

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
SCHEDULED REGULAR BOARD MEETING
THURSDAY, NOVEMBER 17, 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	ROBERT GERAGHTY, Trustee
JOHN J. SHOSTACK, Vice President	FRANK C. HODOROWICZ, Trustee
EDWARD L. AFFOLTER, Secretary	

Also Present:

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

Absent:

JOSEPH M. FRATTO, Trustee
MELINDA M. GILDART, Trustee

MINUTES OF THE LAST MEETING

A motion was made by Trustee HODOROWICZ to approve the minutes of the scheduled Board meeting held on Thursday, October 20, 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 HODOROWICZ 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 September 30, 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 November 17, 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 October 31, 2011, were presented to the Board for approval.

Trustee AFFOLTER 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 November 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 \$5,165,901.34.

Trustee SHOSTACK moved the approval of the required funds from the Northern Trust Annuity Account in the amount of \$5,165,901.34 to the Omnibus.

Membership Statistics (informational only)

	10/26/11	06/30/11	06/30/10
Current active participants	2,887	2,795	2,816
Retired employees	2,085	2,096	2,125
Surviving spouses	804	803	817
Children	12	14	14
Retirements during the year – FYTD	25	78	61
Deaths among retirees – FYTD	27	109	104
New Members – FYTD	191	188	174
Withdrawals with refund – FYTD	51	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>
Richard F. Huxmann Assistant Chief Engineer Annuitant, 6-5416	09/26/11	\$ 3,000.00	Death Benefit Neva V. Huxmann, Surviving Spouse
Freddie L. Given Attendant Annuitant, 6-8135 *\$253.02 W/H tax on SSDB	08/26/11	\$ 3,000.00 * 300.00 <u>\$ 3,300.00</u>	Death Benefit Optional Death Benefit Herman Givens, Surviving Spouse
Elmer W. Rohde Slate & Tile Roofer Annuitant, 6-7724 *\$100.00 W/H tax on SSDB	09/08/11	\$ 3,000.00 * 300.00 <u>\$ 3,300.00</u>	Death Benefit Optional Death Benefit Janet L. Rohde, Surviving Spouse
Carl C. Hoyle Laborer Annuitant, 6-8377 *\$400.74 W/H tax on SSDB	10/25/11	\$ 3,000.00 *	Death Benefit Dorothy Hoyle, Surviving Spouse
Mauri L. Stoper Field Cashier Annuitant, 6-6016	09/06/11	\$ 3,000.00	Death Benefit Phyllis Goldblatt, On Behalf of the Estate
Salvatore Demma Laborer Annuitant, 6-8042	09/29/11	\$ 3,000.00	Death Benefit Anna M. Schwartz, Designated Beneficiary

<u>Name of Decedent</u>	<u>Date of Death</u>	<u>Amount Payable</u>	<u>To Whom Payable</u>
Adreann Hoskins Attendant Annuitant, 6-10457 *\$4.153.02 W/H tax on *\$100.00 W/H tax on SSDB	08/09/11	\$ 3,000.00 * <u>20,765.11</u> <u>\$ 23,765.11</u>	Death Benefit Refund of Employee Contributions Kenneth L. Russell, Designated Beneficiary
Lottie K. Augustyn Attendant Annuitant, 6-9429 *\$147.77 W/H tax on SSDB **\$197.02 W/H tax on SSDB	09/25/11	\$ 3,000.00	Death Benefit Janice C. Bohn* and Janet L. Weiner** Designated Beneficiaries
Henry Salcedo Laborer Annuitant, 6-8799 *\$50.00 W/H tax on SSDB	09/07/11	\$ 3,000.00	Death Benefit Beatrice Salcedo *and Henrietta Salcedo*, Designated Beneficiaries
Leona Ksiazkiewick Attendant Annuitant, 6-9395 *\$30.00 W/H tax on SSDB	09/05/11	\$ 3,000.00	Death Benefit Doreen M. Orze*, Lisa C. Cwaik *and Deborah Facer* Designated Beneficiaries
Total amount of death claims submitted for approval		<u>\$ 51,365.11</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>
Joseph Losurdo Attendant	\$ 9,439.84	26	6.25
Salvador Ochoa Steam Fitter	37,045.07	42	6.25
Kyle Powers Project Manager	49,743.65	34	7.75
Melissa Schofield Recreation Leader	6,505.48	41	4.75

<u>Name and Occupation</u>	<u>Amount</u>	<u>Age</u>	<u>Years of Service</u>
Michael Trice Natatorium Instructor	12,107.37	39	5.00
Juan Villegas Recreation Leader	6,616.23	24	6.00
Joseph Wilson Laborer	16,210.42	29	5.50
Germaine Woods Physical Instructor	<u>45,150.27</u>	39	17.25
Total refunds submitted for approval	<u>\$182,818.33</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 HODOROWICZ moved the approval of the Applications for Refunds over \$5,000.00 to the Omnibus.

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.

Martha Ramirez	\$ 7,273.33
Lester Rivers	<u>8,794.20</u>
Total	<u>\$16,067.53</u>

Trustee SHOSTACK 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 SHOSTACK 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 September 30, 2011 containing the following summary balances:

Adjusted balance at August 31, 2011	\$(53,842.84)
Receipts during September	63,099,419.80
Disbursements for September	<u>(58,967,389.67)</u>
Balance at September 30, 2011	<u>\$ 4,078,187.29</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 September 30, 2011 shows the ending net assets of \$377,105,771.01.

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 President MUNIZZI 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, HODOROWICZ,
MUNIZZI, SHOSTACK

NAYS: None

REPORT OF THE EXECUTIVE DIRECTOR

The Northern Trust Custodial Fee

The Executive Director reported that he has successfully negotiated an additional one year \$50,000 guaranteed fee for custody services with The Northern Trust. This will be the fifth year that the fee has been the same.

Legislation

The Executive Director distributed and commented on an email from the Fund's Lobbyist regarding SB 512, HB 3827, pension working group sessions and extension of the Fall Veto Session to November 28th.

Other

Fiduciary Liability Insurance - The Executive Director reminded the Trustees that Fund counsel will attend the December 15th Board meeting to discuss fiduciary liability insurance and other matters.

Senate Hearings - The Executive Director reported the Illinois State Senate Pensions and Investments Committee's annual subject matter hearings on minority and female investments will be held on Tuesday, December 6th and that he is in the process of preparing the Fund's report to the Committee.

Investment Consultant RFP - The Executive Director reminded the Trustees that the Fund is in the beginning of its fifth and final year in its contract with Marquette Associates and consistent with Public Act 96-006, every five years the Fund is required to issue an RFP for investment consultant services. As such, the RFP process will begin in early 2012.

Staff Development/Office Restructure - The Executive Director reported that he will comment on the progress of the ongoing staff development and office restructuring at the December Board meeting.

Continuing Education - The Executive Director reminded the Trustees that there would be a continuing education session on hedge funds presented by K2 Advisors and moderated by Marquette Associates following the Board meeting. He also reminded the Trustees to complete and submit continuing education forms for all qualified conferences and sessions that they attend.

Conferences - The Executive Director distributed an updated 2011/2012 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 SHOSTACK to approve the Report of the Executive Director. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, 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 distributed the Preliminary Monthly Update report as of October 31, 2011, the Executive Summary as of September 30, 2011, a report on The Market Environment as of October 2011 and a letter from LM Capital, one of the Fund's fixed income investment managers, regarding JP Morgan and Co. The reports were reviewed and discussed with the Trustees. Mr. Christenson also discussed the makeup of the Fund's equity index investments and recommended that the Trustees consider moving funds from the Northern Trust Global Investments US MARKET CAP SPECIAL FUND (Sudan restricted) to the Northern Trust Global Investments US MARKET CAP FUND. Mr. Michael Spychalski, also of Marquette Associates, presented a special report entitled "MSCI EAFE vs. MSCI ACWI ex-US." The report was discussed with the Trustees and the Trustees asked numerous questions during the presentation. President MUNIZZI thanked Mr. Christenson and Mr. Spychalski.

A motion was made by Trustee SHOSTACK to terminate the appointment of investment manager Wellington International Equity and transfer the funds to the Northern Trust Global Investments ACWI EX-US FUND. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK

NAYS: None

A motion was made by Trustee HODOROWICZ to move funds from the Northern Trust Global Investments US MARKET CAP SPECIAL FUND (Sudan restricted) to the Northern Trust Global Investments US MARKET CAP FUND. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK

NAYS: None

OLD BUSINESS

None

NEW BUSINESS

Trustee HODOROWICZ commented that the Fund should explore alternative pension reform scenarios that would be in the best interest of its members.

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK

NAYS: None

ADJOURNMENT

There being no further business, Trustee AFFOLTER 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, December 15, 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