

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
SCHEDULED REGULAR BOARD MEETING
THURSDAY, FEBRUARY 16, 2012

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 | FRANK C. HODOROWICZ, Trustee |
| EDWARD L. AFFOLTER, Secretary | MELINDA M. GILDART, Trustee |
| JOSEPH M. FRATTO, Trustee | (arrived during 'Motion to approve Omnibus') |

Also Present:

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

MINUTES OF THE LAST MEETING

A motion was made by Trustee FRATTO to approve the minutes of the scheduled regular Board meeting held on Thursday, January 19, 2012. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

| | |
|-------|--|
| YEAS: | AFFOLTER, FRATTO, GERAGHTY, HODOROWICZ, MUNIZZI, SHOSTACK |
| NAYS: | None |

READING OF COMMUNICATIONS

Sam F. Lasurdo - The Executive Director presented a letter received from Sam F. Lasurdo regarding request of terms to repay a workers' compensation settlement offset.

A motion was made by Trustee HODOROWICZ to refer the matter to Fund counsel and revisit the request at the March 15, 2012 Board meeting. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

FOIA request received January 26, 2012 from Ms. Catherine Ajaero of S&P Capital IQ.
Status - in progress

REPORT OF THE COMMITTEES

None

REPORT OF THE SECRETARY**Expenditure Approvals**

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

Trustee AFFOLTER moved the Expenditure Approvals to the Omnibus.

Summary of Investment Fees, Administrative and General Expenses

Investment Fees, Administrative and General Expenses for the preceding month, as listed in Section IV (B) of the Report of the Secretary, dated December 31, 2011, were presented to the Board for approval.

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

Annuities Granted

Applications for Service and Employee's Spousal Annuities dated February 16, 2012, 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 Service and Employee's Spousal Annuities to the Omnibus.

Disabilities Granted

Applications for Ordinary and Duty Disability Benefits as listed in Section IV (D) of the Report of the Secretary, dated January 31, 2012, were presented to the Board for approval.

Trustee HODOROWICZ moved the approval for Ordinary and Duty Disability Benefits to the Omnibus.

Annuities in Force

The Secretary asked the Trustees to consider the statement of annuity benefit requirements for the month of January 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 \$5,211,034.77.

Trustee AFFOLTER moved the approval of the required funds from the Northern Trust Annuity Account in the amount of \$5,211,034.77 to the Omnibus.

Membership Statistics (informational only)

| | 02/16/12 | 06/30/11 | 06/30/10 |
|---|----------|----------|----------|
| Current active participants (Tier II-approx. 291) | 3,003 | 2,795 | 2,816 |
| Retired employees | 2,075 | 2,096 | 2,125 |
| Surviving spouses | 805 | 803 | 817 |
| Children | 12 | 14 | 14 |
| Retirements during the year – FYTD | 51 | 78 | 62 |
| Deaths among retirees – FYTD | 73 | 109 | 104 |
| New Members – FYTD | 288 | 188 | 174 |
| Withdrawals with refund – FYTD | 99 | 115 | 133 |

REPORT OF THE OTHER OFFICERS

Report on Death Claims

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

| <u>Name of Decedent</u> | <u>Date of Death</u> | <u>Amount Payable</u> | <u>To Whom Payable</u> |
|--|----------------------|-----------------------|--|
| Elaine Faro Attendant Annuitant, 6-9045 | 11/14/11 | \$ 3,000.00 | Death Benefit Jack T. Saunders, Executor of Estate |
| Carl Baio Craft Instructor Annuitant, 6-6623 | 01/04/12 | \$ 3,000.00 | Death Benefit Michael Baio, Designated Beneficiary |

| <u>Name of Decedent</u> | <u>Date of Death</u> | <u>Amount Payable</u> | <u>To Whom Payable</u> |
|---|----------------------|--|---|
| William Berg Rigger Helper Annuitant, 6-9431 | 12/11/11 | \$ 3,000.00 | Death Benefit Mary Ellsworth, Designated Beneficiary |
| James Kirk Receptionist Annuitant, 6-1029 *\$222.24 W/H tax on SSDB | 12/25/11 | \$ 3,000.00 * <u>300.00</u> <u>\$ 3,300.00</u> | Death Benefit Cassandra E. Kirk, Surviving Spouse |
| Michael V. Bratta Security and Legal Advisor Annuitant, 6-7475 *\$283.44 W/H tax on SSDB | 12/20/11 | \$ 3,000.00 * <u>300.00</u> <u>\$ 3,300.00</u> | Death Benefit Cynthia N. Bratta, Surviving Spouse |
| Edward Shilney Gardner Annuitant, 6-9840 | 12/17/11 | \$ 3,000.00 | Death Benefit Ann T. Shilney, Surviving Spouse |
| Juan M. Jimenez Plumber Foreman Annuitant, 6-10625 *\$520.56 W/H tax on SSDB | 12/26/11 | \$ 4,500.00 * | Death Benefit Irene A. Stelingis, Surviving Spouse |
| Dominic Miceli Florist Annuitant, 6-8278 *\$215.78 W/H tax on SSDB | 12/26/11 | \$ 3,000.00 * | Death Benefit Dorothy Miceli, Surviving Spouse |
| Luis R. Gonzalez Attendant Annuitant, 6-7656 | 12/21/11 | \$ 3,000.00 | Death Benefit Dalila Gonzalez, Surviving Spouse |
| Joan D. O'Brien Special Olympic Manager Annuitant, 6-9740 *\$240.44 W/H tax on SSDB | 01/17/12 | \$ 3,000.00 * <u>300.00</u> <u>\$ 3,300.00</u> | Death Benefit Optional Death Benefit James M. O'Brien, Surviving Spouse |
| Total amount of death claims submitted for approval | | <u>\$ 32,400.00</u> | |

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 on Death Claims to the Omnibus.

Applications for Refunds - over \$5,000.00

Applications for refund of pension contributions, Section V (B), involving payment in excess of \$5,000.00 were received from the following former employees of the Chicago Park District and presented to the Board by the Secretary:

| <u>Name and Occupation</u> | <u>Amount</u> | <u>Age</u> | <u>Years of Service</u> |
|---|--------------------|------------|-------------------------|
| Theresa Hennigan , Life Guard | \$ 9,936.57 | 24 | 6.00 |
| Shaneka Monroe , Activities Instructor | 8,924.61 | 25 | 4.00 |
| James Sapp , Attendant | 37,472.48 | 44 | 14.75 |
| Selma Sims , Recreation Leader | 6,058.37 | 26 | 5.25 |
| Catherine Tucker , Attendant | <u>8,223.73</u> | 55 | 4.50 |
| Total refunds submitted for approval | <u>\$70,615.76</u> | | |

The preceding individuals were duly informed regarding the effect of their refunds on their rights in the Fund, and were given full explanation to the credit they would be forfeiting by acceptance of the refunds.

Trustee SHOSTACK moved the approval of the Applications for Refunds over \$5,000.00 to the Omnibus.

Refunds of Spouse's Annuity Deductions - over \$5,000.00

Refunds of spouse's annuity deductions over \$5,000, Section V (C), were submitted to the Trustees for approval. These employees are unmarried at the date of their retirement and are entitled to these refunds.

| <u>Name</u> | <u>Amount</u> |
|-------------|--------------------|
| Richard Lee | \$19,154.98 |
| Frank Nino | <u>12,950.82</u> |
| Total | <u>\$32,105.80</u> |

Trustee HODOROWICZ moved the approval of the Refunds of Spouse's Annuity Deductions over \$5,000.00 to the Omnibus.

INVESTMENTS

The Chairman informed the Board of the following Reports for December 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 Estate Accounts | VI (A)6 |

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

There were no significant activities in the investment accounts.

Trustee FRATTO moved the approval of investment reports and important/and or significant activities in the investment accounts to the Omnibus.

CURRENT FINANCIAL DATA

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

Statement of Cash Receipts and Disbursements

Statement of Cash Receipts and Disbursements, Section VII (B), through December 31, 2011 containing the following summary balances:

| | |
|---------------------------------------|------------------------|
| Adjusted balance at November 30, 2011 | \$(58,419.35) |
| Receipts during December | 40,130,761.09 |
| Disbursements for December | <u>(36,381,287.17)</u> |
| Balance at December 31, 2011 | <u>\$ 3,691,054.57</u> |

Trustee FRATTO moved the Statement of Cash Receipts and Disbursements to the Omnibus.

Summary of the Trial Balance (unaudited)

Summary of the Trial Balance (unaudited), Section VII (C) as of December 31, 2011 shows the ending net assets of \$409,000,687.29.

Trustee SHOSTACK moved the approval of the Summary of the Trial Balance (unaudited) 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, FRATTO, GERAGHTY, GILDART, HODOROWICZ, MUNIZZI, SHOSTACK |
| NAYS: | None |

REPORT OF THE EXECUTIVE DIRECTOR

The Executive Director requested that the President ask for a motion to go into Executive Session to discuss personnel issues.

A motion was made by Trustee HODOROWICZ to go into Executive Session to discuss personnel issues. Motion was seconded by Trustee SHOSTACK.

Motion carried by the following roll call:

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

NAYS: None

A motion was made by Trustee HODOROWICZ to return to open session. Motion was seconded by Trustee FRATTO.

Motion carried by the following roll call:

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

NAYS: None

A motion was made by Trustee HODOROWICZ to authorize the Executive Director to execute the personnel decisions as presented in the Executive Session. Motion was seconded by Trustee GERAGHTY.

Motion carried by the following roll call:

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

ABSTAIN: MUNIZZI

2012 Trustee Election

The Executive Director distributed a copy of a proposed schedule for the Trustees' Annual Election on June 22, 2012.

A motion was made by Trustee GILDART to adopt the proposed schedule for the Trustees' Annual Election on June 22, 2011, including counting ballots postmarked June 22, 2012, on Tuesday, June 26, 2012, at 10:00 AM. Motion was seconded by Trustee AFFOLTER.

Motion carried by the following roll call:

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

NAYS: None

The Executive Director recommended appointment of Bansley & Kiener, Certified Public Accountants, as Election Monitor for the Trustees' Annual Election on June 22, 2012.

A motion was made by Trustee AFFOLTER to appoint Bansley & Kiener, Certified Public Accountants, as Election Monitor for the Trustees' Annual Election on June 22, 2012, at a cost in-line with the previous year. Motion was seconded by Trustee GERAGHTY.

Motion carried by the following roll call:

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

ABSTAIN: MUNIZZI

G8/NATO Meetings in Chicago

The Executive Director reminded the Trustees that the Board moved the Thursday, May 17, 2012 Board Meeting to Thursday, May 10, 2012, due to the G8 and NATO Summits. As the Fund becomes aware of the details of the meetings, such as street closings, redirected traffic patterns and other disruptions in the downtown area, the Board will be advised. He noted that he is in the process of preparing a plan with staff to address these issues and other potential disruptions as a result of the meetings.

Other

Meeting with Chicago Park District Staff - The Executive Director reported that he had scheduled a meeting with Superintendent and Chief Executive Officer Michael P. Kelly and Chief Financial Officer Steve Hughes of the Chicago Park District and James Brosnahan, the Fund's lobbyist, for February 27, 2012 to discuss alternative pension reform and funding scenarios.

Audit of Financial Statements as of June 30, 2011 - The Executive Director reviewed the Management and Deficiency letters submitted by Bansley & Kiener, the Fund's auditors, with the Trustees and noted that the recommendations noted therein had been addressed.

Investment Consultant RFP - The Executive Director reported that he is working with Fund Counsel to develop an Investment Consultant RFP, consistent with Public Act 96-006, and timetable for the RFP process and will be reporting on progress at the March Board meeting.

Statement of Economic Interest - The Executive Director reminded the Trustees that their Statements of Economic Interest are due May 1, 2012 and must be filed on-line.

Conferences - The Executive Director distributed an updated 2012 Conference Schedule to the Trustees. He also noted a few conferences and client events which may be of particular interest to the Trustees.

A motion was made by Trustee HODOROWICZ to accept the Report of the Executive Director. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, FRATTO, 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 Preliminary Monthly Update report as of January 31, 2012 and the Executive Summary as of December 31, 2011, featuring investment performance, market highlights, asset allocation and individual investment manager performance. The reports were reviewed and discussed with the Trustees. Mr. Christenson also discussed the makeup of the Fund's equity index investments and recommended that the Trustees consider moving funds from the Northern Trust Global Investments WILSHIRE 5000 - SUDAN FREE FUND to the Northern Trust Global Investments WILSHIRE 5000 - GENERAL FUND. President MUNIZZI thanked Mr. Christenson.

A motion was made by Trustee HODOROWICZ to move funds from the Northern Trust Global Investments WILSHIRE 5000 - SUDAN FREE FUND to the Northern Trust Global Investments WILSHIRE 5000 - GENERAL FUND. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

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

OLD BUSINESS

None

NEW BUSINESS

None

ADJOURNMENT

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

The next regular meeting of the Retirement Board will be on **Thursday, March 15, 2012** 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