

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
SCHEDULED REGULAR BOARD MEETING
THURSDAY, APRIL 21, 2011

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

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

ROLL CALL

Trustees reported present:

JOSEPH M. FRATTO, Vice 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 Executive Director)	

Also Present:

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

Absent:

PAMELA A. MUNIZZI, President

MINUTES OF THE LAST MEETING

A motion was made by Trustee HODOROWICZ to approve the minutes of the Board meeting held on Thursday, March 17, 2011. Trustee GERAGHTY seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, FRATTO
 HODOROWICZ, 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 – March 2011
 - B) Great Lakes Advisors, Inc.
 - 1) Monthly Account Report – March 2011
 - C) MacKay Shields Asset Management
 - 1) Monthly Account Report – March 2011
 - D) NTQA Investment Management Co.
 - 1) Portfolio Summary – March 2011
 - 2) InterCap Fund, Aggregate Bond Fund & Multiple Growth – Tilt Fund
 - E) Wellington Trust Co.
 - 1) Monthly Account Report – March 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 AFFOLTER moved to accept and file the communications received. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, FRATTO
HODOROWICZ, 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 February 28, 2011, were presented to the Board for approval.

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

Annuities Granted

Applications for annuities and benefits dated April 21, 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 March 31, 2011, were presented to the Board for approval.

Trustee AFFOLTER 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 April, 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 \$5,089,676.75.

Trustee HODOROWICZ moved the approval of the required funds from the Northern Trust Annuity Account in the amount of \$5,089,676.75 to the Omnibus.

Membership Statistics and New Members Qualified/Informational Only

MEMBERSHIP STATISTICS

	04/21/11	06/30/10	06/30/09
Current active participants	2,880	2,816	2,865
Retired employees	2,088	2,125	2,167
Surviving spouses	798	817	830
Children	14	14	17
Retirements during the year – FYTD	47	61	98
Deaths among retirees – FYTD	83	104	80
New Members – FYTD	150	174	172
Withdrawals with refund – FYTD	95	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>
Luella Cash Attendant Annuitant 6-7714 *\$100 W/H Tax on SSDB	01/31/11	\$3,000.00* Death Benefit	Bettie J. Cowan Designated Beneficiary
Michael Matich Park Operations Supv. Annuitant 6-5883	09/16/10	\$3,000.00* Death Benefit	Melanie Matich Personal Rep. of Estate

<u>NAME OF DECEDENT</u>	<u>D/O/D</u>	<u>AMOUNT PAYABLE</u>	<u>TO WHOM PAYABLE</u>
Robert A. McDonald Floriculturist, Class 2 Annuitant 6-9514 *\$100 W/H Tax	03/09/11	\$3,000.00* Death Benefit	Linda M. Finland Designated Beneficiary
Thoramine McGowan Attendant Annuitant 6-010584 *\$100 W/H Tax \$6,016.79 W/H Tax	02/06/11	\$3,000.00* Death Benefit <u>30,083.97*</u> Ref. Annty Res. <u>\$33,083.97</u>	Maurice McGowan Designated Beneficiary
Peter A. Molaro Painter Annuitant 6-9027	02/09/11	\$3,000.00 Death Benefit	Robert S. Molaro Designated Beneficiary
Stanley T. Wisniewski Attendant Annuitant 6-7982 \$40.00 W/H Tax	02/03/11	\$3,000.00 Death Benefit	David J. Wisniewski Barbara J. Richards Joan M. Tamosaitis Designated Beneficiaries

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:

Louis R. Depozo, Jr. , Staff Assistant	\$26,242.86
---	-------------

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.

Lorraine A. Donnell	\$ 6,259.74
----------------------------	-------------

Trustee HODOROWICZ 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 February 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 March 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 March 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 March 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 March 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 March 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 March 2011:

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

Trustee SHOSTACK moved the approval of all activity, 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 HODOROWICZ 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 February 2011, containing the following summary balances:

Adjusted Balance at January 31, 2011	\$ (122,527.61)
Receipts during February	<u>67,259,562.90</u>
Total Receipts	67,137,035.29
Disbursements for February	<u>(67,194,584.60)</u>
Balance at February 28, 2011	<u>\$ (57,549.31)</u>

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

Trial Balance as of February 28, 2011

Trial Balance Summary of General Ledger Accounts, Section VII (C) as of February 28, 2011, showing debit and credit balances in the amount of \$812,423,265.91

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

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, FRATTO
HODOROWICZ, SHOSTACK

NAYS: None

REPORT OF THE EXECUTIVE DIRECTOR

Chicago Park District

The Executive Director reported that he, Sandor Goldstein of Goldstein & Associates, the Fund's actuary, and Trustees FRATTO and GILDART met with Superintendent Timothy Mitchell, Chief Financial Officer Stephen Hughes and Director of Legislative & Community Affairs Timothy King, all of the Chicago Park District, to discuss legislative proposals and funding projections prepared by the Fund's actuary based on the employer's Annual Required Contribution ("ARC") that would be funded 2/3 by the Chicago Park District and 1/3 by the employees. He noted that Superintendent Mitchell stated that the Chicago Park District endorsed proposing legislation whereby the "Employer and Employee Contributions as a Percent of Payroll Increase Over a 5-year Period Beginning in FY 2013 to a Level Necessary to Reach a 90% Funded Ratio in 2049. Employer pays 2/3 of the increase; Employees 1/3 of the increase. Based on Valuation Data as of June 30, 2009." The Superintendent requested that the Board consider endorsing this proposed legislation as well so that it could be presented to the Illinois legislature with the support of the employer and the Fund. This will be discussed further during the Report of the Actuary.

Other

Disaster Recovery Plan -- The Executive Director distributed and reviewed a copy of the Fund's Disaster Recovery Plan.

Interest rate charged by the Fund for the repayment of unpaid service, i.e. refunds, pre-entry, military service etc. -- The Executive Director distributed a copy of an email received from the Fund's actuary regarding a survey of other local retirement systems on the interest rate that the systems charge for repayment of unpaid service, i.e. refunds, pre-entry, military service, etc. that would be addressed during the Report of the Actuary.

2011 Trustee Election -- The Executive Director distributed a copy of the previously approved Election Schedule and noted that the ballots would be counted on Friday, June 24, 2011. He reminded the Trustees that they could exercise a provision in the Election Policy that would allow ballots that are post-marked by Friday, June 24, 2011 to be counted on the following Tuesday.

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

Chicago Park District Tax Levy -- The Executive Director informed the Trustees that the Fund was paid the entire amount of its share of the 2010 tax levy, or approximately \$10.8 million on April 15, 2011.

Meetings with Fund Attorney -- The Executive Director advised the Trustees that he has scheduled meetings with the Fund's attorney to review compliance issues, the Fund's website, update forms to be consistent with the recently passed Civil Union law, etc.

Conferences --The Executive Director distributed an updated 2011 Conference Schedule to the Trustees and noted that Trustees AFFOLTER and SHOSTACK have requested authorization to attend the National Conference on Public Employee Retirement Systems ("NCPERS") Annual Conference & Exhibition, May 22-26, 2011.

A motion was made by Trustee GERAGHTY to authorize Trustees AFFOLTER and SHOSTACK to attend the NCPERS Annual Conference & Exhibition, May 22-26, 2011. Trustee GILDART seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

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

Motion carried by the following roll call:

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

NAYS: None

REPORT OF THE ACTUARY

Mr. Sandor Goldstein of Goldstein & Associates, the Fund's actuary, commented on the meeting with Chicago Park District officials noted during the Report of the Executive Director and entertained questions raised by the Trustees on the legislative proposal endorsed by the Chicago Park District.

A motion was made by Trustee SHOSTACK to endorse proposing legislation in concert with the Chicago Park District whereby the "Employer and Employee Contributions as a Percent of Payroll Increase Over a 5-year Period Beginning in FY 2013 to a Level Necessary to Reach a 90% Funded Ratio in 2049. Employer pays 2/3 of the increase; Employees 1/3 of the increase. Based on Valuation Data as of June 30, 2009." Motion was seconded by Trustee GILDART.

Motion carried by the following roll call:

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

NAYS: None

In response to the Trustees request at the previous Board meeting, Mr. Goldstein reported on the results of his survey of other local retirement systems on the interest rate that the systems charge for repayment of unpaid service, i.e. refunds, pre-entry, military service, etc. A lengthy discussion between Mr. Goldstein and the Trustees followed.

A motion was made by Trustee HODOROWICZ to change the interest rate charged by the Fund for the repayment of unpaid service, i.e. refunds, pre-entry, military service, etc. from a current rate of 7% to 4% effective July 1, 2011. Trustee GILDART seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, GILDART
FRATTO, HODOROWICZ

NAYS: AFFOLTER, SHOSTACK

Vice President FRATTO thanked Mr. Goldstein.

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

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, GILDART
FRATTO, HODOROWICZ, 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 March 31, 2011 and revised Investment Policy Guidelines as of April 2011, which if adopted, would be consistent with the Fund's recently approved asset allocation. The report and the Investment Guidelines were discussed in detail. At the conclusion of a lengthy exchange between the Trustees and Mr. Christenson, Vice President FRATTO thanked Mr. Christenson.

A motion was made by Trustee SHOSTACK to adopt the revised Investment Policy Guidelines as of April 2011, presented by Marquette Associates. Motion was seconded by Trustee HODOROWICZ.

Motion carried by the following roll call:

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

NAYS: None

OLD BUSINESS

None

NEW BUSINESS

None

ADJOURNMENT

There being no further business, Trustee SHOSTACK 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, May 19, 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