RECORD OF PROCEEDINGS of the

RETIREMENT BOARD (the "BOARD") of the PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND") SCHEDULED REGULAR BOARD MEETING THURSDAY, JUNE 16, 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

JOSEPH M. FRATTO, Vice President

EDWARD L. AFFOLTER, Secretary

ROBERT GERAGHTY, Trustee

FRANK C. HODOROWICZ, Trustee

JOHN J. SHOSTACK, Trustee

Also Present:

DEAN J. NIEDOSPIAL, Executive Director
BRETT CHRISTENSON & MIKE SPYCHALSKI, Marquette Associates Inc.
TIMOTHY INKLEBARGER, Reporter, Pensions & Investments
JASON PARKS, Loop Capital Markets

Absent:

MELINDA M. GILDART, Trustee

MINUTES OF THE LAST MEETING

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

Motion carried by the following roll call:

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

Motion carried by the following roll call:

YEAS: AFFOLTER, FRATTO, 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 April 30, 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 June 16, 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 May 31, 2011, were presented to the Board for approval.

Trustee HODOROWICZ 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 June 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 \$5,099,494.04.

Trustee SHOSTACK moved the approval of the required funds from the Northern Trust Annuity Account in the amount of \$5,099,494.04 to the Omnibus.

Membership Statistics and New Members Qualified/Informational Only

MEMBERSHIP STATISTICS

	06/16/11	06/30/10	06/30/09
Current active participants	2,888	2,816	2,865
Retired employees	2,086	2,125	2,167
Surviving spouses	796	817	830
Children	14	14	17
Retirements during the year – FYTD	60	61	98
Deaths among retirees – FYTD	97	104	80
New Members – FYTD	171	174	172
Withdrawals with refund – FYTD	107	133	178

REPORT OF THE OTHER OFFICERS

Report of the Death Claims

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

NAME OF DECEDENT	<u>D/O/D</u>	AMOUN	<u>IT PAYABLE</u>	TO WHOM PAYABLE
George Girten Motor Vehicle Repairman Annuitant 6-8060 *\$100 W/H Tax *\$913.14 Credit Union	04/11/11	\$3,000.00*	Death Benefit	Jeannette Girten Designated Beneficiary
Adeline Gilette Attendant Annuitant 6-8841	04/30/11	\$3,000.00*	Death Benefit	Darlene M. Harris Designated Beneficiary

NAME OF DECEDENT	<u>D/O/D</u>	<u>AMOUN</u>	VT PAYABLE	TO WHOM PAYABLE
Philip Pizzitola Electrician Annuitant 6-9221 *\$100 W/H Tax	04/01/11	\$3.000.00	Death Benefit	Dale Pizzitola Kathleen Pizzitola Charles Pizzitola Designated Beneficiaries
Rose Saia Clarense Saia Attendants Employee 53019	07/29/04 02/17/09	\$10,000.00 66,674.63 <u>977.04</u> \$77,651.67	Death Benefit Spousal Pension Ord Dis to DOD	Richard Saia Mary Lynn Kilberry Marlene Raddatz (1) Rose Haughey (1) Diane Glowe On behalf of the Estate (1) POA Mary Lyn Kilberry - for

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

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

Daniel Avery Physical Instructor	\$57,268.97
Eddie Johnson Physical Instructor	\$27,994.51
Henry Lee Security Guard	\$7,590.99
Mary Ellen Messner Area Manager	\$29,260.58
Rebecca Schillo Volunteer Stewardship Coord	\$11,238.99
Shawn Schmidt Chief of Staff	\$38,152.28

The preceding individuals were duly advised of the effect of their refunds on their rights in the Fund, and were given a full explanation relative to the credit they would forfeit by acceptance of the refunds.

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

Application for refunds of the following spousal annuity deductions are submitted for the approval of the Trustees. These employees are unmarried at the date of their retirement and are entitled to a refund.

Douglas Bledsoe, Jr. \$ 9,603.86 **John C. Howard** 16,261.18

Trustee FRATTO moved the approval of the Applications for Refunds over \$5,000 to the Omnibus.

Nursing Home Case

Request to send pension benefit of **Sara Kristal** (I.D. # 3-5557) to Lee Manor Rehabilitation Nursing Home, Des Plaines, Illinois, in the current amount of \$400.33.

Trustee SHOSTACK moved the approve nursing home request to the Omnibus.

INVESTMENTS

The Chairman informed the Board of the following Reports for April 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 May 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 May 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 May 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 May 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 May 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 May 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 April 2011, containing the following summary balances:

Adjusted Balance at March 31, 2011	\$ (70,544.45)
Receipts during April	47,340,711.99
Total Receipts	47,270,167.54
Disbursements for April	(43,292,582.06)
Balance at April 30, 2011	<u>\$ 3,977,585.48</u>

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

Trial Balance as of April 30, 2011

Trial Balance Summary of General Ledger Accounts, Section VII (C) as of April 30, 2011, showing debit and credit balances in the amount of \$804,911,518.06.

Trustee FRATTO 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 HODOROWICZ seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, FRATTO, GERAGHTY

HODOROWICZ, MUNIZZI, SHOSTACK

NAYS: None

REPORT OF THE EXECUTIVE DIRECTOR

Chicago Park District

The Executive Director noted that he is continuing his dialogue with the Chicago Park District regarding various obligations of the District for employer and employee contributions.

Trustee Election

The Executive Director reviewed the schedule for the Trustee Election on Friday, June 24, 2011. He reported that the following three candidates had been certified: Doug Borders, Frank Hodorowicz and Gary Kuzmanic.

Approval of Engagement Letter for Trustee Election

The Executive Director informed the Trustees of an engagement letter received from Bansley and Kiener, L.L.P for the Fund's June 24, 2011 Trustee Election and reminded the Trustees that Bansley and Kiener was appointed Election Monitor at the February 17, 2011 Board Meeting. The letter describes the terms of the agreement, nature and extent of the services to be provided to the Fund. The fee for the audit for fiscal year ending June 30, 2011 will be in the \$6,900.00 to \$7,400.00 range plus out-of-pocket expenses.

A motion was made by Trustee HODOROWICZ to authorize the Executive Director to execute the May 25, 2011 engagement letter with Bansley and Kiener, L.L.P. as Election Monitor for the June 24, 2011 Trustee Election at a fee not to exceed \$7,400.00 plus out-of-pocket expenses. Trustee GERAGHTY seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, FRATTO, GERAGHTY

HODOROWICZ, MUNIZZI, SHOSTACK

NAYS: None

Other

Pending Legislation - The Executive Director reported that Senate Bill 512, the most recent pension reform bill, did not pass the Illinois legislature but may be resurrected in some form during the fall veto session.

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

Board Meetings - The Executive Director reminded the Trustees that the Fund's Annual Meeting is scheduled for Thursday, July 21, 2011 at which time the Fund's annual budget will be presented by the new Comptroller. He also noted that it may be necessary to reschedule the September Board Meeting to accommodate a continuing education session to be presented by the Fund's attorney on Fiduciary Responsibility, Ethics, Securities Litigation and the Importance of Trustee Education.

Lease status - The Executive Director reported that Fund had executed a Third Amendment to Lease entered into April 27, 2011 in accordance with Board approval at the March 17, 2011 Board meeting and approval by the Fund's attorney.

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

Motion carried by the following roll call:

YEAS: AFFOLTER, FRATTO, GERAGHTY

HODOROWICZ, MUNIZZI, SHOSTACK

NAYS: None

REPORT OF THE ACTUARY

None

REPORT OF THE ATTORNEY

None

PRESENTATIONS

Marquette Associates

Mr. Brett Christenson of Marquette Associates, Inc. distributed the Preliminary Monthly Update report as of May 31, 2011and International Small Cap Value/Growth Search Data as of March 31, 2011. The report and data were reviewed. At the conclusion of a discussion between the Trustees and Mr. Christenson, President MUNIZZI thanked Mr. Christenson.

OLD BUSINESS

None

NEW BUSINESS

An inquiry by Trustee HODOROWICZ regarding seasonal employees and the terms of membership in the Fund was discussed by the Trustees.

ADJOURNMENT

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

The next regular meeting of the Retirement Board will be on **Thursday**, **July 21**, **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 J. Affatta

Secretary