

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting # 977**

September 20, 2016

***Suite 1300 • 321 N Clark Street • Chicago Illinois 60654-4739
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**LABORERS' & RETIREMENT BOARD EMPLOYEES'
ANNUITY & BENEFIT FUND OF CHICAGO**

September 20, 2016

Report of Meeting No. 977 held on September 20, 2016, 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 were present:

Board Members: Erin Keane, Vice President (City Comptroller, City of Chicago)
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 Attorney
Cary Donham – Taft Stettinius & Hollister LLP, Fund's Attorney
Dr. Terence Sullivan – Fund's Physician
Michael Cairns – NEPC, LLC, Fund's Investment Consultant
Kristin Finney-Cooke – NEPC, LLC, Fund's Investment Consultant
Alex Rivera – Gabriel, Roeder, Smith & Company, Fund's Actuarial Consultant
Ryan Gunderson – Gabriel, Roeder, Smith & Company, Fund's Actuarial 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
Margie Grazevich – Payment Services Manager
Irene Velazquez – Payment Services Assistant
Nicole Evangelista – Payment Services Coordinator

Absent: Victor Roa, President (Secretary/Treasurer, Local 1001)
Kurt Summers, Jr., Trustee (City Treasurer, City of Chicago)
Carole Brown, Trustee (Chief Financial Officer, City of Chicago)

Observers: Miriam Martinez – Office of the City Treasurer, City of Chicago
Jason Parks – Loop Capital Markets

Vice President Keane chaired the meeting and determined that a quorum was present.

It was moved by Trustee LoVerde, seconded by Trustee Joiner, that the regular minutes of Meeting No. 976 held on August 23, 2016 be approved as submitted.

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

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the minutes of the executive sessions 1, 2, 3, 4 and 5 of meeting No. 976 held on August 23, 2016 be approved as submitted.

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



***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 20, 2016**. 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 – 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
- Petition for the Waiver of Guardianship
- GRS Actuarial Impact Statements
- Investments Report
- Executive Session No. 1
- Investments Report Continued
- Executive Session No. 2
- Administrative Report
- Legal Report
- 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.

SCHEDULE A – APPLICATIONS FOR REFUNDS

1. Refund of Contributions Due to Separation from Service

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

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

2. Miscellaneous Refunds – Errors in Deductions

It was moved by Trustee Hamburger, seconded by Trustee LoVerde, that Errors in Deductions refunds be approved and ordered paid.

Roll-call: For-- Trustees 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 applications presented for Employee Annuities be approved and ordered paid.

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

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 Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

SCHEDULE D – APPLICATIONS FOR DUTY DISABILITY BENEFITS

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

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

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SCHEDULE E – APPLICATIONS FOR ORDINARY DISABILITY BENEFITS

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

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

SCHEDULE G – EXTENSION OF ORDINARY DISABILITY BENEFITS

Dr. Sullivan reviewed the starred case of employee #64394 with the Trustees.

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 Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

SCHEDULE H – PAYMENT OF UNCASHED CHECKS OF DECEASED MEMBERS

None.

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 Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

New Business (CONTINUED)

Petition for the Waiver of Guardianship

Mr. Donham reviewed the details of the Petition for the Waiver of Guardianship for Mr. Richard Stringfellow, an annuitant of the Fund.

It was moved by Trustee LoVerde, seconded by Trustee Joiner, to waive guardianship proceedings pursuant to 40 ILCS 5/11-233(c) for Mr. Stringfellow and make monthly annuity payments to his brother, James Stringfellow, as payee for the benefit of Richard Stringfellow. See attached decision of the Board.

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

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GRS Actuarial Impact Statements

Alex Rivera and Ryan Gunderson of GRS presented the Trustees with the results of an impact statement based on the City of Chicago's proposed changes to the LABF's benefit and funding structure as discussed at a special meeting of the Board held on May 23, 2016. He reviewed the projected impact that the proposed changes would have on the Fund over, approximately, the next 45 years. Additionally, Mr. Rivera discussed the differences in the relative value of the three different tiers of benefits which would exist under the City's proposal and highlighted that Tier 3 members would finance approximately 80 percent of the value of their benefit. He discussed analysis involving forward-looking "safe harbor" tests that could be performed to better understand the Fund's ability to meet the criteria of a Social Security replacement plan on a going-forward basis. Mr. Rivera also reviewed the results of a brief investment return sensitivity analysis that was performed with respect to the City's proposal.

Mr. Walsh reported that the LABF is still awaiting a written draft of the proposed legislation from the City of Chicago. He suggested that, upon receipt of the draft of the City's proposal, the Fund's actuary perform a series forward-looking "safe harbor" tests to determine if there is any risk that the Fund will not meet the requirements of a Social Security replacement plan in the future. He also suggested the Board may want to consider having the actuary perform a more robust investment return sensitivity analysis.

INVESTMENT REPORT

August 31, 2016 Preliminary Performance Report

Ms. Finney-Cooke reviewed the 2016 investment timeline.

Mr. Cairns presented the Preliminary Performance Report for August 31, 2016.

EXECUTIVE SESSION NO. 1

At 2:01 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 Capasso seconded the motion.

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

At 2:17 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 Keane, LoVerde, Hamburger, Capasso and Joiner.
Against -- None.

The trustees took no action.

INVESTMENT REPORT (CONTINUED)

Manager Review / Manager Update

Ms. Finney-Cooke reviewed a memo prepared by NEPC updating the Trustees on the organizational changes at Vontobel Asset Management and the impact these changes have had on asset outflows and team member departures. NEPC will continue to monitor this matter and keep the Board updated on any additional changes.

Absolute Return Fixed Income RFP

Ms. Finney-Cooke reviewed the evaluation factors and minimum qualifications required of respondents associated with the Absolute Return Fixed Income RFP. The Trustees were notified that the RFP is due to be issued in early October 2016.

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ADMINISTRATIVE REPORT

Cash Needs/Capital Calls & Distributions

Mesirow Real Estate Value Fund

Mesirow Real Estate Value Fund IV made a distribution on August 23, 2016 in the amount of \$100,771.00.

Mesirow Real Estate Value Fund II

Mesirow Real Estate Value Fund II made a distribution on August 23, 2016 in the amount of \$52,701.00.

Mesirow Partnership Fund II

Mesirow Partnership Fund II made a distribution on August 30, 2016 in the amount of \$87,500.00.

Mesirow Financial PE Partnership Fund IV

Mesirow Financial PE Partnership Fund IV made a distribution on August 30, 2016 in the amount of \$75,000.00.

Mesirow Financial Capital Partners IX

Mesirow Financial Capital Partners IX made a distribution on August 30, 2016 in the amount of \$100,000.00.

Mesirow Financial Capital Partners X

Mesirow Financial Capital Partners X made a distribution on August 31, 2016 in the amount of \$285,000.00.

Mr. Walsh reviewed the status of the contracts with Brightwood and Long Wharf Partners and noted that Long Wharf Partners had recently requested a capital call in the amount of \$3 million.

LABF Staff / Retiree Health Care Plan

This item was taken out of order.

Mr. Walsh presented the proposed 2017 health care plan options under consideration for Fund staff and retirees. The Trustees further discussed the options under consideration for Medicare-eligible retiree coverage, one of which was to move eligible retirees to a Medicare Supplemental Plan which would generate significant savings. The Trustees also reviewed their prior discussions of possible changes that could be implemented for retiree medical coverage and how cost sharing could be adjusted.

It was moved by Trustee Joiner, seconded by Trustee LoVerde, to extend the current healthcare plan coverage for LABF staff and non-Medicare eligible staff retirees for another year, adopt a Medicare Supplemental Plan to cover Medicare-eligible LABF retirees, and to pass along the percentage increase in overall medical coverage costs to the retirees.

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

Legislative Update

None.

Underwood and City Retiree Healthcare

These items were taken out of order.

EXECUTIVE SESSION NO. 2

At 2:58 p.m., Trustee Hamburger requested an executive session under 5 ILCS 120/2(c)(11) potential or current litigation of the Fund. Trustee LoVerde seconded the motion.

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

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

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, to allow the LABF beginning January 1, 2017, to deduct health insurance premiums payable to Blue Cross Blue Shield as underwriter for a proposed voluntary City of Chicago retiree health care plan for eligible retirees from annuity payments and send the deduction to the insurance provider.

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

Trustee Election Update

Mr. Walsh reported that Michael LoVerde was the only candidate for the Active Employee Election. Trustee Hamburger stated that a certification declaring Mr. LoVerde to be the elected trustee for a three-year term that begins December 2, 2016 had been signed by the Election Committee.

Miscellaneous

Plan Administration Rules – Mr. Walsh proposed that the Trustees begin formally adopting certain procedures and rules related to the administration of Fund benefits under the Illinois Pension Code. Hearing no objections, Mr. Walsh informed the Trustees that staff would begin proposing such rules in the coming months.

Special Investment Meeting – Mr. Walsh reminded Trustees about the Special Board meeting to be held on October 6, 2016 at 9:00 a.m. in the Fund office.

LEGAL REPORT

Carmichael Litigation

Mr. Donham gave a status report on this matter and noted that he is currently preparing a response to a summary judgment in the case.

Johnson Litigation

Mr. Donham reported that the opposing counsel submitted a FOIA request to the Fund and he informed Trustees that the Fund is treating the request as a commercial FOIA request.

Coveliers Litigation

This item was deferred to a later meeting.

Securities Lending Litigation

Mr. Donham reported that the settlement agreement in this matter is expected to be signed soon and that the settlement payments can be expected shortly thereafter.

ADJOURNMENT

With no further business, at 4:01, Trustee LoVerde made a motion to adjourn. Trustee Joiner seconded the motion.

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

1. That Richard Stringfellow is receiving an annuity from the Fund.
2. That the Petitioner is the brother of Richard Stringfellow. The prior Petitioner and payee agent for the Respondent, Yvonne Brown, Richard and James' sister, resigned as payee agent for Richard Stringfellow on or about July 7, 2016. A copy of Ms. Brown's resignation letter is attached as Exhibit 1. Her petition was originally approved by the Board in July 2010.
3. That at least since Ms. Brown's resignation, the Petitioner has been responsible for the care of his Brother, Richard Stringfellow, but lacks the resources necessary to seek and obtain a guardianship order from the Circuit Court of Cook County, Illinois.
4. That, as certified by the Report of Physician as to Competency of Amer Husseini, a physician, Richard Stringfellow is [REDACTED]

5. That based on the Report, the Board finds that Richard Stringfellow is [REDACTED] and that it is in his best interest for the Board to waive guardianship proceedings.

IT IS HEREBY ORDERED AS FOLLOWS:

1. The Fund has jurisdiction over the parties and the subject matter.
2. That the Board exercises its sound discretion to waive guardianship proceedings pursuant to 40 ILCS 5/11-233(c).
3. That based on the Board's findings that Richard Stringfellow is under a [REDACTED] [REDACTED] and that the Petitioner is caring for Richard Stringfellow, the Board orders that from this day forward the monthly annuity of \$5,547.96 due Richard Stringfellow be paid to James Stringfellow, [REDACTED] [REDACTED] for the benefit of Richard Stringfellow, until Richard Stringfellow dies, resigns or until further order of the Board.
4. If there is any change in who or what facility is caring for Richard Stringfellow, the Laborers' Fund will be notified in writing of this change in a timely manner.

Entered by the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago on 9/20/2016.

[REDACTED]

Vice President of the Board of Trustees

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

The undersigned certifies that a copy of the Decision of the Board of Trustees was mailed by regular mail on the 21ST day of September, 2016, at 321 North Clark Street, Chicago IL 60654 to the annuitant, Petitioner and interested parties.

[REDACTED]

7/3/2016

Labors Community & Benefits Fund
321 North Clark Street, Ste. 1300
Chicago, IL 60654

RECEIVED
LABORERS A.B. FUND
2016 JUL -7 PM 2:23

Attn: Laura Biggs
Pension Benefits Analyst

My name is Yvonne C. Brown. I
am the Payee Agent for Richard Stringfellow
(my brother). This letter is to inform you
that I wish to resign as the Payee
Agent for Richard Stringfellow.

James Stringfellow, (our brother) is
willing to be the new Payee Agent for
Richard Stringfellow.

Please keep me informed on the
progress of this matter.

Thank you for your help. I
look forward to hearing from you.