding the interceptor provision as it relates to various pension funds in the State. In light of the fact that legislation had now already been introduced, the Trustees decided to take no further action at this time.

LEGAL REPORT

Coveliers Matter

This item was taken out of Order. Mr. Donham informed the Board that the Illinois Supreme Court had denied Mr. Coveliers' Petition for Leave to Appeal and noted that this case is over for all practical purposes. Mr. Donham also reported that the Fund will not need to seek a repayment of the annuity payments Mr. Coveliers already received as the payments could be deducted from the balance of refund of contributions still due to Mr. Coveliers.

Underwood Litigation

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 3

At 2:41 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 Keane seconded the motion.

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

At 2:58 p.m., 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, Summers, Brown and Joiner.
Against -- None.

The Trustees took no action.

ADJOURNMENT

With no further business, at 2:59 p.m., Trustee LoVerde made a motion to adjourn the meeting. Trustee Capasso seconded the motion.

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

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago
Policy for Retired Employees Healthcare Insurance Benefits (the "Policy")

Statement of Purpose

The Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("LABF" or "Fund") understands the value of attracting and retaining a talented workforce. Furthermore, pursuant to 40 ILCS 5/11-197 and Article III of LABF's Bylaws, LABF has the ability to hire and compensate employees as needed. Among the benefits that have historically been included in the overall compensation package offered to LABF employees is access to group health insurance benefits upon retirement. The purpose of this Policy is to explain the healthcare benefits currently offered to retired LABF employees ("Fund Retirees"), specify who is eligible to participate, and set forth some important rules regarding coverage.

Offered Benefits

Retiree health insurance benefits include medical, prescription, dental and vision coverage.

Medicare-eligible Fund Retirees must have Medicare as their primary insurer. The LABF offers a Medicare Supplement Plan and a Medicare prescription drug plan to fill in the coverage gaps in the standard Medicare policy. If a Medicare eligible Fund Retiree is not covered under Medicare for any reason, the LABF will deny them coverage. Non-Medicare eligible Fund Retirees may remain on the plan that provides medical and prescription coverage for the active employees of the Fund until such time as they become Medicare eligible.

All persons covered under this Policy are subject to the plan administration rules and limits as determined by the insurance company providing the coverage. Such rules and limits are subject to change from time-to-time at the discretion of the insurer and shall not constitute a change in this Policy. Health insurance providers can be changed by LABF at any time.

All persons covered under this Policy should refer to the Summary Plan description for coverage details.

Eligibility for Health Insurance Coverage

Eligible Fund Retirees:

To be eligible for health insurance, the Fund Retiree must (1) have been a participant in the Fund's active employee insurance plan immediately prior to separating from service; (2) be receiving an annuity from LABF; and (3) elect the health insurance coverage as of the date he or she first begins collecting an annuity from LABF. If a Fund Retiree fails to timely elect retiree health insurance coverage or drops retiree health insurance coverage, the Fund Retiree will not be permitted to enroll or re-enroll in the retiree health insurance plan.

Eligible Spouses:

If the Fund Retiree is enrolled in an LABF health insurance plan, a spouse is eligible for coverage if the spouse was eligible to be covered under the LABF employee plan on the last day the Fund Retiree worked for LABF. The eligible spouse may be added to the Fund Retiree's policy at the time the Fund

Retiree's coverage begins, within 31 days of any qualifying event or during any annual open enrollment period.

Upon the Fund Retiree's death, if the spouse is eligible for a surviving spouse's annuity from LABF and was eligible to be covered on the Fund Retiree's policy immediately prior to death, he or she may elect or continue coverage. In the event of an active LABF employee death, a surviving spouse of the deceased LABF employee who is eligible for a surviving spouse's annuity from LABF and was eligible to be covered under the LABF employee health insurance plan on the last day the active LABF employee worked may elect or continue coverage under this policy.

Eligible Children:

The Fund Retiree's children are eligible for coverage under the Fund Retiree's policy or the policy of a surviving spouse entitled to coverage after the Fund Retiree's death if the children were eligible to be covered on the LABF employee plan on the last day the Fund Retiree worked for LABF. The eligible child may be added to the Fund Retiree's or surviving spouse's policy at the time the coverage begins, within 31 days of any qualifying event or during any annual open enrollment period.

Upon the death of both the eligible Fund Retiree and eligible surviving spouse, any child will be offered coverage if the child is eligible for a child's annuity from LABF and was being covered on the eligible Fund Retiree's or eligible surviving spouse's policy immediately prior to death. In the event of an active LABF employee death, a child of the deceased LABF employee who is eligible for a child's annuity from LABF and was eligible to be covered under the LABF employee health insurance plan on the last day the active LABF employee worked may elect or continue coverage under this policy until age 18 or until the child's annuity ceases to be paid.

Eligibility for LABF Cost Sharing

With respect to any eligible Fund Retiree who retires prior to January 1, 2019, the Fund will pay 55% of the total cost of the health insurance benefits for the retiree and/or any eligible family members who elect to participate in the Fund's retiree health insurance plan. Such Fund Retirees and/or any eligible family members will pay 45% of the total cost of the coverage.

With respect to any eligible Fund Retiree who was hired prior to the effective date of this policy, the Fund will pay 55% of the total cost of the health insurance benefits for the retiree and/or any eligible family members who elect to participate in the Fund's retiree health insurance plan. Such Fund Retirees and/or any eligible family members will pay 45% of the total cost of the coverage.

With respect to any eligible Fund Retiree who was hired on or after the effective date of this policy, the Fund will pay 0% of the total cost of the health insurance premiums for the Fund Retiree and/or any eligible family members who elect to participate in the Fund's retiree health insurance plan. Such Fund Retirees and/or any eligible family members will pay 100% of the total cost of any applicable health insurance premiums.

To be eligible for any LABF cost sharing, the Fund Retiree must have at least 5 full years of active service as a staff member working at LABF.

AMENDING THIS POLICY THE BOARD OF TRUSTEES OF LABF MAY AMEND OR DISCONTINUE THIS POLICY AT ANY TIME, AT ITS SOLE DISCRETION, WITH A MINIMUM OF A 6-MONTH NOTICE TO PARTICIPANTS.



OFFICE OF MAYOR RAHM EMANUEL
CITY OF CHICAGO

James Mohler, Executive Director
Municipal Employees Annuity and Benefit Fund
321 N. Clark Street, Suite 700
Chicago, Illinois 60654-4767

Michael Walsh, Executive Director
Laborers' Retirement Board Employees' Annuity and Benefit Fund
321 N. Clark Street, Suite 1300
Chicago, Illinois 60654-4739

January 10, 2018

Gentlemen:

As you may know, beginning January 1, 2018, pursuant to Public Act 100-0023 ("Act"), all employees hired after July 6, 2017 are subject to, among other things, a pension deduction of the lesser of the total normal cost or 11.5% of their payroll. The Act requires that the City, in cooperation with the Municipal Employees Annuity and Benefit Fund of Chicago ("MEABF") and the Laborers Annuity and Benefit Fund of Chicago ("LABF", collectively "the Funds"), engage a mutually agreed upon independent actuary to calculate the applicable normal cost of the benefit for each Fund. That independent calculation should then be used to confirm the appropriate pension deduction for each Fund.

The City intends to engage Aon Consultants ("Aon") to undertake the independent actuarial normal cost calculation and seeks from each Fund, as soon as practicable, your approval of this selection. Upon receipt of your concurrence with the selection of Aon, the City will direct Aon to begin the independent actuarial normal cost calculation for each Fund. Pursuant to the Act, the City is responsible for the actuary's fees and expenses, and the Funds are obligated to provide information requested by the actuary in order to complete the calculation.

Please feel free to contact me if you have any questions or need any additional information.

Sincerely,

Carole L. Brown
Chief Financial Officer
City of Chicago