

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
SCHEDULED REGULAR BOARD MEETING
THURSDAY, SEPTEMBER 17, 2015

The 55 East Monroe Building
55 East Monroe Street, Suite 2720
Chicago, Illinois 60603

President MUNIZZI called the meeting to order at 10:11 A.M, 41 minutes late, because of a lack of a quorum caused by the inability of Trustees to get to the office due to traffic congestion in relation to the 2015 ITU World Triathlon.

ROLL CALL

Trustees present:

PAMELA A. MUNIZZI, President

ROBERT GERAGHTY, Vice President

MARIO GIANFORTUNE, Trustee

FRANK C. HODOROWICZ, Trustee

STEVEN J. LUX, Trustee

CECILIA PRADO, Trustee

Also Present:

DEAN J. NIEDOSPIAL, Executive Director

BRETT CHRISTENSON & MICHAEL SPYCHALSKI, Marquette Associates, Inc.

Absent:

EDWARD L. AFFOLTER, Secretary

MINUTES OF THE LAST MEETING

A motion was made by Vice President GERAGHTY to approve the minutes of the scheduled regular Board meeting held on Thursday, August 20, 2015. Trustee GIANFORTUNE seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, GIANFORTUNE, HODOROWICZ, LUX,
MUNIZZI, PRADO

NAYS: None

READING OF COMMUNICATIONS

The Executive Director commented on the following FOIA request:

- 1. August 27, 2015 from IPREO

A motion was made by Vice President GERAGHTY to accept the Reading of Communications. President MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, GIANFORTUNE, HODOROWICZ, LUX,
MUNIZZI, PRADO

NAYS: None

REPORT OF THE COMMITTEES

None

REPORT OF THE EXECUTIVE DIRECTOR

Economic Impact Statement

The Executive Director distributed a memo from the Pension Fund Leaders Round Table, a group of Executive Directors, Trustees and pension fund officials from the state’s 13 major pension systems. The memo addressed the idea of developing a statement that would highlight the collective impact that the combined systems’ one million plus members have on the economy of the City of Chicago and the State of Illinois. The Executive Director and the Trustees discussed the idea and decided to seek additional information.

Staff Development

The Executive Director reported that he would be discussing with the Personnel Committee a plan developed by staff to replace key employees that are expected to retire within the next year.

Other

Fiduciary Responsibility and Ethics Training – The Executive Director noted that a Continuing Education Session to be presented by Fund Counsel on Fiduciary Responsibility and Ethics, Securities Litigation and the Importance of Trustee Education has been scheduled to follow the October 15, 2015 Board meeting.

Conferences – The Executive Director distributed an updated 2015 Conference Schedule to the Trustees and highlighted upcoming local conferences. He noted that President MUNIZZI will not be attending the NCPERS Pension and Benefits Conference which had been previously approved by the Board at the March, 2015 meeting.

A motion was made by Trustee GIANFORTUNE to accept the Report of the Executive Director. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, GIANFORTUNE, HODOROWICZ, LUX,
MUNIZZI, PRADO

NAYS: None

REPORT OF THE ACTUARY

None

REPORT OF THE ATTORNEY

None

REPORT OF THE LOBBYIST

None

REPORT OF THE INVESTMENT CONSULTANT

Mr. Brett Christenson and Mr. Michael Spsychalski of Marquette Associates, Inc. distributed the Preliminary Monthly Update report as of August 31, 2015, and the Executive Summary as of June 30, 2015, featuring investment performance, market environment analysis, asset allocation, and individual investment manager performance. The Investment Consultant and the Trustees reviewed and discussed the reports in detail. It was noted that the Fund is currently experiencing a negative cash flow, before income if any, of approximately \$50 million on an annual basis. It was also noted that the Fund's investment performance for the past three years ranked in the upper 13th percentile as measured against its peers.

The Investment Consultant reviewed the Fund's current asset allocation and investment policy targets with the Trustees and recommended that the Fund move \$4,000,000 from the cash account to the following: \$1,000,000 to Lombardia Non-US Equity; \$2,000,000 to William Blair Non-US Small Cap and; \$1,000,000 to NTGI Emerging Markets.

A motion was made by Trustee LUX TO move \$4,000,000 from the cash account to the following: \$1,000,000 to Lombardia Non-US Equity; \$2,000,000 to William Blair Non-US Small Cap and; \$1,000,000 to NTGI Emerging Markets based on the recommendation of the Investment Consultant. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, GIANFORTUNE, HODOROWICZ, LUX,
MUNIZZI, PRADO

NAYS: None

In addition, in order to bring the Fund's real estate investments in line with their investment policy targets and fund future cash flow requirements, the Investment Consultant recommended that the Fund redeem the following: \$600,000 from Principal Enhanced Property Fund; \$2,300,000 from the Trumbull Property Fund and; \$2,000,000 from the Trumbull Property Income Fund.

A motion was made by Trustee HODOROWICZ to redeem \$600,000 from Principal Enhanced Property Fund; \$2,300,000 from the Trumbull Property Fund and; \$2,000,000 from the Trumbull Property Income Fund. Vice President GERAGHTY seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, GIANFORTUNE, HODOROWICZ, LUX,
MUNIZZI, PRADO

NAYS: None

A motion was made by Trustee HODOROWICZ to accept the Report of the Investment Consultant. Trustee GIANFORTUNE seconded the motion.

Motion carried by the following roll call:

YEAS: GERAGHTY, GIANFORTUNE, HODOROWICZ, LUX,
MUNIZZI, PRADO

NAYS: None

OLD BUSINESS

None

NEW BUSINESS

None

ADJOURNMENT

There being no further business, Vice President GERAGHTY moved to adjourn the meeting. Trustee LUX seconded the motion. Motion prevailed unanimously and the meeting was adjourned.

The next regular meeting of the Retirement Board will be on **Thursday, October 15, 2015**, 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