

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting # 966**

October 20, 2015

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

October 20, 2015

Report of Meeting No. 966 held on October 20, 2015, starting at 1:09 p.m. in the office of the Laborers' Pension Fund.

The following were present:

Board Members:

Victor Roa, President (Local 1001)

Erin Keane, Vice President (First Deputy Comptroller, City of Chicago)

Michael LoVerde, Secretary (City of Chicago)

Kurt Summers, Jr., Trustee (City Treasurer, City of Chicago)

Carol Hamburger, Trustee (Managing Deputy Comptroller, City of Chicago) (*arrived at 2:30 p.m.*)

James Capasso, Jr., Trustee (Retired)

Staff & Consultants:

Graham Grady – Taft Stettinius & Hollister LLP, Fund's Attorney

Cary Donham – Taft Stettinius & Hollister LLP, Fund's Attorney

Dr. Terence Sullivan – Fund's Physician

Kristin Finney-Cooke – NEPC, LLC, Fund's Investment Consultant

Matt Ritter – NEPC, LLC, Fund's Investment Consultant

Michael Walsh – Executive Director and Chief Investment Officer (*arrived at 1:39 p.m.*)

Peggy Grabowski – Comptroller

Kathy Schanding – Fund Actuary

Joan Newman – Benefits Manager

Margie Grazevich – Payroll Manager

Irene Velazquez – Benefits Payroll Assistant

John Carroll – Compliance Administrator

Sheila Jones – Administrative Coordinator

Nadia Oumata – Manager of Accounting and Investments

Observers:

Angela Myers, Loop Capital

Absent: Carole Brown, Trustee (Chief Financial Officer, City of Chicago)

Joseph Rinella, Trustee (City of Chicago)

President Roa determined that a quorum was present.

It was moved by Trustee LoVerde, seconded by Trustee Keane, that the regular minutes of Meeting No. 965 be approved as submitted.

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

Against -- None.

Abstained -- Trustee Summers.

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the minutes of the executive sessions 1, 2, 3 and 4 of meeting No. 965 be approved as submitted.

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

Against -- None.

Abstained -- Trustee Summers.



***Laborers' and Retirement Board Employees'
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Board Members:

I am transmitting herewith the minutes for the meeting of the Retirement Board which was held on **October 20, 2015**. 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
- 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
- Investments Report
- Executive Session No. 1
- Administrative Report
- Legal Report
- Executive Session No. 2
- 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 Retirement Board and were found to be hereinafter set forth.

Sincerely,

Michael R. LoVerde
Retirement Board Secretary

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PUBLIC PARTICIPATION

None.

SCHEDULE A – APPLICATIONS FOR REFUNDS

1. Refund of Contributions Due to Separation from Service

It was moved by Trustee LoVerde, seconded by Trustee Keane, that Refunds of Contributions Due to Separation be approved and ordered paid.

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

2. Spouse and Child Annuities

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

SCHEDULE C – ADJUSTMENT REFUNDS TO NEW ANNUITANTS

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

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

SCHEDULE D – APPLICATIONS FOR DUTY DISABILITY BENEFITS

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

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

SCHEDULE E – APPLICATIONS FOR ORDINARY DISABILITY BENEFITS

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

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

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

SCHEDULE H – PAYMENT OF UNCASHED CHECKS OF DECEASED MEMBERS

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

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

SCHEDULE I – PAYMENT OF ADMINISTRATIVE EXPENSES

Administrative Invoices and Investment Invoices

It was moved by Trustee LoVerde, seconded by Trustee Summers, that Invoices be approved and ordered paid.

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

INVESTMENT REPORT

NEPC Real Estate Pacing Plan Review

Kristin Finney-Cooke introduced Matt Ritter, of NEPC LLC, who presented an educational session for the trustees on real estate investing. Mr. Ritter reviewed the different types of real estate investments and their benchmarks, assisted the trustees in understanding various strategies for real estate investing, and proposed real estate pacing plans for consideration by the trustees. Mr. Ritter also recommended that the LABF start the process of conducting a public search for an additional real estate manager.

It was moved by Trustee LoVerde, seconded by Trustee Summers, to start the RFP process for a real estate manager with a \$7 million - \$10 million investment commitment to a non-core opportunistic fund.

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

September 30, 2015 Preliminary Flash Report

Ms. Finney-Cooke presented to trustees the Preliminary Flash report for September 30, 2015.

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Manager Due Diligence/Other

Holland Capital Management – Ms. Finney-Cooke reported that Holland Capital Management has added additional personnel to their research team.

Entrust Capital – Ms. Finney-Cooke reported that one of Entrust's Funds has exposure to Saba Capital, but not to the particular Saba Fund that is being sued. NEPC will continue to monitor the situation.

Real Estate Contract

Mr. Walsh reviewed with trustees some highlights of the LLC agreement with MEABF for the Funds' investment in the Mesirow Financial Real Estate Value Fund II, L.P. He informed the trustees that he would mail to them a draft of the LLC agreement within the week and would provide an update at the next Board meeting.

EXECUTIVE SESSION NO. 1

At 2:10 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 Summers seconded the motion.

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

At 2:15 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 and Capasso.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Summers, to terminate the Fund's portfolio with Columbia Partners LLC Investment Management.

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

It was moved by Trustee LoVerde, seconded by Trustee Keane, to hire Apex Capital Management, LLC as a SMID Growth domestic equities manager.

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

ADMINISTRATIVE REPORT

Mesirow Financial RE Value Fund II

Mesirow Financial RE Value Fund II requested a capital call on October 9, 2015 in the amount of \$501,076.00.

Mesirow Financial Capital Partners X

Mesirow Financial Capital Partners X made a distribution on September 9, 2015 in the amount of \$425,000.00.

Midwest Mezzanine Fund IV

Midwest Mezzanine Fund IV made a distribution on September 16, 2015 in the amount of \$343,563.00.

Mesirow Financial PE Partnership Fund IV

Mesirow Financial PE Partnership IV made a distribution on September 28, 2015 in the amount of \$50,000.00.

Mesirow Capital Partners VII

Mesirow Capital Partners VII made a final distribution on September 28, 2015 in the amount of \$1,104.00.

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DV Urban Realty Partners I

DV Urban Realty Partners I made a distribution on October 2, 2015 in the amount of \$839,151.00.

Capri Capital Advisors Apt Fund III

Capri Capital Advisors Apt Fund III made a distribution on October 9, 2015 in the amount of \$81,127.00.

Health Insurance Renewal

This item was taken out of Order. Mr. Walsh reviewed with trustees various medical healthcare plan renewal options for Fund staff. Mr. Walsh also reviewed with trustees the dental plan renewal proposal for Fund staff.

It was moved by Trustee Hamburger, seconded by Trustee Summers, to approve the renewal of the current healthcare plan and dental plan.

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

It was moved by Trustee Hamburger, seconded by Trustee LoVerde, to adopt the new City of Chicago's healthcare premium pricing structure for Fund employees.

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

The trustees also discussed various retiree medical coverage options for Fund retirees. The trustees requested that Fund staff prepare communications in early 2016 informing Fund retirees about possible future changes to the retiree medical coverage.

Impact Study/Funding Analysis

Mr. Walsh reviewed an impact statement that was prepared for the Fund by its actuary, Gabriel Roeder Smith & Company.

Mr. Walsh also reviewed a Pension Fund Overview Report which compared LABF to other public pension funds in the State. The trustees discussed the report and suggested it be distributed with a cover letter to various stakeholders. The trustees instructed staff to prepare a draft cover letter for review.

It was moved by Trustee Hamburger, seconded by Trustee Summers, to give the Executive Director the authority to conduct impact studies as necessary, with the approval of the board chairman and vice-chairman.

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

Revised 2016 Funding Resolution

Mr. Walsh presented the revised 2016 Funding Resolution to trustees for their review.

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to approve the revised 2016 Funding Resolution.

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

Miscellaneous

2015 Trustee Election – Mr. Walsh reported to the trustees that the winner of the trustee election was James M. Joiner. His term will begin December 2, 2015.

Annuitant Signature Verification Update – Mr. Walsh reported on the status of this year's Annuitant Signature Verification Card project. He also reported that beginning October 1, 2015, the LABF began holding annuitant payments to anyone who had not complied with the signature verification requirements.

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Investment Consultant Contract – Mr. Walsh reported that the Investment Consultant Contract with NEPC, LLC. was finalized.

FOIA Requests – Mr. Walsh reviewed a policy of informing trustees of each non-commercial FOIA request via email. After discussion, trustees decided to keep the policy in place.

Special Meeting- Mr. Walsh reviewed some of the topics to be covered at the special investment meeting to be held on November 4, 2015.

Senate Committee on Pensions & Investments Hearings – Mr. Walsh reported that the LABF will be presenting at the hearings on November 18 and 19, 2015. The Committee is encouraging trustees to attend the hearings.

2016 Budget – Mr. Walsh reported that Fund staff is working on the 2016 Budget and it will be presented at the December 10, 2015 meeting.

2016 Board Meeting Schedule – Mr. Walsh proposed to set the 2016 Board Meeting dates on the third Tuesday of each month, with the exception of December. A schedule will be circulated.

LEGAL REPORT

IRS Determination Letter – Mr. Graham reported that, to reduce expenses, the LABF staff will be preparing the documents needed to file the application for the IRS Determination letter. Legal counsel will review the documents and file the application.

PA-98-0641 – Mr. Donham reported the status of the appeal for the Johnson v. LABF matter. Mr. Donham noted that the plaintiffs will file their brief by October 22, 2015. Fund counsel will circulate a draft of the Fund's filing in this matter prior to the November 5, 2015 filing deadline.

EXECUTIVE SESSION NO. 2

At 3:56 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 Summers seconded the motion.

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

At 3:58 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 and Capasso.
Against -- None.

The trustees took no action.

EXECUTIVE SESSION NO. 3

At 3:59 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 Keane seconded the motion.

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

At 4:00 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.

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

The trustees took no action.

EXECUTIVE SESSION NO. 4

At 4:00 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, Summers, Hamburger and Capasso.
Against -- None.

At 4:04 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 and Capasso.
Against -- None.

The trustees took no action.

EXECUTIVE SESSION NO. 5

At 4:06 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, Summers, Hamburger and Capasso.
Against -- None.

At 4:08 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 and Capasso.
Against -- None.

The trustees took no action.

ADJOURNMENT

With no further business, at 4:09, Trustee LoVerde made a motion to adjourn. Trustee Hamburger seconded the motion.

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