

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
SCHEDULED REGULAR BOARD MEETING
THURSDAY, MARCH 17, 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

MELINDA M. GILDART, Trustee
FRANK C. HODOROWICZ, Trustee
JOHN J. SHOSTACK, Trustee

Also Present:

DEAN J. NIEDOSPIAL, Executive Director
BILL J. SHEEHY, Jones Lang LaSalle

PRESENTATIONS

Jones Lang LaSalle

Mr. Bill J. Sheehy of Jones Lang LaSalle, who was authorized to represent the Fund in negotiations with the Fund's landlord to extend the term of the Fund's lease as well as to seek other viable locations for the Fund, distributed a Proforma Analysis, Cash Flow Comparison, Market Update, Financial Summary and Timeline to the Trustees. Mr. Sheehy reviewed the reports and discussed the process undertaken to arrive at a lease extension proposal to 2026 with a termination option in 2022. The various reports were discussed in detail. At the conclusion of a lengthy exchange between the Trustees and Mr. Sheehy, President MUNIZZI thanked Mr. Sheehy.

A motion was made by Trustee HODOROWICZ to extend the term of the Fund's current lease of its present office space through 2026, with a termination option in 2022, consistent with the terms in the Proforma Analysis and the Final Numbers of the Financial Summary as presented by Jones Lang LaSalle, subject to approval of the Fund's attorney. Motion was seconded by Trustee FRATTO.

Motion carried by the following roll call:

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

NAYS: None

MINUTES OF THE LAST MEETING

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

Motion carried by the following roll call:

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

Motion carried by the following roll call:

YEAS: AFFOLTER, GERAGHTY, GILDART, FRATTO
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 FRATTO 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 January 31, 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 March 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 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 February 28, 2011, were presented to the Board for approval.

Trustee FRATTO 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 March 2011, 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 \$5,091,875.95.

Trustee HODOROWICZ moved the approval of the required funds from the Northern Trust Annuity Account in the amount of \$5,091,875.95 to the Omnibus.

Membership Statistics and New Members Qualified/Informational Only

MEMBERSHIP STATISTICS

	03/17/11	06/30/10	06/30/09
Current active participants	2,875	2,816	2,865
Retired employees	2,091	2,125	2,167
Surviving spouses	795	817	830
Children	14	14	17
Retirements during the year – FYTD	42	61	98
Deaths among retirees – FYTD	76	104	80
New Members – FYTD	140	174	172
Withdrawals with refund – FYTD	89	133	178

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>
Helen Zurawski Attendant Annuitant 6-5859 *\$100 W/H Tax on SSDB	01/16/11	\$3,000.00	Death Benefit Delores Campagnolo Jerome Zurawski Designated Beneficiaries

The information in the files supporting this claim 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.

Trustee HODOROWICZ moved the approval of the Report of the Death Claims to the Omnibus.

Applications for Refunds - over \$5,000

Applications for refunds of pension contributions, Section V (B), involving payments 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:

Gloria Diaz , Natatorium Instructor	\$8,594.98
Shirley Dorsey , Attendant	6,793.90
Michaelene Orzechowski , Activities Instructor	17,057.08
Kevin Pye , Security Guard	10,186.38
Jason Rodriguez , Senior Life Guard	6,964.69
Shanelle Smith , Activities Instructor	23,780.36
Porchea Thompson , Recreation Leader	5,460.45

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.

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

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 their retirement and are entitled to a refund.

Alvin P. Palmer	\$ 6,214.75
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Trustee FRATTO 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 January 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 February 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 February 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 February 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 February 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 February 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 February 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 January 31, 2011, containing the following summary balances:

Adjusted Balance at December 31,2010	\$ 3,942,183.81
Receipts during January	<u>25,518,941.07</u>
Total Receipts	29,461,124.88
Disbursements for January	<u>(29,583,702.49)</u>
Balance at January 31, 2011	<u>\$ (122,577.61)</u>

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

Trial Balance as of January 31, 2011

Trial Balance Summary of General Ledger Accounts, Section VII (C) as of January 31, 2011, showing debit and credit balances in the amount of \$816,075,152.94.

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

Motion carried by the following roll call:

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

NAYS: None

REPORT OF THE EXECUTIVE DIRECTOR

Letter From Michael J. Madigan, Speaker of the Illinois House of Representatives

The Executive Director distributed a letter to the Trustees dated December 31, 2010 from Michael J. Madigan, Speaker of the Illinois House of Representatives, asking that the Trustees report any abuses that they are aware of in the Fund.

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. He also noted that the Fund's actuary had prepared additional funding projections 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 and would be discussed further during the Report of the Actuary.

Other

Fund Performance - The Executive Director distributed The February 28, 2011 Preliminary Monthly Update including a brief summary prepared by Marquette Associates and noted that their representatives would be attending the next Board meeting.

2011 Trustee Election - The Executive Director distributed a copy of the previously approved Election Schedule.

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

Fund Lobbyist - The Executive Director and the Trustees briefly discussed the role of the Fund's lobbyist.

Staff Development - The Executive Director reported that he is in the process of executing the Fund's long term staffing plan that he has discussed with the Personnel Committee and the Trustees including hiring a new Comptroller.

Statement of Economic Interest - The Executive Director distributed blank forms and reminded the Trustees that they are due May 1.

Trustee Ethics and Fiduciary Training Certification - The Executive Director distributed blank forms and asked the Trustees to complete and return them so they may be filed.

Chicago Park District Tax Levy - The Executive Director informed the Trustees that he has been advised by Stephen Hughes, Chief Financial Officer of the Chicago Park District, that the Fund will be paid the entire amount of its share of the 2010 tax levy, or approximately \$10.8 million in the middle of April.

Legal Fee Analysis - The Executive Director distributed an analysis of legal fees paid in 2010.

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, MUNIZZI, SHOSTACK

NAYS: None

REPORT OF THE ACTUARY

Mr. Sandor Goldstein of Goldstein & Associates, the Fund's actuary, reported on the results of additional funding projections based on June 30, 2009 Fund valuations including ARC funding and possible scenarios in benefit changes for current contributing members of the Illinois retirement systems being considered by the General Assembly of Illinois. The Trustees and Mr. Goldstein discussed the interest rate that the Fund charges for repurchasing unpaid service, i.e. refunds, pre-entry, military service, etc. The Trustees requested that Mr. Goldstein survey other local retirement systems to determine the interest rates that the systems charge for repurchase of unpaid service and report his findings to the Board at the next meeting. 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 FRATTO to approve the Report of the Actuary. Trustee SHOSTACK seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

REPORT OF THE ATTORNEY

None

OLD BUSINESS

None

NEW BUSINESS

None

ADJOURNMENT

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

The next regular meeting of the Retirement Board will be on **Thursday, April 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
Secretary