

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
RESCHEDULED REGULAR BOARD MEETING
TUESDAY, SEPTEMBER 21, 2010

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	ROBERT GERAGHTY, Trustee
FRANK C. HODOROWICZ, Trustee	JOHN J. SHOSTACK, Trustee
CLAUDE A. WALTON, Trustee (Via Phone)*	

Absent:

EDWARD L. AFFOLTER, Secretary
JOSEPH M. FRATTO, Vice President

Also Present:

DEAN J. NIEDOSPIAL, Executive Director
JOHN D. LORD, Deputy Executive Director
JOSEPH BURNS, Jacobs, Burns, Orlove & Hernandez
BRETT CHRISTENSON & MIKE SPYCHALSKI, Marquette Associates Inc.
BEKA REIERSON, Director of Human Resources, Chicago Park District

*Trustee Walton participated by phone due to a personal emergency.

MINUTES OF THE LAST MEETING

A motion was made by Trustee SHOSTACK to approve the minutes of the rescheduled regular Board meeting held on Wednesday, August 18, 2010. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS:	GERAGHTY, HODOROWICZ, MUNIZZI, SHOSTACK, WALTON
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 – August 2010
 - B) Great Lakes Advisors, Inc.
 - 1) Monthly Account Report – August 2010
 - C) MacKay Shields Asset Management
 - 1) Monthly Account Report – August 2010
 - D) NTQA Investment Management Co.
 - 1) Portfolio Summary – August 2010
 - 2) InterCap Fund, Aggregate Bond Fund & Multiple Growth – Tilt Fund
 - E) Wellington Trust Co.
 - 1) Monthly Account Report – August 2010
- IV) Recurring Reports and Letters Received (Daily/Monthly/Quarterly, etc.)
 - Aeltus Weekly
 - Bansley & Kiener - Quarterly Newsletter
 - Bankers Trust – The Punch Line
 - Chicago Trust – Institutional Update
 - Crain's Chicago Business
 - DeMarch – Manager Update
 - Employee Benefits: Digest/Legal Legislative Reporter
 - Financial Times – Mandate
 - Global Investment – Publication
 - Government Finance Officers Assoc. – Gov't Finance Review
 - Institutional Investor – Publication
 - NCPERS – Persist & Urgent Word from Washington
 - Northern Trust Global Investments
 - Pension & Benefits Update
 - Pension & Investments Publication
 - Pension Laws Commission - Minutes
 - State of Illinois Economic & Fiscal Commission
 - The Institutional Real Estate Letter
 - Wall Street Journal
- V) Miscellaneous - None

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

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

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, dated September 21, 2010, were presented to the Board for approval.

After review of the statements, Trustee HODOROWICZ moved that "Bills to be Approved and Paid from the General Account as of September 21, 2010", as presented in the Report of the Secretary, be approved. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

After review of the statements, Trustee HODOROWICZ made a motion to approve "Operating Fund Disbursements August 2010", as presented in the Report of the Secretary. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

Summary of Administrative Expenses

Administrative Expenses for the preceding month, as listed in Section IV (B) of the Report of the Secretary, dated August 31, 2010, were presented to the Board for approval. After an examination of the statement, Trustee SHOSTACK moved that the "Administrative Expenses" as listed in the Report of the Secretary be approved. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

Annuities Granted

The Secretary, as listed in Section IV (C)(1) of the Report of the Secretary, presented applications for annuities and benefits dated September 16, 2010, to the Board with his 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.

After consideration of the applications for annuities and benefits as listed in the Report of the Secretary, Trustee HODOROWICZ moved that the applicants named be granted the annuities and benefits indicated in accordance with the recommendation by staff and the approval of the Secretary. Trustee GERAGHTY seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

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 August 31, 2010, were presented to the Board for approval.

After consideration of the applications for ordinary and duty disability benefits, based on the recommendation of the Secretary and verification of eligibility by staff, Trustee HODOROWICZ moved to approve the applications as presented. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

Annuities in Force

The Secretary asked the Trustees to consider the statement on annuity benefit requirements for the month of September 2010, 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 \$5,066,078.02.

Trustee HODOROWICZ moved that the required funds from the Northern Trust Annuity Account in the amount of \$5,066,078.02 be confirmed and approved, and funds made available for annuity benefit payments for the month of September 2010. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

Membership Statistics and New Members Qualified/Informational Only

MEMBERSHIP STATISTICS

	<u>09/16/2010</u>	<u>06/30/10</u>	<u>06/30/09</u>
Number of participants	3298	3294	3316
Retired employees	2103	2123	2167
Surviving spouses	807	817	829
Children	16	14	17
Retirements during the year – FYTD	1	62	98
Deaths among retirees – FYTD	23	104	80
New Members – FYTD	24	174	172
Withdrawals with refund – FYTD	18	133	178

Preliminary - subject to revision
Contributing participants – approximately 2619

Trustee SHOSTACK asked that the Report of the Secretary be received and filed. An official copy of the Report of the Secretary has been placed on file and made a part of the "Minutes" of this meeting.

REPORT OF THE OTHER OFFICERS

Report of the Death Claims

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

<u>NAME OF DECEDENT</u>	<u>D/O/D</u>	<u>AMOUNT PAYABLE</u>		<u>TO WHOM PAYABLE</u>
Philip LaScola Laborer Annuitant 6-6403 \$150.00 W/H Tax on SSDB.	07/26/10	\$ 3,000.00	Death Benefit	Linda Noto, Trustee of the Trust.

<u>NAME OF DECEDENT</u>	<u>D/O/D</u>	<u>AMOUNT PAYABLE</u>		<u>TO WHOM PAYABLE</u>
Paul Schwartz Painter Annuitant 6-9084 \$100.00 W/H Tax on SSDB.	07/15/10	\$ 3,000.00	Death Benefit	Barbara Bienias, Executor of the Estate.
Florindo Valentini Painter Annuitant 6-8445	07/21/10	\$ 3,000.00	Death Benefit	Bernadette Valentini, Salvatore Valentini, Designated Beneficiaries.
Eston Joe Ware Laborer Annuitant 6-9711 \$100.00 W/H Tax on SSDB.	08/01/10	\$ 3,000.00	Death Benefit	Helen Corbins, Joey Allen Griffin, Designated Beneficiaries.
Jerome T. McDevitt Attendant Annuitant 6-9728 \$400.00 W/H Tax on SSDB and \$11,314.86 W/H Tax on Refund.	07/09/10	\$10,000.00 <u>56,574.31</u> \$66,574.31	Death Benefit Ref Empl Contr.	Loretta M. McDevitt, On Behalf of the Estate.

The information in the files supporting these claims and the facts relative thereto has 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.

After consideration of the report, Trustee HODOROWICZ moved that the "Report of the Death Claims" be approved, and that the claim payments be made in accordance with the recommendation of the Executive Director. Trustee GERAGHTY seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

Applications for Refunds - over \$3,500

Applications for refunds of pension contributions, Section V (B), involving payments in excess of \$3,500 were received from the following former employees of the Chicago Park District and presented to the Board by the Secretary:

Sean Blay , Gymnastics Instructor	\$ 5,484.20
Lauren A. Phillips , Recreation Leader	6,899.07
Anthony Vitullo , Lifeguard	8,089.59

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

After consideration of the applications for refund of pension contributions involving payments in excess of \$3,500, Trustee SHOSTACK moved that the applications be received and approved for payment. Trustee GERAGHTY seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

Spouse's Annuity Deductions Refunds - over \$3,500

Application for a refund of the following spousal annuity deductions are submitted for the approval of the Trustees. This employee is unmarried at the date of her retirement and is entitled to a refund. This matter is presented for special action of the Board because the refund is in excess of \$3,500.

Esther Moore	\$ 7,320.67
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After consideration of the application for refund of the spousal annuity deductions in excess of \$3,500, Trustee SHOSTACK moved that the applications be received and approved for payment. Trustee GERAGHTY seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

Summary of Investments

The Chairman informed the Board of the following Reports for August 2010, 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
Real Estate and Other	VI(A)5
Summary of Gains and Losses	VI(A)6

Official copies of the preceding have been placed on file and made a part of the "Minutes" of this meeting. Trustee HODOROWICZ moved that these reports be received and approved. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

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 August 2010, 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

Official copies of the preceding have been placed on file and made a part of the "Minutes" of this meeting. Trustee HODOROWICZ moved that the purchases and/or sales described in Section VI (B) 1 through 4 at the prices stated is ratified, confirmed and approved. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

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 August 2010:

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

Official copies of the preceding have been placed on file and made a part of the "Minutes" of this meeting. Trustee HODOROWICZ moved that the purchases and/or sales described in VI(C) 1 through 3 at the prices stated be ratified, confirmed and approved. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

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 August 2010:

Chicago Equity Partners	VI(D)1
MacKay Shields	VI(D)2
LM Capital Group	VI(D)3
Ullico – J for Jobs	VI(D)4

Official copies of the preceding have been placed on file and made a part of the "Minutes" of this meeting. Trustee HODOROWICZ moved that all the purchases and/or sales described in VI(D) 1 through 4 at the prices stated be ratified, confirmed and approved. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

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 August 2010:

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

Official copies of the preceding have been placed on file and made a part of the "Minutes" of this meeting. Trustee HODOROWICZ moved that all the activity described in VI(E) 1 through 4 at the prices stated be ratified, confirmed and approved. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

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 August 2010:

Entrust Capital, Inc.	VI(F)1
K2 Advisors	VI(F)2

Official copies of the preceding have been placed on file and made a part of the "Minutes" of this meeting. Trustee HODOROWICZ moved that all the activity described in VI(F) 1 through 2 at the prices stated be ratified, confirmed and approved. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

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 August 2010:

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

Official copies of the preceding have been placed on file and made a part of the "Minutes" of this meeting. Trustee HODOROWICZ moved that all the activity described in VI(G) 1 through 2 at the prices stated be ratified, confirmed and approved. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

Other Investment Information:

Sale of stock received in class action claim settlement held in CPARK Account.

Trustee HODOROWICZ moved that all the activity described in the sale at the prices stated be ratified, confirmed and approved. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

CURRENT FINANCIAL DATA**PEABF Cash Account - Reconciliation and Cash Flow Report**

After a discussion among the Trustees, a motion was made by Trustee MUNIZZI to maintain the cash balance in the Northern Trust STIF account in accordance with the Fund's investment policy. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

Statement of Cash Receipts and Disbursements

Statement of Receipts and Disbursements, Section VII (A) (2), for the month of August 2010, containing the following summary balances:

Adjusted Balance at July 31, 2010	\$ 3,782,575.83
Receipts during August	<u>54,334,545.91</u>
Total Receipts	58,117,121.74
Disbursements for August	<u>(58,246,042.69)</u>
Balance at August 31, 2010	<u>\$ (128,920.95)</u>

A motion was made by Trustee HODOROWICZ to receive and approve the Statement of Receipts and Disbursements. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

Trial Balance as of August 31, 2010

Trial Balance Summary of General Ledger Accounts, Section VII (A) (3), as of August 31, 2010, showing debit and credit balances in the amount of \$781,294,591.76.

A motion was made by Trustee HODOROWICZ to receive and approve the Trial Balance Summary of the General Ledger Accounts. Trustee GERAGHTY seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

REPORT OF THE EXECUTIVE DIRECTOR

Meeting with Chicago Park District

The Executive Director reported that he, President MUNIZZI and Sandor Goldstein had met with Timothy Mitchell, Superintendent of the Chicago Park District, and Steven Hughes, Chief Financial Officer of the Chicago Park District, to discuss the funding projections prepared by Goldstein & Associates and the possible ways to improve the Fund's funded ratio. The Executive Director also noted that he and Mr. Goldstein had scheduled a meeting with Bryan Traubert, President of the Chicago Park District Board of Commissioners, and Tim Later, Executive Assistant to the President, to discuss the funding projections and other issues pertinent to the Fund.

Members' Annual Statements

The Executive Director distributed copies of the 91st Annual Report of the President and the updated Principal Provisions of the Park Employees' Pension Plan, which had been previously emailed to the Trustees, and asked that the Trustees review them. Both items will be included with the members' annual statements which will be mailed by the end of the week.

Ethics, Rules and Regulations and Administrative Hearing Procedures

The Executive Director distributed copies of the revised Ethics Policy, Rules and Regulations and Administrative Hearing Procedures for discussion during the Report of the Attorney. He also noted that Trustee election procedures are in the process of being revised by Fund Counsel.

Conferences

Illinois Public Pension Fund Association Midwest Pension Conference – The Executive Director requested authorization to attend the Illinois Public Pension Fund Association Midwest Pension Conference October 5-8, 2010 in St. Louis, Missouri.

Association of Illinois Public Pension Funds Annual Conference – The Executive Director noted that he and certain staff would be attending the Association of Illinois Public Pension Funds Annual Conference on September 27 and 28 in Oak Brook, Illinois.

The Executive Director also noted that a revised list of upcoming educational conferences would be distributed to the Trustees.

Continuing Education

The Executive Director reminded the trustees that there would be a continuing education session on real estate led by Mr. Brett Christenson of Marquette Associates, Inc. after the meeting. He also noted that he and Mr. Christenson would be scheduling additional continuing education sessions after the next three Board meetings.

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: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

CONFERENCES

A motion was made by Trustee SHOSTACK to authorize the Executive Director to attend the Illinois Public Pension Fund Association Midwest Pension Conference October 5-8, 2010 in St. Louis, Missouri. Trustee MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

REPORT OF THE ACTUARY

None

REPORT OF THE ATTORNEY

Fund Counsel reviewed the draft Ethics Policy and answered questions about the Ethics Policy. At the request of the Trustees, formal consideration of the draft Ethics Policy was deferred until the next meeting.

Fund Counsel reviewed the draft Rules and Regulations which are also commonly called By-Laws and answered questions about the draft By-Laws. At the request of the Trustees, formal consideration of the draft By-Laws was deferred until the next meeting.

Fund Counsel reviewed the draft Administrative Hearing Procedures and answered questions about the draft Procedures. Fund Counsel advised that he is working on a draft of revised Election Policy and expected that draft to be available for the next meeting.

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

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

PRESENTATIONS

Marquette Associates

Mr. Brett Christenson of Marquette Associates, Inc. presented the Preliminary Monthly Update Report for August 2010, featuring investment performance, market highlights, asset allocation and individual investment manager reviews. Mr. Christenson gave a detailed report on the Fund's current real estate managers and reported that \$2.215 million had been received from the Principal Core account leaving approximately \$1.061 remaining which should be liquidated shortly. Mr. Christenson recommended that the \$2.215 million as well as the \$1.061 million, for a total of approximately \$3.276 million be invested in the Principal Enhanced account in order to maintain the Fund's real estate allocation at or near its target. The Trustees asked numerous questions and discussed the recommendation and the report presented by Mr. Christenson. At the conclusion of the report, President MUNIZZI thanked Mr. Christenson.

OLD BUSINESS

(None)

NEW BUSINESS

Reallocation of Real Estate Funds

A motion was made by Trustee HODOROWICZ to transfer \$3.276 million, when it is available, from the Principal Core account to the Principal Enhanced account. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, HODOROWICZ,
MUNIZZI, SHOSTACK, WALTON

NAYS: None

ADJOURNMENT

There being no further business, Trustee SHOSTACK 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, October 21, 2010** at 9:30 A.M. in the Judith A. Flaherty Conference Room on the twenty-seventh floor of the 55 East Monroe Street Building, Suite 2720, Chicago, Illinois, 60603.

Respectfully submitted,

FRANK C. HODOROWICZ
Secretary Pro-Temp