

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting No. 990**

October 24, 2017

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

October 24, 2017

Report of Meeting No. 990 held on October 24, 2017, starting at 1:08 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)
	Kurt Summers, Jr.	– Trustee (City Treasurer, City of Chicago) (<i>arrived at 1:44 p.m.</i>)
	Carol Hamburger	– Trustee (Managing Deputy Comptroller, City of Chicago)
	James Capasso, Jr.	– Trustee (Annuitant Elected Member)
	Carole Brown	– Trustee (Chief Financial Officer, City of Chicago)
	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 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

Absents: None

Observers: None

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 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
- Investments Report
- Executive Session No. 1
- Investments Report Continued
- Administrative Report
- Executive Session No. 2
- Administrative Report Continued
- Executive Session No. 3
- Legal Report
- Executive Session No. 4
- 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.

APPROVAL OF MINUTES FROM PREVIOUS MEETINGS

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the regular minutes of Meeting No. 989 held on September 19, 2017 be approved as submitted.

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

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the minutes of Executive Sessions 1, 2, 3 and 4 of Meeting No. 989 held on September 19, 2017 be approved as submitted.

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

SCHEDULE A – APPLICATIONS FOR REFUNDS

1. Refund of Contributions Due to Separation from Service

It was moved by Trustee Hamburger, seconded by Trustee LoVerde, that applications presented for Refunds of Contributions Due to Separation from Service be approved and ordered paid.

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

2. Miscellaneous Refunds

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

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

2. Spouse and Child Annuities

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

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

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SCHEDULE C – ADJUSTMENT REFUNDS TO NEW ANNUITANTS

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

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

SCHEDULE D – APPLICATIONS FOR DUTY DISABILITY BENEFITS

It was moved by Trustee LoVerde, seconded by Trustee Joiner that, with the exception of the application for Gina Giannola, the applications for Duty Disability Benefits be approved and ordered paid.

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

SCHEDULE E – APPLICATIONS FOR ORDINARY DISABILITY BENEFITS

It was moved by Trustee Hamburger, seconded by Trustee LoVerde, that the applications for Ordinary Disability Benefits, with the exceptions of Gina Giannola and Victor Roa, Sr., be approved and ordered paid.

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

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that all applications of Gina Giannola for disability benefits be excluded from all motions of the Board at the meeting of October 24, 2017.

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

It was moved by Trustee LoVerde, seconded by Trustee Brown, that the application for Ordinary Disability Benefits for Victor Roa, Sr. be approved and ordered paid. President Roa recused himself in this matter.

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

SCHEDULE F – EXTENSION OF DUTY DISABILITY BENEFITS

It was moved by Trustee LoVerde, seconded by Trustee Capasso that, with the exception of the application for Gina Giannola, the applications for Extension of Duty Disability Benefits, be approved and ordered paid.

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

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SCHEDULE H – PAYMENT OF UNCASHED CHECKS OF DECEASED MEMBERS

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

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

INVESTMENTS REPORT

September 30, 2017 Preliminary Performance Report

Mr. Wesner reviewed the Market Tracker and the September 30, 2017 Preliminary Performance Report.

Asset Allocation Discussion

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 1

At 1:32 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 1:48 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, Brown, and Joiner.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Joiner, to terminate the Western Asset Macro Opportunities Portfolio, LLC.

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

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to terminate the Ariel Investments Micro Cap Portfolio.

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

ADMINISTRATIVE REPORT

LABF Former Staff Annuitant Healthcare Renewal

Mr. Walsh started the discussion of the proposed 2018 healthcare rates under consideration for LABF annuitants who are former staff members of the Fund. As the discussion progressed, the Fund's counsel recommended that the discussion of this topic continue in executive session.

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EXECUTIVE SESSION NO. 2

At 2:07 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss current or potential litigation of the Fund. Trustee Joiner seconded the motion.

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

At 3:10 p.m., Trustee Summers 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, Summers, Hamburger, Capasso, Brown, and Joiner.
Against -- None.

It was moved by Trustee LoVerde, seconded by Trustee Summers, for the year 2018, to subsidize retiree healthcare at a rate of 55% for LABF staff retirees who are retired by December 31, 2017.

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

The Board directed Fund staff to draft a policy regarding healthcare benefits for retired LABF staff to be discussed at the upcoming 2017 Board meetings and approved by the January 2018 Board meeting.

Legislative Matters

Mr. Walsh gave a brief update on a potential trailer bill to PA 100-0023. Mr. Walsh stated that there was very little movement and that he would report back to the Board at the November 21, 2017 meeting.

Annuitant Member Trustee Election

Mr. Walsh announced that the Annuitant Member Trustee Election had been held on October 12, 2017 and that James Capasso, Jr. had received the majority of votes in the election. Mr. Walsh reported that the Election Committee certified Mr. Capasso as the winner of the 2017 Annuitant Member Trustee Election.

Miscellaneous

- Update on Senate Hearing on Investments – Mr. Walsh gave an update on the Senate Hearings on Pension Investments held on October 16-17, 2017.
- 2018 Budget – Mr. Walsh informed the Board that the 2018 budget would be presented at the December Board meeting and that he would be scheduling preliminary meetings with the trustees prior to the December meeting to discuss the budget.
- Election of Officers – Mr. Walsh reminded the Board that the annual Election of Board Officers would take place at the December 19, 2017 Board meeting.
- 2018 Board Meetings Schedule – Mr. Walsh informed the Board that they would receive a draft schedule of the 2018 Board meetings prior to the next meeting and he asked the Trustees to review the schedule for any conflicts.

EXECUTIVE SESSION NO. 3

At 3:29 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss current or potential litigation of the Fund. Trustee Capasso seconded the motion.

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

At 3:44 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, Brown, and Joiner.
Against -- None.

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It was moved by Trustee LoVerde, seconded by Trustee Summers, to report a reasonable suspicion of fraud to the State's Attorney and to forward the matter to Markoff Law, LLC for collections processing.

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

LEGAL REPORT

Carmichael Litigation

Mr. Donham gave a brief update on the status of the Carmichael litigation and noted that it had been docketed in the Illinois Supreme Court.

Coveliers Litigation

Mr. Donham reported to the Board that he received a note from the attorney of Mr. Richard Coveliers stating that he intends to file a Petition for Leave to Appeal to the Illinois Supreme Court.

Underwood Litigation

This topic was discussed in executive session.

EXECUTIVE SESSION NO. 4

At 3:46 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(11) to discuss current or potential litigation of the Fund. Trustee Joiner seconded the motion.

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

At 3:59 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, Brown, and Joiner.
Against -- None.

The Trustees took no action.

ADJOURNMENT

With no further business, at 3:59 p.m., Trustee LoVerde made a motion to adjourn the meeting. Trustee Capasso seconded the motion.

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