

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
SCHEDULED REGULAR BOARD MEETING
THURSDAY, AUGUST 18, 2011

The 55 East Monroe Building
55 East Monroe Street, Suite 2720
Chicago, Illinois 60603

President MUNIZZI called the meeting to order at 9:30 A.M.

ROLL CALL

Trustees reported present:

PAMELA A. MUNIZZI, President	ROBERT GERAGHTY, Trustee
JOHN J. SHOSTACK, Vice President	MELINDA M. GILDART, Trustee
EDWARD L. AFFOLTER, Secretary	FRANK C. HODOROWICZ, Trustee

Also Present:

DEAN J. NIEDOSPIAL, Executive Director
JAIME L. MCCABE, Comptroller
BRETT CHRISTENSON & MIKE SPYCHALSKI, Marquette Associates

Absent:

JOSEPH M. FRATTO, Trustee

APPOINTMENT OF COMMITTEES

The President announced that the first order of business would be the appointment of committees.

Investment Committee – Committee of the whole

Pension Laws and Rules Committee – Committee of the whole

Personnel Committee – President MUNIZZI appointed MELINDA M. GILDART, FRANK C. HODOROWICZ and JOHN J. SHOSTACK to the Personnel Committee.

A motion was made by Trustee AFFOLTER to approve President MUNIZZI's appointment of MELINDA M. GILDART, FRANK C. HODOROWICZ and JOHN J. SHOSTACK to the Personnel Committee. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, GILDART
HODOROWICZ, MUNIZZI, SHOSTACK

NAYS: None

The trustees discussed the need to create an Election Policy Committee to review the Fund's current trustee election procedure. President MUNIZZI appointed MELINDA M. GILDART, ROBERT GERAGHTY and EDWARD L. AFFOLTER to the Trustee Election Policy Committee.

MINUTES OF THE LAST MEETING

A motion was made by Trustee SHOSTACK to approve the minutes of the Board meeting as amended held on Thursday, July 21, 2011. Trustee GILDART seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, GILDART
HODOROWICZ, MUNIZZI, SHOSTACK

NAYS: None

READING OF COMMUNICATIONS

The Executive Director noted that a letter was received from plan participant Larry J. Brogaard regarding duty disability benefits and commented that he would report further after additional information is received from Mr. Brogaard.

Recent FOIA requests received from:

- 1) Adrian Dultzin Lacoste
- 2) Craig Mijares (Tea Party Palatine.com)
- 3) Ricardo A. Mora

REPORT OF THE COMMITTEES

None

REPORT OF THE SECRETARY

Expenditure Approvals

Bills for the current General and Operating accounts, as listed in Section IV (A) (1) & (2) of the Report of the Secretary, were presented to the Board for approval.

President MUNIZZI moved the Expenditure Approvals to the Omnibus.

Summary of Investment Fees, Administrative and General Expenses

Administrative Expenses for the preceding month, as listed in Section IV (B) of the Report of the Secretary, dated June 30, 2011, were presented to the Board for approval.

Trustee SHOSTACK moved the approval of the Summary of Investment Fees, Administrative and General Expenses to the Omnibus.

Annuities Granted

Applications for annuities and benefits dated August 18, 2011 as listed in Section IV (C) of the Report of the Secretary were presented to the Board with the recommendation for approval based upon the report of the President relative to the eligibility of the applicants and the correctness of the amounts of annuities and benefits indicated.

Trustee HODOROWICZ moved the approval of the Applications for Annuities and Benefits to the Omnibus.

Ordinary and Duty Disability Benefit

Applications for ordinary and duty disability benefits as listed in Section IV (D) of the Report of the Secretary, dated July 31, 2011, were presented to the Board for approval.

Trustee HODOROWICZ moved the approval of the Ordinary and Duty Disability Benefit applications to the Omnibus.

Annuities in Force

The Secretary asked the Trustees to consider the statement of annuity benefit requirements for the month of July in accordance with Section IV (E) of the Report of the Secretary, and asked for formal confirmation of the net requirements in the amount of \$5,141,819.20.

Trustee HODOROWICZ moved the approval of the required funds from the Northern Trust Annuity Account in the amount of \$5,141,819.20 to the Omnibus.

Membership Statistics and New Members Qualified/Informational Only

MEMBERSHIP STATISTICS

	08/18/11	06/30/10	06/30/09
Current active participants	2,881	2,816	2,865
Retired employees	2,093	2,125	2,167
Surviving spouses	802	817	830
Children	14	14	17
Retirements during the year – FYTD	78	61	98
Deaths among retirees – FYTD	103	104	80
New Members – FYTD	188	174	172
Withdrawals with refund – FYTD	114	133	178

REPORT OF THE OTHER OFFICERS**Report of the Death Claims**

The following report, Section V (A) was submitted for payment as indicated:

<u>NAME OF DECEDENT</u>	<u>D/O/D</u>	<u>AMOUNT PAYABLE</u>	<u>TO WHOM PAYABLE</u>
Luis Alvarez Motor Vehicle Repairman Annuitant 6-9353	07/19/11	\$ 3,000.00	Death Benefit Margarita Alvarez Designated Beneficiary
Robert Jones Laborer Annuitant 6-9125	12/13/08	\$ 3,000.00 <u>3,881.90</u> \$ 6,881.90	Death Benefit Refund - SAD Terry A. Jones Robin Jones On behalf of the Estate
Edward J. Kazak Area Supervisor Annuitant 6-7410	06/13/11	\$ 3,000.00	Death Benefit Elsie C. Misek Designated Beneficiary
Robert B. Middaugh Archivist Annuitant 6-10194 *\$125.00 W/H Tax on SSDB	07/19/11	\$ 3,000.00*	Death Benefit Gerald J. Torn Designated Beneficiary

The information in the files supporting these claims and the facts relative thereto have been gathered in the office of the Retirement Board. Based on this information, the Executive Director certifies to the correctness and validity of the above claims.

Trustee HODOROWICZ moved the approval of the Report of the Death Claims to the Omnibus.

Applications for Refunds - over \$5,000

Applications for refund of pension contribution, Section V (B), involving payment in excess of \$5,000 were received from the following former employees of the Chicago Park District and presented to the Board by the Secretary:

Wiley W. Alexander , Attendant	\$ 6,770.74
Daniel Baez , Motor Vehicle Repairman	19,337.33
Michael A. Chavez , Lifeguard	6,310.65
Levita L. Davis , Recreational Leader	5,268.04
Carlos Jimenez , Lifeguard	7,242.13
Krystal A. Martin , Recreational Leader	7,167.30
Robert E. Rodriguez , Physical Instructor	8,221.25
Brian T. Terrill , Spd. Rec. Coordinator	<u>8,428.93</u>
Total	<u>\$68,746.37</u>

The preceding individuals were duly advised of the effect of their refunds on their rights in the Fund, and were given a full explanation relative to the credit they would forfeit by acceptance of the refunds.

Trustee MUNIZZI moved the approval of the Applications for Refunds over \$5,000 to the Omnibus.

INVESTMENTS

The Chairman informed the Board of the following Reports for June 2011, are presented in Section VI(A) for approval:

Northern Trust Company investment manager performance snapshot	VI(A)1
Market Value of Investments Owned	VI(A)2
Fixed Income	VI(A)3
Equity Advisors	VI(A)4
Alternative Investments	VI(A)5
Real EstateAccounts	VI(A)6
Summary of Gains and Losses	VI(A)7

Official copies of the preceding have been placed on file and made a part of the "Minutes" of this meeting.

Confirmation of purchases and sales in the Equity Accounts:

The Chairman requested the Board to review and approve purchases and/or sales made by the investment managers in the equity accounts for July 2011, which are listed in Section VI(B) as follows:

Great Lakes Advisors, Inc.	VI(B)1
Wellington Trust Company	VI(B)2
Ariel Capital Management Company	VI(B)3
RBC Global Asset Management (Voyageur)	VI(B)4

Confirmation of purchases and sales in the Index Fund Accounts:

The Chairman requested the Board to review and approve purchases and/or sales, Section VI(C), in the following equity accounts for July 2011:

NTQI QM ACWI Ex-US Fund	VI(C)1
NTQA EB Growth Portfolio Index Fund	VI(C)2
NTQA U.S. Market	VI(C)3

Confirmation of purchases and sales in the Fixed Income Accounts:

The Chairman requested the Board to review and approve purchases and/or sales, Section VI (D), in the following fixed income accounts for July 2011:

Chicago Equity Partners	VI(D)1
MacKay Shields	VI(D)2
LM Capital Group	VI(D)3
Ullico	VI(D)4

Confirmation of activity in Private Equity Accounts:

The Chairman requested the Board to review and approve activity in section VI(E), in the following Private Equity accounts for July 2011:

HarbourVest Partners	VI(E)1
Mesirow Financial	VI(E)2
Pine Bridge Investments (formerly AIG)	VI(E)3
New York Life Capital Partners	VI(E)4

Confirmation of activity in Hedge Fund Accounts:

The Chairman requested the Board to review and approve activity in section VI(F), in the following Hedge Fund accounts for July 2011:

Entrust Capital, Inc.	VI(F)1
K2 Advisors	VI(F)2

Confirmation of activity in Real Estate Accounts:

The Chairman requested the Board to review and approve activity in section VI(G), in the following Real Estate accounts for July 2011:

UBS Realty Investors LLC	VI(G)1
Principal Global Investors	VI(G)2

Trustee AFFOLTER moved the approval of all activities, purchases and sales in all of the Reports on Investments to the Omnibus.

CURRENT FINANCIAL DATA**PEABF Cash Account - Reconciliation and Cash Flow Report**

The Trustees discussed maintaining the cash balance in the Northern Trust STIF account in accordance with the Fund's investment policy.

Trustee SHOSTACK moved the approval of the Reconciliation and Cash Flow Report to the Omnibus.

Statement of Cash Receipts and Disbursements

Statement of Receipts and Disbursements, Section VII (B), for the month of June 2011, containing the following summary balances:

Adjusted Balance at May 31, 2011	\$(63,251.53)
Receipts during June	<u>22,304,340.08</u>
Total Receipts	22,241,088.55
Disbursements for June	<u>(22,252,486.93)</u>
Balance at June 30, 2011	<u>\$(11,398.38)</u>

Trustee SHOSTACK moved the Statement of Receipts and Disbursements to the Omnibus.

Trial Balance as of June 30, 2011

Trial Balance Summary of General Ledger Accounts, Section VII (C) as of June 30, 2011, showing debit and credit balances in the amount of \$387,192,536.41.

Trustee AFFOLTER moved the approval of the Trial Balance Summary of the General Ledger Accounts to the Omnibus.

MOTION TO APPROVE THE OMNIBUS

A motion was made by Trustee SHOSTACK to approve the foregoing reports which were moved to the Omnibus. Trustee GERAGHTY seconded the motion.

Motion carried by the following roll call:

YEAS:	AFFOLTER, GERAGHTY, GILDART HODOROWICZ, MUNIZZI, SHOSTACK
NAYS:	None

REPORT OF THE EXECUTIVE DIRECTOR

Lobbyist

The Executive Director distributed letters and resumes of two individuals who are interested in becoming lobbyist for the Fund and discussed their qualifications with the Trustees. The Trustees requested that the Executive Director secure fee quotes from these individuals as well as letters, resumes and fee quotes from other qualified lobbyists who may be interested in representing the Fund and distribute this information to the Trustees in advance of the next Board meeting.

Other

Comptroller Training Timeline - The Executive Director distributed a Comptroller Training Timeline for the Trustees' review.

Investment Return Assumption Letter - The Executive Director distributed a letter entitled "Investment Return Assumption to be Used for the June 30, 2011 Actuarial Valuation" from the Fund's actuary to be reviewed by the Trustees and discussed at a future meeting.

Rescheduled September Regular Board Meeting - The Executive Director reminded the Trustees that the Regular Board Meeting in September had been rescheduled from Thursday, the 15th to Thursday, the 22nd so that a Continuing Education Session presented by Joseph Burns on Fiduciary Responsibility, Ethics, Securities Litigation and the Importance of Trustee Education could follow the meeting.

Conferences - The Executive Director distributed an updated 2011 Conference Schedule to the Trustees. He also noted a few conferences and client conferences which may be of particular interest to the Trustees.

A motion was made by Trustee HODOROWICZ to approve the Report of the Executive Director. Trustee GERAGHTY seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, GILDART
 HODOROWICZ, MUNIZZI, SHOSTACK

NAYS: None

REPORT OF THE ACTUARY

None

REPORT OF THE ATTORNEY

None

PRESENTATIONS**Marquette Associates**

Mr. Brett Christenson of Marquette Associates, distributed the Executive Summary report as of June 30, 2011, the Preliminary Monthly Update report as of July 31, 2011 and a report on the International Small Cap Equity Manager Search. The performance reports and the International Small Cap Search (the "Search") were discussed in detail with the Trustees. The three finalists in the Search were allocated a short time to make presentations to the Board.

Mr. Christenson introduced John Fenley, Jeremy Duhon and Mike Barela of Denver Investments; Mike Lammers and Stephen Maikkula of UBS Global Asset Management and; Stephanie Braming and John McLaughlin of William Blair & Company. Each finalist made presentations in the time allocated and answered numerous questions from the Trustees. After the presentations, Mr. Christenson led a lengthy discussion about the finalists with the Trustees. President MUNIZZI thanked Mr. Christenson.

A motion was made by Trustee HODOROWICZ to appoint William Blair & Company International Small Cap Manager for the Fund at an allocation not to exceed 3% of Fund assets subject to execution of an investment manger agreement approved by the Fund's attorney. Trustee GILDART seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, GILDART
 HODOROWICZ, MUNIZZI, SHOSTACK

NAYS: None

OLD BUSINESS

None

NEW BUSINESS

None

ADJOURNMENT

There being no further business, Trustee GERAGHTY moved to adjourn the meeting. Trustee HODOROWICZ seconded the motion. Motion prevailed and the meeting was adjourned.

The next regular meeting of the Retirement Board will be on **Thursday, September 22, 2011** at 9:30 A.M. in the Judith A. Flaherty Conference Room on the 27th floor of the 55 East Monroe Street Building, Suite 2720, Chicago, Illinois, 60603.

Respectfully submitted,

Edward L. Affolter
EDWARD L. AFFOLTER
Secretary