

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
SCHEDULED REGULAR BOARD MEETING
THURSDAY, JANUARY 19, 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
JOHN J. SHOSTACK, Vice President
EDWARD L. AFFOLTER, Secretary

ROBERT GERAGHTY, Trustee
FRANK C. HODOROWICZ, Trustee
MELINDA M. GILDART, Trustee
(arrived during 'Current Financial Data')

Also Present:

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

Absent:

JOSEPH M. FRATTO, Trustee

MINUTES OF THE LAST MEETING

A motion was made by Trustee SHOSTACK to approve the minutes of the scheduled Board meeting held on Thursday, December 15, 2011. Trustee GERAGHTY seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK

NAYS: None

READING OF COMMUNICATIONS

Recent FOIA requests received from:

- 1) Gar Chung of Financial Investment News
- 2) Patrick McCraney of Fox Chicago News
- 3) Craig Mijares of Tea Party Palatine.com

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.

A motion was made by Trustee AFFOLTER to approve bills for the current General accounts. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

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

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 November 30, 2011, were presented to the Board for approval.

Trustee HODOROWICZ 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 January 19, 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 December 31, 2011, 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 \$5,244,632.35.

Trustee SHOSTACK moved the approval of the required funds from the Northern Trust Annuity Account in the amount of \$5,244,632.35 to the Omnibus.

Membership Statistics (informational only)

	01/19/12	06/30/11	06/30/10
Current active participants (Tier II-approx. 271)	2,999	2,795	2,816
Retired employees	2,074	2,096	2,125
Surviving spouses	803	803	817
Children	12	14	14
Retirements during the year – FYTD	37	78	62
Deaths among retirees – FYTD	43	109	104
New Members – FYTD	276	188	174
Withdrawals with refund – FYTD	91	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>
Victor Difazio Attendant Annuitant, 6-9065	10/07/11	\$3,000.00	Death Benefit Joseph Difazio, Designated Beneficiary
Dolores Rumczikas Playground Supervisor Annuitant, 6-8257	09/30/11	\$3,000.00	Death Benefit Joyce Burzloff, Trustee of Revocable Trust

<u>Name of Decedent</u>	<u>Date of Death</u>	<u>Amount Payable</u>	<u>To Whom Payable</u>
Laurence Barnette Auto Checker Annuitant, 6-8349 *\$208.32 W/H tax on SSDB	10/16/11	\$3,000.00 * 300.00 <u>\$3,300.00</u>	Death Benefit Bernice Barnette, Surviving Spouse
Joan M. Leick Attendant Annuitant, 6-9724 *\$100.00 W/H tax on SSDB	11/24/11	\$3,000.00 * 300.00 <u>\$3,300.00</u>	Death Benefit Optional Death Benefit Robert Leick, Surviving Spouse
Dominic Tassone Chief Horticulturist Annuitant, 6-8614	11/17/11	\$3,000.00	Death Benefit Liliana Tassone, Surviving Spouse
John Raffetto Laborer Annuitant, 6-7361 *\$229.29 W/H tax on SSDB	11/22/11	\$3,000.00 * 300.00 <u>\$3,300.00</u>	Death Benefit Optional Death Benefit Mary Raffetto, Surviving Spouse
Lewis Farmer Asphalt Raker Annuitant, 6-8379 *\$194.07 W/H tax on SSDB	12/17/11	\$3,000.00 *	Death Benefit Kathleen E. Farmer, Surviving Spouse
John Ciaccio Assistant Drama Property Technician Annuitant, 6-7405	12/23/11	\$3,000.00 300.00 <u>\$3,300.00</u>	Death Benefit Optional Death Benefit Frances Ciaccio, Surviving Spouse
Total of death claims submitted for approval		<u>\$24,900.00</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>
Lillian Cortes , Life Guard	\$ 5,258.93	22	3.25
Corthenia Davis-John , Park Supervisor of Recreation	57,303.66	41	16.00
Dion Gaines , Security Guard	6,650.26	32	4.75
Tristyn Healey , Gymnastics Instructor	8,728.07	32	3.25
Cara Judd , Physical Instructor	16,568.68	29	10.50

<u>Name and Occupation</u>	<u>Amount</u>	<u>Age</u>	<u>Years of Service</u>
Kimberly Lazo , Recreation Leader	18,136.30	47	7.75
Enrico Ramos , Life Guard	5,656.42	25	4.50
Jenny Wilson , Staff Assistant	<u>5,198.66</u>	42	2.25
Total refunds submitted for approval	<u>\$123,500.98</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.

INVESTMENTS

The Chairman informed the Board of the following Reports for November 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.

Important/significant activity in the Equity Accounts:

Great Lakes Advisors, Inc.	(none)
Wellington Trust Company	(none)
Ariel Capital Management	(none)
RBC Global Asset Management	(none)
William Blair & Company, LLC	(none)

Important/significant activity in Index Fund Accounts:

Northern Trust Quantitative Advisors	(none)
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Important/significant activity in Fixed Income Accounts:

Chicago Equity Partners	(none)
MacKay Shields	(none)
LM Capital Group	(none)
Ullico-Separate Account W1	(none)

Important/significant activity in Private Equity Accounts:

HarbourVest Partners	(none)
Mesirow Financial	(none)
Pine Bridge Investments	(none)
New York Life Capital Partners	(none)

Important/significant activity in Hedge Fund Accounts:

Entrust Capital, Inc.	(none)
K2 Advisors	(none)

Important/significant activity in Real Estate Accounts:

UBS Realty Investors, LLC	(none)
Principal Global Investors	(none)

Trustee AFFOLTER 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 AFFOLTER 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 November 30, 2011 containing the following summary balances:

Adjusted balance at October 31, 2011	\$(40,653.41)
Receipts during November	19,156,177.93
Disbursements for November	<u>(19,185,326.73)</u>
Balance at November 30, 2011	<u>\$(69,802.21)</u>

Trustee SHOSTACK 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 November 30, 2011 shows the ending net assets of \$368,858,539.87.

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 GERAGHTY to approve the foregoing reports which were moved to the Omnibus. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

REPORT OF THE EXECUTIVE DIRECTOR**Staff Development/Office Restructure and Review**

The Executive Director reported that staff development, training and restructuring of the office is proceeding as planned, especially with the anticipation of the retirement of key employees in the near future. He also noted that the Information Technology review conducted by Bansley & Kiener, the Fund's auditors, is in progress.

G8/NATO Meetings in Chicago

The Executive Director reported that the G8 and NATO Summits are scheduled to take place from May 15 - 22 in Chicago and commented that there will be street closings, redirected traffic patterns and other disruptions in the downtown area. 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 Summits.

A motion was made by President MUNIZZI to move the Regular Scheduled Thursday, May 17, 2012 Board Meeting to Thursday, May 10, 2012. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

Comprehensive Annual Financial Report (CAFR)

The Executive Director distributed the Fund's CAFR for the Fiscal Year Ended June 30, 2011 and reported that the audit of the financial statements for the same period was completed in December. He also noted that the CAFR was submitted to the GFOA ahead of schedule.

Other

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 February 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.

Meeting with Chicago Park District Staff - The Executive Director reported that the meeting scheduled for January 17, 2012 with Superintendent and Chief Executive Officer Michael P. Kelly, Chief Financial Officer Steve Hughes of the Chicago Park District and James Brosnahan, the Fund's lobbyist, to discuss alternative pension reform and funding scenarios had been postponed but will be rescheduled for some time in February.

Conferences - The Executive Director distributed an updated 2012 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 accept 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

Mr. Sandor Goldstein of Goldstein & Associates, the Fund's actuary, reviewed in detail the Fund's Actuarial Valuation as of June 30, 2011. Mr. Goldstein also noted that he attended the Assembly on Pension Stability hosted by the Governor in Springfield and commented on the meeting. At the conclusion of Mr. Goldstein's report and a lengthy discussion with the Trustees, President MUNIZZI thanked Mr. Goldstein.

A motion was made by Trustee MUNIZZI to approve the Report of the Actuary. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

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

REPORT OF THE ATTORNEY

None

PRESENTATIONS

Marquette Associates

Mr. Brett Christenson of Marquette Associates distributed the Preliminary Monthly Update report as of December 31, 2011 featuring investment performance, market highlights, asset allocation and individual investment manager performance. The report was reviewed and discussed with the Trustees. The process of putting an investment manager on alert status was also discussed. President MUNIZZI thanked Mr. Christenson.

A motion was made by Trustee SHOSTACK to put K2 Advisors on alert status. Trustee AFFOLTER 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, 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, February 16, 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