

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting No. 981**

January 24, 2017

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

January 24, 2017

Report of Meeting No. 981 held on January 24, 2017, 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 Member)
	Erin Keane	– Vice President (City Comptroller, City of Chicago) (<i>arrived at 1:17pm</i>)
	Michael LoVerde	– Secretary (Active Employee Elected Member)
	Carol Hamburger	– Trustee (Managing Deputy Comptroller, City of Chicago)
	Kurt Summers, Jr.	– Trustee (City Treasurer, City of Chicago) (<i>arrived at 1:56 pm</i>)
	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
	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
	Margie Grazevich	– Payment Services Manager
	Nicole Evangelista	– Payment Services Coordinator
	Irene Velazquez	– Payment Services Assistant
	Tina Rhoten	– Benefits Manager
	Paul Rzeszutko	– Assistant Benefits Manager
Absent:	Carole Brown	– Trustee (Chief Financial Officer, City of Chicago)
Observers:	Jason Parks	– Loop Capital Markets
	Tyra Taylor	– FinDaily

President Roa determined that a quorum was present.



***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 24, 2017**. 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
- Petition in Lieu of Guardianship
- Investments Report
- Executive Session No. 1
- Executive Session No. 2
- Investments Report Continued
- Administrative Report
- Executive Session No. 3
- Investments Report Continued
- Legal Report
- Executive Session No. 4
- Legal Report Continued
- Adjournment

All the foregoing matters were checked upon receipt into 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'
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PUBLIC PARTICIPATION

None.

APPROVAL OF PREVIOUS MINUTES

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the regular minutes of Meeting No. 980 held on December 19, 2016 be approved as submitted.

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

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the minutes of the executive sessions 1 and 2 of Meeting No. 980 held on December 19, 2016 be approved as submitted.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Summers, 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 Capasso, that Refunds of Contributions Due to Separation from Service be approved and ordered paid.

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

2. Miscellaneous Refunds – Refund to Heirs of Deceased Members and Errors in Deductions

It was moved by Trustee Joiner, seconded by Trustee LoVerde that Refunds to Heirs of Deceased Members and of Errors in Deductions be approved and ordered paid.

Roll-call: For-- Trustees Roa, Keane, LoVerde, Summers, 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 applications presented for Employee Annuities be approved and ordered paid.

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

2. Spouse and Child Annuities

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

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

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SCHEDULE C – ADJUSTMENT REFUNDS TO NEW ANNUITANTS

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

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

SCHEDULE D – APPLICATIONS FOR DUTY DISABILITY BENEFITS

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

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

SCHEDULE E – APPLICATIONS FOR ORDINARY DISABILITY BENEFITS

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

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

SCHEDULE F – EXTENSION OF DUTY DISABILITY BENEFITS

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

SCHEDULE G – EXTENSION OF ORDINARY DISABILITY BENEFITS

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

Roll-call: For-- Trustees Roa, Keane, LoVerde, Summers, Hamburger, Capasso 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 Payments of Uncashed Checks of Deceased Members be approved and ordered paid.

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

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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, Summers, Hamburger, Capasso and Joiner.
Against -- None.

Petition for the Waiver of Guardianship

Mr. Carroll reviewed the details of the Petition for the Waiver of Guardianship for Geneva Tate, an annuitant of the Fund.

It was moved by Trustee LoVerde, seconded by Trustee Capasso, to waive guardianship proceedings pursuant to 40 ILCS 5/11-223(c) for Ms. Tate and make monthly annuity payments to her daughter, Alberta Denise Tate, as payee for the benefit of Geneva Tate. The Trustees requested some additional wording to the final decision to further protect the Fund, which has been added to the attached final decision of the Board.

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

INVESTMENTS REPORT

December 31, 2016 Preliminary Performance Report

Ms. Finney-Cooke reviewed the December 31, 2016 Preliminary Monthly Performance Report.

Absolute Return Fixed Income RFP

This item was discussed in executive session.

EXECUTIVE SESSION NO. 1

At 1:29 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 and Joiner.
Against -- None.

At 1:46 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, Capasso and Joiner.
Against -- None.

The Trustees took no action.

Investment Contract Matters

This item was discussed in executive session.

EXECUTIVE SESSION NO. 2

At 1:47 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, Capasso and Joiner.
Against -- None.

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At 2:03 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, Summers, Hamburger, Capasso and Joiner.
Against -- None.

The Trustees took no action.

INVESTMENTS REPORT CONTINUED

Manager Review / Manager Update

Ms. Finney-Cooke reviewed a memo prepared by NEPC updating the Trustees on the organizational changes at Hexavest. NEPC recommended no changes at this time and will continue to monitor this matter and keep the Board updated on any additional changes.

Ms. Finney-Cooke also noted some recent legal settlement announcements for Deutsche Bank, the Fund's securities lending agent.

City of Chicago Resolution Regarding Divestment

The Board discussed the City of Chicago's resolution regarding divestment of fossil fuel companies and noted some of the challenges a resolution such as this could pose the Fund. The Trustees requested that NEPC provide additional information on the impact this resolution could have on the LABF if adopted.

ADMINISTRATIVE REPORT

Cash Needs

Mr. Walsh reviewed the cash withdrawals for the year 2016.

Ethics Training

Mr. Carroll presented a memo to the Board noting their compliance with the required ethics training for the year 2016. It was moved by Trustee LoVerde, seconded by Trustee Summers, to certify that the following Trustees completed their required ethics training for 2016: Trustees Roa, Keane, LoVerde, Summers, Hamburger, Brown, Capasso and Joiner.

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

Disability Service Rule

Mr. Walsh reviewed the Fund's practices regarding granting service credit to members who are eligible, but did not apply, for duty disability benefits from the Fund. He presented the Board with options on how the Fund might improve administration of the related provisions found in Article 11 of the Illinois Pension Code. The Board directed Mr. Walsh to put together a plan of action for handling all the administrative challenges that are part of the current process for granting disability service credit, as well as a plan for addressing any future challenges that may arise with any new procedures to be implemented. The Trustees also discussed ways the Fund could improve communication with its Members, the City of Chicago and the Committee on Finance on matters related to disability benefits.

Collections Review

Mr. Carroll reviewed situations which cause overpayments to be made to members of the Fund and the Fund's current procedures for the collection of such overpayments. Mr. Carroll also explained the various processes that the Fund has put in place to limit overpayments to members and suggested adding the hiring of a debt collection firm as an extra tool to be used for the collection of overpayments. Mr. Carroll presented to the Board companies that had been researched and interviewed by Fund counsel to fulfill this task and recommended one firm that would best meet the needs of the Fund. As an initial step, the Trustees directed staff and counsel to move forward with the Markoff Law Firm on a contingency basis to recoup inadvertent overpayments made by the Fund to a small group of members.

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City Retiree Healthcare

Ms. Evangelista provided the Trustees with updated figures regarding LABF members who have enrolled in healthcare plans arranged for by the City of Chicago. The Board directed staff to send out a mailing to annuitants who have not yet enrolled reiterating that the City of Chicago's retiree healthcare coverage has ended and providing them with important deadlines and contact information.

Legislative Matters

Mr. Walsh reported the status of Senate Bill 2437 and stated that an identical bill, Senate Bill 14, had passed out of committee on January 24, 2017. Mr. Walsh noted that some of the same administrative concerns that staff identified with SB 2437 apply to Senate Bill 14. The Trustees requested that Mr. Walsh prepare a draft letter to the legislative leadership noting the main concerns and circulate it to Trustees and to the Fund's legislative liaison.

Miscellaneous

Statement of Economic Interest – Mr. Carroll reported that Trustees will need to submit a Statement of Economic Interest for year 2016. He informed Trustees that they will receive an email from the County Clerk with information on what they need to do in order to complete the submission.

Investment Contract Matters

This item was discussed in executive session.

EXECUTIVE SESSION NO. 3

At 3:27 p.m., Trustee Hamburger requested an executive session under 5 ILCS 120/2(c)(7) to discuss the sale or purchase of securities, investments or investment contracts. Trustee LoVerde seconded the motion.

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

At 3:50 p.m., Trustee LoVerde made a motion, seconded by Trustee Summers, that the executive session be adjourned and that the Board return to open session.

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

It was moved by Trustee Summers, seconded by Trustee LoVerde, to authorize the Executive Director to move forward with an RFP for investment consulting services.

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

LEGAL REPORT

Coveliers Litigation

This item was discussed in executive session.

EXECUTIVE SESSION NO. 4

At 3:52 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, Summers, Hamburger, Capasso and Joiner.
Against -- None.

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At 3:55 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, Summers, Hamburger, Capasso and Joiner.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to direct Fund's counsel to appeal the decision in the Coveliers litigation.

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

LEGAL REPORT CONTINUED

Carmichael Litigation

Mr. Donham reported the status of the Carmichael litigation and noted that Taft Stettinius and Hollister is preparing a reply in support of its motion for summary judgment in this matter and will circulate to Trustees before filing.

Underwood Litigation

Mr. Donham reported the status of the Underwood litigation and noted that Taft Stettinius and Hollister is preparing an appeal brief in this matter and will circulate to Trustees before filing.

ADJOURNMENT

With no further business, at 3:56 p.m., Trustee LoVerde made a motion to adjourn. Trustee Joiner seconded the motion.

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