

RECORD OF PROCEEDINGS  
of the  
RETIREMENT BOARD (the "BOARD") of the  
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")  
SCHEDULED REGULAR BOARD MEETING  
THURSDAY, OCTOBER 20, 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  
JOHN J. SHOSTACK, Vice President  
EDWARD L. AFFOLTER, Secretary

ROBERT GERAGHTY, Trustee  
FRANK C. HODOROWICZ, Trustee  
MELINDA M GILDART, Trustee (arrived  
during the Report of the Executive Director)

Also Present:

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

Absent:

JOSEPH M. FRATTO, Trustee

**MINUTES OF THE LAST MEETING**

A motion was made by Trustee HODOROWICZ to approve the minutes of the rescheduled Board meeting held on Thursday, September 22, 2011. Trustee GERAGHTY seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, HODOROWICZ,  
MUNIZZI, SHOSTACK

NAYS: None

**READING OF COMMUNICATIONS**

None

**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**

Administrative Expenses for the preceding month, as listed in Section IV (B) of the Report of the Secretary, dated August 31, 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 Service and Employee's Spousal Annuities dated October 20, 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 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 September 30, 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 October 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 \$5,150,570.27.

Trustee HODOROWICZ moved the approval of the required funds from the Northern Trust Annuity Account in the amount of \$5,150,570.27 to the Omnibus.

**Membership Statistics (informational only)**

	10/20/11	06/30/11	06/30/10
Current active participants	2,881	2,878	2,816
Retired employees	2,080	2,096	2,125
Surviving spouses	803	803	817
Children	12	14	14
Retirements during the year – FYTD	15	78	61
Deaths among retirees – FYTD	23	109	104
New Members – FYTD	135	188	174
Withdrawals with refund – FYTD	42	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>D/O/D</u>	<u>AMOUNT PAYABLE</u>	<u>TO WHOM PAYABLE</u>
Frank Wilke Painter Annuitant 6-6434	07/26/11	\$ 3,000.00    Death Benefit	Kathryn Stephenson Independent Administrator
Dolores Lewandowski Art Craft Instructor Annuitant 6-8946 *\$75.00 W/H tax on SSDB	07/11/11	\$ 3,000.00*    Death Benefit	Carin A. Lewandowski Executor of Estate
Phillip Washington Playground Supervisor Annuitant 6-8263	08/17/11	\$ 3,000.00    Death Benefit	Jessie M. Washington Designated Beneficiary
John W. Braunhold B & C Laborer Annuitant 6-7404 *\$150.00 W/H tax on SSDB	08/28/11	\$ 3,000.00*    Death Benefit	June P. Braunhold Surviving Spouse
Albert R. Cech Park Supervisor Annuitant 6-8908	08/26/11	\$ 3,000.00    Death Benefit	Mary Ann Cech Surviving Spouse
Joseph DiPiazza Attendant Annuitant 6-8881	08/05/11	\$ 3,000.00    Death Benefit <u>300.00</u> Optional Death Benefit	Carmella DiPiazza Surviving Spouse
		<u>\$ 3,300.00</u>	

<u>NAME OF DECEDENT</u>	<u>D/O/D</u>	<u>AMOUNT PAYABLE</u>	<u>TO WHOM PAYABLE</u>
Robert George Lyford Structural Iron Worker Annuitant 6-8374 *\$100.00 W/H tax on SSDB	09/05/11	\$ 3,000.00* 300.00	Death Benefit Cheri Ann Lyford, Surviving Spouse
Joenormal McDaniels Stationary Engineer Annuitant 6-8807 *\$75.00 W/H tax on SSDB	09/12/11	\$ 3,000.00* <u>300.00</u> \$ 3,300.00*	Death Benefit Optional Death Benefit Narcene McDaniels Surviving Spouse
Edward R. Fern Stationary Engineer Annuitant 53604 *\$450.00 W/H tax on SSDB *\$336.73 Offset of Duty Disability	08/07/11	\$10,000.00* <u>13,722.27</u> <u>\$23,722.27</u>	Death Benefit Refund of A.I. Gail A. Fern Surviving Spouse
Total amount of death claims		<u>\$48,322.27</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.

President MUNIZZI 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:

Gino Biamonte, Life Guard	\$ 11,178.47
Alison Craig, Recreation Leader	5,424.14
Caitlin Cullen, Special Rec. Instructor	6,639.15
Kela Henderson, Program Specialist	5,578.37
Dreena Jones, Senior Financial Analyst	30,588.76
Valerie Martin, Laborer	31,221.07
Rahama McCline, Natatorium Instructor	12,891.02
Allisa Patterson, Life Guard	9,799.67
Jose Vargas, Physical Instructor	9,664.55
Marni Washington, Physical Instructor	8,585.50
Fred Wells, Recreation Leader	<u>5,628.09</u>
<b>Total</b>	<b><u>\$137,198.79</u></b>

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.

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

Application for refunds of the following spousal annuity deduction is submitted for approval of the Trustees. These employees are unmarried at the date of their retirement and are entitled to these refunds.

John A. Borek	\$12,393.93
Laura Scarborough	<u>8,578.18</u>
Total	<u>\$20,972.11</u>

President MUNIZZI 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 August 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.

**Summary of Cash Receipts and Disbursements**

Summary of Cash Receipts and Disbursements, Section VII (B), for the month of August 31, 2011, containing the following summary balances:

Adjusted balance at July 31, 2011	\$( 134,072.13)
Receipts during August	35,217,162.47
Disbursements for August	<u>(35,136,933.18)</u>
Balance at August 31, 2011	<u>\$( 53,842.84)</u>

President MUNIZZI moved the Summary 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 August 31, 2011 shows the ending net assets of \$381,535,182.80.

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, GERAGHTY, HODOROWICZ,  
                          MUNIZZI, SHOSTACK

NAYS:           None

**REPORT OF THE EXECUTIVE DIRECTOR****New Telephone System**

The Executive Director presented a comparison of proposed telephone systems for the Fund which was prepared by the Fund's Information Technology Manager. He reviewed the comparison with the Trustees indicating that he and the Information Systems Manager preferred the Samsung system provided by Communications Unlimited which comes with a five year warranty. He also noted that the Fund is significantly beyond the operational life expectancy of the current system, which was upgraded in 1993, and that the Fund would realize cost savings over time that would justify the new system as well as achieving numerous operational efficiencies.

A motion was made by Trustee SHOSTACK to approve the purchase of the Samsung telephone system provided by Communications Unlimited for the Fund office consistent with the terms as presented to the Board and subject to the approval of the necessary documents by Fund counsel. Trustee AFFOLTER seconded the motion.

Motion carried by the following roll call:

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

NAYS:           None

### **Securities Litigation Firms**

The Executive Director reviewed the Fund's current roster of Securities Litigation Firms and recommended the addition of two reputable law firms that would complement the Fund's current roster. He also noted that Fund counsel had positive experience with the recommended law firms.

A motion was made by Trustee MUNIZZI to add Wolf Popper LLC and Cohen Milstein Sellers & Toll PLLC to the Fund's approved roster of securities litigation firms. Trustee GERAGHTY seconded the motion.

Motion carried by the following roll call:

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

NAYS:           None

### **Trustee Continuing Education**

The Executive Director discussed the importance of the Trustees having a minimum of 8 hours of continuing education a year. He noted that the following conferences and events would qualify, subject to Board approval, as continuing education as noted:

1. The Northern Trust Public Fund Strategic Summit, June 8, 2011, 4 hours CE
2. The Private Equity Exclusive, July 18-19, 2011, 8 hours CE
3. Emerging Managers Summit, May 15-17, 2011, 8 Hours CE Equity Exclusive, July 18-19, 2011, 8 hours CE
4. William Blair & Co, 11<sup>th</sup> Annual Global Market Outlook, Nov 9, 2011, 2 hours CE

A motion was made by Trustee SHOSTACK to recognize the continuing education value of The Northern Trust Public Fund Strategic Summit, June 8, 2011, 4 hours CE; The Private Equity Exclusive, July 18-19, 2011, 8 hours CE; The Emerging Managers Summit, May 15-17, 2011, 8 Hours CE and; The William Blair & Co, 11<sup>th</sup> Annual Global Market Outlook, Nov 9, 2011, 2 hours CE. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

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

NAYS:           None



**House Bill 3827**

The Executive Director discussed House Bill 3827 and information provided by the Fund's lobbyist with the Trustees. It was noted, that if the Bill were to pass, it would terminate the existing Board and replace it with a restructured Board, among other things.

A motion was made by Trustee SHOSTACK for the Board to go on record in opposition to House Bill 3827. Trustee AFFOLTER seconded the motion.

Motion carried by the following roll call:

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

**Other**

**Fiduciary Liability Insurance** – The Executive Director noted that Fund counsel will attend the December 15 Board meeting to discuss fiduciary liability insurance and other matters.

**Potential Legislation** – The Executive Director reported that he had attended numerous working group meetings hosted by various members of the Illinois General Assembly regarding benefits, funding, structure and general matters and potential legislation.

**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.

**Trustees Emails** – The Executive Director noted that the Fund can now automatically forward Trustees emails received at the Fund to an email address of the individual Trustees choice.

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 HODOROWICZ, MUNIZZI, SHOSTACK
NAYS:	None

**REPORT OF THE ACTUARY**

Mr. Sandor Goldstein of Goldstein & Associates, the Fund's actuary, presented a letter which previously had been provided for the Trustees' review, entitled "Investment Return Assumption to be Used for the June 30, 2011 Actuarial Valuation." Mr. Goldstein reviewed the letter and discussed its contents in detail. 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 HODOROWICZ 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, Inc. distributed the Preliminary Monthly Update report as of September 30, 2011. The report was reviewed and discussed with the Trustees. Mr. Christenson and the Trustees discussed the possibility of holding a continuing education session on hedge funds after the November Board meeting. President MUNIZZI thanked Mr. Christenson.

**OLD BUSINESS**

**None**

**NEW BUSINESS**

The Executive Director reported that two Trustees have indicated their interest in attending the Opal Financial Group Alternative Investing Summit, December 4-6, 2011.

A motion was made by Trustee MUNIZZI to authorize Trustees AFFOLTER and SHOSTACK to attend the Opal Financial Group Alternative Investing Summit, December 4-6, 2011. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

**ADJOURNMENT**

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

The next regular meeting of the Retirement Board will be on **Thursday, November 17, 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*  
EDWARD L. AFFOLTER  
Secretary