

RECORD OF PROCEEDINGS  
of the  
RETIREMENT BOARD (the "BOARD") of the  
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")  
SCHEDULED REGULAR BOARD MEETING  
THURSDAY, JULY 16, 2015

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, Vice President  
EDWARD L. AFFOLTER, Secretary

MARIO GIANFORTUNE, Trustee  
FRANK C. HODOROWICZ, Trustee  
STEVEN J. LUX, Trustee

Also Present:

DEAN J. NIEDOSPIAL, Executive Director  
BRETT CHRISTENSON, Marquette Associates, Inc.  
TAYLOR MUZZY, Jacobs, Burns, Orlove & Hernandez, Fund Counsel  
MATTHEW STROM & KIM NICHOLL, The Segal Company, Fund Actuary (entered during the REPORT OF THE ATTORNEY)  
JIM BROSNAHAN, Fund Lobbyist (entered during the REPORT OF THE INVESTMENT CONSULTANT)

Absent:

JOSEPH M. FRATTO, Trustee

**REPORTS OF ELECTION MONITOR AND FUND AUDITOR**

The Executive Director presented a report dated June 4, 2015, on behalf of Bansley and Kiener, L.L.P., Fund Election Monitor. The report presented the results of the election for Trustee, for a full term of four years, expiring June 30, 2019, held Friday, June 26, 2015. Based on the report, FRANK HODOROWICZ was re-elected as Employee Trustee.

Trustee HODOROWICZ presented his written "Oath of Office" which was found to be in the form required by law, whereupon Secretary AFFOLTER declared him Trustee of the Retirement Board for his term.

**REORGANIZATION OF THE BOARD**

President MUNIZZI announced that the reorganization of the Board and the election of officers for the ensuing year was the next item of business on the agenda.

**ELECTION OF OFFICERS****President**

Trustee Munizzi announced that nominations for the office of President were open. Trustee GERAGHTY nominated PAMELA A. MUNIZZI for President of the Retirement Board, and Trustee HODOROWICZ seconded the nomination. There being no further nominations, the nominations were closed and Trustee MUNIZZI was elected President by the following vote:

Motion carried by the following roll call:

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

NAYS: None

**Vice President**

President Munizzi announced that nominations for the office of Vice President were open. Trustee HODOROWICZ nominated ROBERT GERAGHTY for Vice President of the Retirement Board, and President MUNIZZI seconded the nomination. There being no further nominations, the nominations were closed and Trustee GERAGHTY was elected Vice President by the following vote:

Motion carried by the following roll call:

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

NAYS: None

**Secretary**

President Munizzi announced that nominations for the office of Secretary were open. Trustee LUX nominated EDWARD L. AFFOLTER for Secretary of the Retirement Board, and Trustee GIANFORTUNE seconded the nomination. There being no further nominations, the nominations were closed and Trustee AFFOLTER was elected Secretary by the following vote:

Motion carried by the following roll call:

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

NAYS: None

### Secretary Pro-Tem

President Munizzi announced that nominations for the office of Secretary Pro-Tem were open. President MUNIZZI nominated FRANK C. HODOROWICZ for Secretary Pro-Tem of the Retirement Board, and Secretary AFFOLTER seconded the nomination. There being no further nominations, the nominations were closed and Trustee HODOROWICZ was elected Secretary Pro-Tem by the following vote:

Motion carried by the following roll call:

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

NAYS: None

### APPOINTMENT OF COMMITTEES

President MUNIZZI declared the following Committee appointments for the ensuing year.

**Investment Committee** – Committee of the Whole

**Pension Laws and Rules Committee** – Committee of the Whole

**Personnel Committee** (appointed by the President of the Board and approved by the Board)  
EDWARD L. AFFOLTER, FRANK C. HODOROWICZ and STEVE J. LUX

A motion was made by Trustee LUX to approve the appointment of EDWARD L. AFFOLTER, FRANK C. HODOROWICZ and STEVEN J. LUX to the Personnel Committee. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

### MINUTES OF THE LAST MEETING

A motion was made by Trustee HODOROWICZ to approve the minutes of the scheduled regular Board meeting held on Thursday, May 21, 2015. Vice President GERAGHTY seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

**READING OF COMMUNICATIONS**

The Executive Director commented on the following FOIA requests:

1. June 2, 2015, from the Better Government Association
2. June 30, 2015, from Prequin
3. July 9, 2015, EurekaHedge Private Limited

A motion was made by Trustee HODOROWICZ to accept the Reading of Communications. Secretary AFFOLTER seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

**REPORT OF THE COMMITTEES**

NONE

**REPORT OF THE EXECUTIVE DIRECTOR****Deficiency and Management Letters from Bansley & Kiener, LLP, Fund Auditor**

The Executive Director presented the required letters to management in accordance with AICPA – Statements on Auditing Standards (SAS) numbers 114 and 115 on the audit of the Fund’s Financial Statements for the year ended December 31, 2014 received from Bansley & Kiener, LLP, the Fund’s auditor. The contents of the letters were reviewed with the Trustees.

**Benefit System Update**

The Executive Director reported that Ed Garrison of Advanced Business Systems Consulting Group, Inc. has recently met with staff and is preparing to have the annuitant side of the new benefit system run parallel with the existing system towards the end of summer or early fall.

**Investment Policy Guidelines, Investment Manager Agreement and Procurement Policy for Investment Advisers**

The Executive Director distributed copies of the Investment Policy Guidelines, Investment Manager Agreement and Procurement Policy for Investment Advisers, which included revisions, suggested by Fund Counsel, all of which had been emailed to the Trustees, and reminded the Trustees that the Investment Policy Guidelines were approved at the January 2015, Board meeting, subject to review and approval by Fund Counsel. The Investment Policy Guidelines, Investment Manager Agreement and Procurement Policy for Investment Advisers were reviewed by the Trustees and the Investment Consultant and Fund Counsel responded to numerous questions.

A motion was made by Trustee LUX to adopt the revised Investment Policy Guidelines, Investment Manager Agreement and Procurement Policy for Investment Advisers as recommended by Fund Counsel and to amend the language in the second paragraph of page 22 of the Investment Policy Guidelines to indicate that the goals listed therein are targets and not limits. Vice President GERAGHTY seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

### **Custodial Credit Risk**

The Executive Director, the Investment Consultant and Fund Counsel led a discussion about Custodial Credit Risk.

### **Other**

GFOA Report - The Executive Director reported that the Fund submitted its Comprehensive Annual Financial Report to the GFOA on time and that copies will be distributed at the August Board meeting.

Fiduciary Responsibility and Ethics Training – The Executive Director noted that a Continuing Education Session to be presented by Joseph Burns 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.

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

Motion carried by the following roll call:

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

NAYS: None

### **REPORT OF THE ATTORNEY**

Mr. Taylor Muzzy of Jacobs, Burns, Orlove & Hernandez, discussed with the Trustees a draft fee schedule for FOIA requests.

A motion was made by Vice President GERAGHTY to accept the Report of the Attorney. Trustee GIANFORTUNE seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

### **REPORT OF THE INVESTMENT CONSULTANT**

Mr. Brett Christenson of Marquette Associates, Inc. distributed the Preliminary Monthly Update report as of June 30, 2015, featuring investment performance, market environment analysis, asset allocation and individual investment manager performance. He also distributed a report from Marquette Associates' Investment Committee. The reports were reviewed and discussed with the Trustees.

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

Motion carried by the following roll call:

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

NAYS: None

### **REPORT OF THE ACTUARY**

Mr. Matthew Strom and Ms. Kim Nicholl of the Segal Company, Fund Actuary, distributed the Fund's Actuarial Valuation and Review as of December 31, 2014. The report was reviewed and the Segal representatives responded to numerous questions from the Trustees.

A motion was made by Trustee LUX to accept the Report of the Actuary. Vice President GERAGHTY seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

### **REPORT OF THE LOBBYIST**

Mr. James Brosnahan, Fund Lobbyist, commented on the General Assembly's failure to pass a budget and other issues regarding pension legislation and responded to numerous questions and comments from the Trustees.

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

Motion carried by the following roll call:

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

NAYS: None

**OLD BUSINESS**

NONE

**NEW BUSINESS**

NONE

**ADJOURNMENT**

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

The next regular meeting of the Retirement Board will be on **Thursday, August 20, 2015** at 9:30 A.M. in the Judith A. Flaherty Conference Room on the 27<sup>th</sup> floor of the 55 East Monroe Street Building, Suite 2720, Chicago, Illinois, 60603.

Respectfully submitted,

*Edward L. Affolter*

EDWARD L. AFFOLTER  
Secretary