

RECORD OF PROCEEDINGS  
of the  
RETIREMENT BOARD (the "BOARD") of the  
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")  
SCHEDULED REGULAR BOARD MEETING  
THURSDAY, MAY 19, 2011

The 55-East Monroe Building  
55 East Monroe - 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	FRANK C. HODOROWICZ, Trustee
EDWARD L. AFFOLTER, Secretary	JOHN J. SHOSTACK, Trustee
ROBERT GERAGHTY, Trustee	
MELINDA M. GILDART, Trustee (arrived during the Report of the Secretary)	

Also Present:

DEAN J. NIEDOSPIAL, Executive Director  
BRETT CHRISTENSON & MIKE SPYCHALSKI, Marquette Associates Inc.  
SANDOR GOLDSTEIN, Goldstein and Associates

Absent:

JOSEPH M. FRATTO, Vice President

**MINUTES OF THE LAST MEETING**

A motion was made by Trustee HODOROWICZ to approve the minutes of the Board meeting held on Thursday, May 19, 2011. Trustee GERAGHTY seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, HODOROWICZ  
MUNIZZI, SHOSTACK

NAYS: None

**READING OF COMMUNICATIONS**

The Chairman advised the Board that the following correspondence had been received at the Fund's Office:

- I) Plan Participants – None
- II) Solicitations - Equity Advisers, Portfolio Managers, Brokers, etc. – None
- III) Performance/General Information – Current Investment Managers, etc.
  - A) Ariel Capital Management Company
    - 1) Monthly Account Report – April 2011
  - B) Great Lakes Advisors, Inc.
    - 1) Monthly Account Report – April 2011
  - C) MacKay Shields Asset Management
    - 1) Monthly Account Report – April 2011
  - D) NTQA Investment Management Co.
    - 1) Portfolio Summary – April 2011
    - 2) InterCap Fund, Aggregate Bond Fund & Multiple Growth – Tilt Fund
  - E) Wellington Trust Co.
    - 1) Monthly Account Report – April 2011
- IV) Recurring Reports and Letters Received (Periodically)
  - Bansley & Kiener - Quarterly Newsletter
  - Crain's Chicago Business
  - Government Finance Officers Assoc. – Government Finance Review
  - Institutional Investor – Publication
  - NCPERS – Persist & Urgent Word from Washington
  - Northern Trust Global Investments
  - Pension & Benefits Update
  - Pension & Investments Publication
  - Pension Laws Commission – Updates & Reports
  - State of Illinois Economic & Fiscal Commission
  - The Institutional Real Estate Letter
  - Wall Street Journal
- V) Miscellaneous - None

Trustee GERAGHTY moved to accept and file the communications received. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, HODOROWICZ  
MUNIZZI, SHOSTACK

NAYS: None

### **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.

Trustee HODOROWICZ moved the Expenditure Approvals to the Omnibus.

#### **Summary of Administrative Expenses**

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

Trustee AFFOLTER moved the approval of the Summary of Administrative Expenses to the Omnibus.

#### **Annuities Granted**

Applications for annuities and benefits dated May 19, 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 April 30, 2011, were presented to the Board for approval.

Trustee SHOSTACK 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 May, 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 \$5,104,771.17.

Trustee HODOROWICZ moved the approval of the required funds from the Northern Trust Annuity Account in the amount of \$5,104,771.17 to the Omnibus.

### **Membership Statistics and New Members Qualified/Informational Only**

#### MEMBERSHIP STATISTICS

	05/19/11	06/30/10	06/30/09
Current active participants	2,890	2,816	2,865
Retired employees	2,085	2,125	2,167
Surviving spouses	797	817	830
Children	13	14	17
Retirements during the year – FYTD	53	61	98
Deaths among retirees – FYTD	92	104	80
New Members – FYTD	164	174	172
Withdrawals with refund – FYTD	100	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>
<b>Willie Hood</b> Laborer Annuitant 6-6160 *\$125 W/H Tax	02/25/11	\$3,000.00* Death Benefit	Stafford Hood, PH.D Executor of the Estate
<b>Peter Kent</b> Stationary Engr. Annuitant 6-6534 *\$100 W/H Tax	02/25/11	\$3,000.00* Death Benefit	Robert J. Kent Executor of the Estate

<u>NAME OF DECEDENT</u>	<u>D/O/D</u>	<u>AMOUNT PAYABLE</u>	<u>TO WHOM PAYABLE</u>
<b>Raymond P. Schuller</b> Motor Truck Driver Annuitant 6-9889	03/31/11	\$3,000.00	Death Benefit Matthew D. Schuller Executor of the Estate
<b>Tera R. Crawford</b> Recreation Leader Employee 6-1306	03/10/11	\$8,561.08	Refund of Empl Contr. Lyra Crawford On Behalf of the Estate

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**

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

<b>Ron L. Baker</b>	\$82,482.62
Electrician Inside	

The preceding individual was duly advised of the effect of his refund on his rights in the Fund, and was given a full explanation relative to the credit he would forfeit by acceptance of the refund.

#### **Spouse's Annuity Deductions Refunds - over \$5,000**

Application for a refund of the following spousal annuity deduction is submitted for the approval of the Trustees. This employee is unmarried at the date of her retirement and is entitled to a refund.

<b>Robert H. Madison</b>	\$15,726.36
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Trustee SHOSTACK 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 March 2011, are presented in Section VI(A) for approval:

Northern Trust Co. 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 and Other	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 April 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 April 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 April 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 April 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 April 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 April 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 March 2011, containing the following summary balances:

Adjusted Balance at February 28, 2011	\$ (57,549.31)
Receipts during March	<u>29,538,356.09</u>
Total Receipts	29,480,806.78
Disbursements for March	<u>(29,551,351.23)</u>
Balance at March 31, 2011	<u>\$ (70,544.45)</u>

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

**Trial Balance as of March 31, 2011**

Trial Balance Summary of General Ledger Accounts, Section VII (C) as of March 31, 2011, showing debit and credit balances in the amount of \$808,211,308.78.

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

Motion carried by the following roll call:

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

NAYS: None

**REPORT OF THE EXECUTIVE DIRECTOR****Chicago Park District**

The Executive Director reported that he has had numerous discussions with Sandor Goldstein of Goldstein & Associates, the Fund's actuary, Joseph Burns of Jacobs, Burns, Orlove, & Hernandez, the Fund's attorney, the executive directors of some of the local retirement systems as well as representatives of House Speaker Michael Madigan's staff in regard to legislative proposals in the form of a "Reform Bill" that are being considered by the state legislature. This will be discussed further during the Report of the Actuary.

**Trustee Election**

The Executive Director reviewed the schedule for the Trustee Election on Friday, June 24, 2011. He reported that as of the meeting date, three candidates had picked up nominating petitions: Doug Borders, Frank Hodorowicz and Gary Kuzmanic. Petitions are due on Tuesday, May 31. The Trustees will be informed of all further developments.

**Other**

Direct Deposit -- The Executive Director reported that federal benefits such as Social Security, unemployment benefits, etc. and other retirement systems are requiring or in the process of requiring benefit recipients to receive benefits electronically, i.e. direct deposit. Effective immediately, the Fund will require new benefit recipients to receive their benefits electronically, sensitive to certain hardships. The Fund will also explore ways to encourage current benefit recipients who do not utilize direct deposit to do so.

Investment Managers Update -- The Executive Director reported that he had executed a Notice and Consent to Assignment in regard to the Great Lakes Advisors merger with Wintrust Capital Management and a Limited Partner Consent for the Mesirov Financial Private Equity Partnership Funds III, IV and IX in regard to identification of certain Key Persons. The documents were reviewed by the Fund's attorney prior to execution.



Conferences -- The Executive Director distributed an updated 2011 Conference Schedule to the Trustees.

Possible Board Meeting Change -- The Executive Director asked the Trustees to check their schedules in August to possibly accommodate a continuing education session on Fiduciary Responsibility, Ethics, Securities Litigation and the Importance of Trustee Education to be presented by the Fund's attorney.

Continuing Education -- The Executive Director reminded the Trustees that a continuing education session on investing in equities presented by Mellody Hobson and Roopa Weber of Ariel Investments, moderated by Brett Christenson of Marquette Associates will follow the Board meeting.

### **Appointment of the Auditor**

The Executive Director informed the Trustees of an engagement letter received from Bansley and Kiener, L.L.P for the Fund's annual audit. The letter describes the terms of the agreement, nature and extent of the audit services to be provided to the Fund. The fee for the audit for fiscal year ending June 30, 2011 will be in the \$25,000.00 to \$26,000.00 range.

A motion was made by Trustee GERAGHTY to reappoint Bansley and Kiener, L.L.P. as the Fund's auditors for the fiscal year ending June 30, 2011 at a fee not to exceed \$26,000. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

YEAS:           AFFOLTER, GERAGHTY, GILDART  
                      HODOROWICZ, SHOSTACK

ABSTAIN:       MUNIZZI

### **Appointment of the Actuary**

The Executive Director informed the Trustees of the June 30, 2011 expiration of the term of the Fund's Actuary, Goldstein & Associates.

A motion was made by Trustee MUNIZZI to reappoint Goldstein & Associates as the Fund's Actuary for a one-year period beginning July 1, 2011 at an annual fee of \$46,000.00. Trustee AFFOLTER seconded the motion.

Motion carried by the following roll call:

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

NAYS:           None

**Appointment of the Attorney**

The Executive Director informed the Trustees of the June 30, 2011 expiration of the term of the Fund’s Attorney, Jacobs, Burns, Orlove, & Hernandez.

A motion was made by Trustee SHOSTACK to reappoint Jacobs, Burns, Orlove & Hernandez as the Fund’s Attorney for a one-year period beginning July 1, 2011 at an hourly rate of \$225.00. Trustee AFFOLTER seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

A motion was made by Trustee MUNNIZZI to approve the Report of the Executive Director. Trustee HODOROWICZ 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, commented on the various legislative proposals that are being considered by the state legislature that may materialize in the form of a “Reform Bill.” At the conclusion of a lengthy discussion between the Trustees and Mr. Goldstein, President MUNIZZI thanked Mr. Goldstein.

A motion was made by Trustee GERAGHTY to approve the Report of the Actuary. Trustee HODOROWICZ 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, Inc. distributed the Preliminary Monthly Update report as of April 30, 2011 and Executive Summary as of March 31, 2011. The report and the Executive Summary were reviewed. At the conclusion of a discussion between the Trustees and Mr. Christenson, President MUNIZZI thanked Mr. Christenson.

**OLD BUSINESS**

None

**NEW BUSINESS**

None

**ADJOURNMENT**

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

The next regular meeting of the Retirement Board will be on **Thursday, June 16, 2011** at 9:30 A.M. in the Judith A. Flaherty Conference Room on the 27<sup>th</sup> floor of the 55 East Monroe Street Building, Suite 2720, Chicago, Illinois, 60603.

Respectfully submitted,

EDWARD L. AFFOLTER  
Secretary