

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting No. 1002**

October 23, 2018

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

October 23, 2018

Report of Meeting No. 1002 held on October 23, 2018, starting at 1:05 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) (*entered at 1:06pm*)
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
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 Administrator
Sheila Jones – Administrative Coordinator
Nadia Oumata – Manager of Accounting and Investments
Tina Rhoten – Benefits Manager
Paul Rzeszutko – Assistant Benefits Manager
Irene Velazquez – Payment Services Assistant

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

Observer: Jabari Porter, City of Chicago Treasurer's Office

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 **October 23, 2018**. 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
 3. Result of Employee Annuity Hearing
- 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
- Executive Session No. 3
- Executive Session No. 4
- Executive Session No. 5
- Executive Session No. 6
- Executive Session No. 7
- 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'
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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. 1001 held on September 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 Joiner, that the minutes of Executive Sessions 1, 2, and 3 of Meeting No. 1001 held on September 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 LoVerde, seconded by Trustee Capasso, 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 Joiner, seconded by Trustee LoVerde, 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 Annuities

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

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SCHEDULE D – APPLICATIONS FOR DUTY DISABILITY BENEFITS

It was moved by Trustee Hamburger, seconded by Trustee Joiner, 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 Joiner, seconded by Trustee LoVerde, 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 EXPENSES

It was moved by Trustee LoVerde, seconded by Trustee Joiner, 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. Wesner reviewed the September 2018 market performance.

September 30, 2018 Preliminary Performance Report

Mr. Obed reviewed the Fund's September 30, 2018 Preliminary Performance Report.

Hedge Credit Search

This item taken out of order and discussed in executive session.

**LABORERS' & RETIREMENT BOARD EMPLOYEES'
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EXECUTIVE SESSION NO. 1

At 1:24 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(7) to discuss the sale or purchase securities, investments or investment contracts of the Fund. Trustee Capasso seconded the motion.

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

At 1:28 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.

It was moved by Trustee LoVerde, seconded by Trustee Joiner, to award \$30 million to Corbin Capital Partners, \$25 million to Symphony Asset Management and \$5 million to Core Capital Management, all subject to successful contract negotiations.

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

INVESTMENTS REPORT CONTINUED

City Council Ordinance Regarding Companies Owning and Operating Immigration Detention Centers

This item taken out of order.

Mr. Walsh reported that Trustee Hamburger had informed staff of an ordinance requesting the LABF to appear before the Committee on Finance to answer questions regarding the Fund's exposure to companies that own and operate immigration detention centers. Mr. Walsh reported that staff researched the matter and that the LABF does not have any known exposure to companies owning or operating immigration detention centers; however, more work will be done to obtain a comprehensive list of such companies. Mr. Walsh also noted that the Chicago Teachers Pension Fund had submitted a FOIA request to Immigration and Customs Enforcement for a list of such companies and has agreed to provide LABF with the FOIA response when it is received.

The Trustees also discussed how the Fund handles proxy voting and Mr. Walsh gave an overview of possible ways for the Fund to cast its proxy votes. The Trustees asked Mr. Walsh to put together a summary of the various strategies the Fund could implement for proxy voting.

Senate Hearings

This item was taken out of order. Mr. Walsh informed the Trustees that the Senate Special Committee on State and Pension Fund Investments was held on October 16-17, 2018. The LABF testified on October 17, 2018 and Mr. Walsh was accompanied by President Roa, Ms. Oumata and Mr. Obed. Mr. Walsh gave an overview of the hearings.

ADMINISTRATIVE REPORT

Employee Handbook

Mr. Walsh reported that the Board's requested revisions had been incorporated into the LABF Employee Handbook that was circulated and he requested the Board's approval of the revised Handbook.

It was moved by Trustee Capasso, seconded by Trustee LoVerde, to accept the revised Employee Handbook as presented in the meeting.

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

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LABF Fund Staff/Retiree Health Insurance Renewal

Mr. Walsh reported that the renewal for the LABF Fund Staff and Retiree Health Insurance reflects an approximately 25% reduction in cost due to a change in the risk profile for the Fund as compared to previous years. The reduction results in approximately \$150,000 in savings. Mr. Walsh also discussed the dental and vision benefits and their renewals.

It was moved by Trustee LoVerde, seconded by Trustee Capasso, to approve the renewal of the LABF staff and retiree healthcare plans as presented at the meeting.

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

Legislative Matters

Mr. Walsh presented a memo from Robert Molaro, the Fund's Legislative Liaison, which gave a pre-Veto Session Update on happenings in Springfield. See attached memo.

Notice to Retirees Regarding Healthcare Options

Mr. Walsh discussed the Board's recent approval for the Fund to process the health insurance premium deductions for the new AETNA healthcare plans for retirees and the Board's request to mail retirees a notice.

Miscellaneous

LABF 2019 Budget - Mr. Walsh reported that he would be presenting the 2019 Budget at the December board meeting. Prior to the December meeting, he will meet with Trustees individually to provide a preview.

Election of Officers - Mr. Walsh reminded Trustees that the annual election of officers would take place at the December meeting.

2019 Meeting Dates - Mr. Walsh said he would circulate a draft schedule of 2019 Board meeting dates prior to the November meeting.

Annual Funding Resolution Follow-Up – Mr. Walsh informed the Trustees that the City of Chicago's Office of Budget and Management (OBM) had posted its Budget Recommendations for 2019 and that the budgeted contribution to the LABF appears to be more than \$1.6 million less than what the Board had certified in its Resolution it sent to the City of Chicago. The Trustees asked Mr. Walsh to send a letter to OBM asking for clarification regarding the budgeted contribution.

LEGAL REPORT

Written Decision for Appeal of Denied Benefit

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 2

At 2:21 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(4) to discuss current or potential litigation involving the Fund. Trustee Capasso seconded the motion.

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

At 2:28 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.

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It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to approve the written decision, as amended, regarding the appeal of denied benefits for Dedrick Moore.

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

Underwood Litigation

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 3

At 2:29 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 Joiner seconded the motion.

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

At 2:38 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 Trustees took no action.

Workers' Compensation Matter

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 4

At 2:39 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 Hamburger seconded the motion.

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

At 2:42 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.

Fraud Matter

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 5

At 2:42 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 Joiner seconded the motion.

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

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At 2:43 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.

Fraud Matter

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 6

At 2:43 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 Hamburger seconded the motion.

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

At 2:52 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 and Joiner.
Against -- None.

It was moved by Trustee Hamburger, seconded by Trustee LoVerde, to pursue the recovery of funds from member Ronnie Reed and to report this matter to the States' Attorney for review based upon a reasonable suspicion of fraud.

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

EXECUTIVE SESSION NO. 7

At 2:53 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(1) to discuss Board appointments. Trustee Hamburger seconded the motion.

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

At 3:08 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, Hamburger, Capasso and Joiner.
Against -- None.

The Trustees took no action.

ADJOURNMENT

With no further business, at 3:09 p.m., 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.

MEMORANDUM

October 22, 2018

**To: The Honorable Members of the Board of Trustees Laborers'
Annuity and Benefit Fund of Chicago**

From: Robert S. Molaro and Associates

RE: Pre-Veto Session Update

- The election for Governor, all other Constitutional Officers, all Illinois House Members and 1/3 of the Illinois Senate will be held on Tuesday, November 6, 2018.
- The traditional Fall Veto Session is scheduled for November 13-15 and November 27-29 (six days total). There is talk of an "extended" veto session of four days in mid-January, before the new General Assembly is sworn in, but no firm dates yet.
- As you are aware the Governor used an Amendatory Veto on HB4811. This bill, that passed both Houses unanimously, does two things. One, it allows the Chicago Municipal Pension Board to extend the one year examination requirement by a physician for members on disability and two, provides the needed changes to allow the City Municipal and Laborers Fund to manage and administer Public Act 100-23 (Funding Law).

Governor Rauner used an amendatory veto to eliminate the first and original part of the bill, that would allow the extension of a physician's examination, but it keeps the needed technical changes intact.

- Representative Michael Zalewski, the House and Originating Sponsor of HB 4811, has three choices:

1. File a Motion to Override the Governor's Veto. This Motion would require 71 votes in the House and 36 in the Senate.

2. File a Motion to Accept the Governor's Amendatory Veto. This Motion requires only a simple majority of 60 and 30 votes to pass and would become law immediately:

3. Do nothing, then the bill would die.

- I have discussed all three options with Representative Zalewski.

The Speakers office will be making a determination within a few weeks regarding which Motion would be allowed to move forward.

Representative Zalewski has been informed that even though the Board would rather see this Bill become law as passed, we will let him know our full position when he and the Speaker decide which Motion will be filed.