

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting # 965**

September 10, 2015

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

September 10, 2015

Report of Meeting No. 965 held on September 10, 2015, starting at 1:02 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)
Carol Hamburger, Trustee (Managing Deputy Comptroller, City of Chicago)
Joseph Rinella, Trustee (City of Chicago)
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
Michael Cairns – NEPC, LLC, Fund's Investment Consultant
Kristen Jackson – NEPC, LLC, Fund's Investment Consultant
Michael Walsh – Executive Director and Chief Investment Officer
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
Miriam Martinez – CIO, City Treasurer's Office
Emma Lofgren – Chief of Staff for the Chief Financial Officer, City of Chicago, arrived at 1:07pm

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

President Roa determined that a quorum was present.

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the regular minutes of Meeting No. 964 be approved as submitted.

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

It was moved by Trustee Hamburger, seconded by Trustee LoVerde, that the minutes of the executive sessions 1, 2, 3, 4, 5, 6, 7, 9 and 10 of meeting No. 964 be approved as submitted.

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

It was moved by Trustee Hamburger, seconded by Trustee Keane, that the minutes of the executive session 8 of meeting No. 964 be approved as submitted.

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



***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 **September 10, 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
 2. Miscellaneous Refunds
 - a. Refunds of Deceased Members and Errors in Deductions
- 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
- Executive Session No. 1
- Investments Report
- Executive Session No. 2
- Investments Report Continued
- Administrative Report
- 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.

SCHEDULE A – APPLICATIONS FOR REFUNDS

1. Refund of Contributions Due to Separation from Service

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

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

2. Miscellaneous Refunds – Deceased Members & Errors in Deductions

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

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

SCHEDULE B – APPLICATIONS FOR ANNUITIES

1. Employee Annuities

The trustees discussed the approval of the annuity benefit for Joseph Culello and the retroactive payments for Mr. Culello. The trustees requested that future retroactive payments be listed in the proposal.

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

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

2. Spouse and Child Annuities

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

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

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that the two applications presented for Child Annuities for Dobbs be denied.

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

SCHEDULE C – ADJUSTMENT REFUNDS TO NEW ANNUITANTS

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

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

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SCHEDULE D – APPLICATIONS FOR DUTY DISABILITY BENEFITS

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

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

SCHEDULE E – APPLICATIONS FOR ORDINARY DISABILITY BENEFITS

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

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

SCHEDULE F – EXTENSION OF DUTY DISABILITY BENEFITS

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

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

SCHEDULE G – EXTENSION OF ORDINARY DISABILITY BENEFITS

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

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

SCHEDULE H – PAYMENT OF UNCASHED CHECKS OF DECEASED MEMBERS

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

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

SCHEDULE I – PAYMENT OF ADMINISTRATIVE EXPENSES

Administrative Invoices and Investment Invoices

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

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

EXECUTIVE SESSION NO. 1

At 1:20 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(7) discuss the sale or purchase of securities, investments or investment contracts. Trustee Rinella seconded the motion.

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

At 3:02 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, Rinella and Capasso.
Against -- None.

The trustees took no action.

INVESTMENT REPORT

Market Report and August 31, 2015 Preliminary Flash Report

Mr. Cairns reviewed the Market Report and presented the Preliminary Flash report for August 31, 2015.

EXECUTIVE SESSION NO. 2

At 3:18 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(7) discuss the sale or purchase of securities, investments or investment contracts. Trustee Hamburger seconded the motion.

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

At 3:44 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, Rinella and Capasso.
Against -- None.

The trustees took no action.

INVESTMENT REPORT (CONTINUED)

Blended Emerging Market Debt RFP Review

Kristen Jackson reviewed with trustees the Blended Emerging Markets Debt RFP Draft.

Due Diligence

- Keeley Asset Management Corp. – Mr. Cairns reviewed a memo with trustees regarding the sale of Keeley Asset Management Corporation to TA Associates. Mr. Cairns also reviewed some additional organizational changes at Keeley Asset Management Corp. NEPC will continue to monitor this firm.

It was moved by Trustee LoVerde, seconded by Trustee Keane, to place Keely Asset Management Corporation on the Watch List for organizational changes.

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

- William Blair – Mr. Cairns reported that William Blair is implementing an internal restructuring to separate the investment management business from the broker/dealer. The new investment company will be called William Blair Investment Management, LLC (WBIM).

- Direct Lending RFP – Mr. Cairns reported that the Direct Lending RFPs are due September 22, 2015.

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Real Estate Contract

- Mr. Walsh notified trustees that a real estate contract discussion will be postponed until October's board meeting.

ADMINISTRATIVE REPORT

Mesirow Financial RE Value Fund II

Mesirow Financial RE Value Fund II requested a capital call on September 14, 2015 in the amount of \$951,770.26.

JBC Opportunity Fund IV

JBC Opportunity Fund IV made a distribution on August 20, 2015 in the amount of \$1,805,085.00.

JBC Opportunity Fund III

JBC Opportunity Fund III made a distribution on August 20, 2015 in the amount of \$1,375,131.00.

Mesirow Financial PE Partnership Fund IV

Mesirow Financial PE Partnership IV made a distribution on August 27, 2015 in the amount of \$100,000.00.

Mesirow Financial RE Value Fund

Mesirow Financial RE Value Fund made a distribution on August 4, 2015 in the amount of \$92,402.62.

Mesirow Financial RE Value Fund II

Mesirow Financial RE Value Fund II made a distribution on August 25, 2015 in the amount of \$5,697.74.

Revised 2016 Funding Resolution

Mr. Walsh reviewed the revised 2016 Funding Resolution but noted that due to Public Act 98-0641 being ruled unconstitutional, certain parts were left off of the draft resolution. The board directed Mr. Walsh to obtain updated figures for the resolution from GRS.

Impact Study

Mr. Walsh reviewed the status of a matter discussed in the previous meeting regarding conducting an actuarial study for a new pension reform proposal affecting Tier I employees.

Miscellaneous

- 2015 Trustee Election – Mr. Walsh updated the trustees on the status of the upcoming trustee election.

- Annuitant Signature Verification Update – Mr. Walsh reported on the status of this year's Annuitant Signature Verification Card project. The LABF staff had mailed out second letters to non-compliant annuitants and made phone calls to those annuitants the week of August 24, 2015. He also reported that beginning October 1, 2015, the LABF would hold annuitant payments of anyone who had not complied by that date.

- Investment Consultant Contract – Mr. Walsh reported that the Investment Consultant Contract is awaiting final signature from NEPC.

- Aggregate Pricing Initiative – Mr. Walsh reviewed a letter from Treasurer Summers thanking the trustees for their support of the Aggregate Pricing Initiative and updating them on the current status of this program.

EXECUTIVE SESSION NO. 3

At 4:07 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(1) to discuss Personnel Matters. Trustee Hamburger seconded the motion.

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

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

The trustees took no action.

LEGAL REPORT

IRS Determination Letter – Mr. Walsh reported that counsel and staff were working to outline the application process for an IRS Determination Letter for the Fund and that the Board would receive an update at their October meeting.

PA-98-0641 – Mr. Donham reported the status of the appeal process for the Johnson v. LABF matter.

Coveliers Matter – John Carroll reviewed a summary of the case and reported that Mr. Coveliers requested a hearing to appeal the Board's decision.

EXECUTIVE SESSION NO. 4

At 4:16 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 Rinella seconded the motion.

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

At 4:18 p.m., Trustee LoVerde made a motion, seconded by Trustee Keane, that the executive session be adjourned and that the Board return to open session.

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

The trustees took no action.

LEGAL REPORT

Carmichael Litigation – Mr. Donham reported that Fund counsel is waiting to hear back from the Plaintiff's attorney regarding the deposition in this matter.

ADJOURNMENT

With no further business, at 4:19, Trustee Rinella made a motion to adjourn. Trustee LoVerde seconded the motion.

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