

RECORD OF PROCEEDINGS  
of the  
RETIREMENT BOARD (the "BOARD") of the  
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")  
SCHEDULED REGULAR BOARD MEETING  
THURSDAY, AUGUST 18, 2016

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

Vice President GERAGHTY called the meeting to order at 9:30 A.M.

**ROLL CALL**

Trustees present:

ROBERT GERAGHTY Vice, President  
EDWARD L. AFFOLTER, Secretary  
BRIAN BIGGANE, Trustee

FRANK HODOROWICZ, Trustee  
STEVEN J. LUX, Trustee  
CECILIA PRADO, Trustee

Also Present:

DEAN J. NIEDOSPIAL, Executive Director  
JAIME L. MCCABE, Comptroller  
KELLY M. HUNT, Benefits Manager  
MICHAEL SPYCHALSKI and BRETT CHRISTENSON, Marquette Associates

Absent:

PAMELA A MUNIZZI, President

The Executive Director reported that he had received notification from the Chicago Park District Board of Commissioners that at its meeting of August 10, 2016, STEVEN J. LUX was appointed Trustee of the Board of the Park Employees' Annuity and Benefit Fund for a three-year term expiring June 30, 2019.

**MINUTES OF THE LAST MEETING**

A motion was made by Trustee LUX to approve the minutes of the scheduled regular Board meeting held on Thursday, July 21, 2016. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, GERAGHTY, HODOROWICZ,  
LUX, PRADO

NAYS: None

**READING OF COMMUNICATIONS**

The Executive Director noted recent FOIA requests.

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

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, GERAGHTY, HODOROWICZ,  
LUX, PRADO

NAYS: None

### **REPORT OF THE COMMITTEES**

None

### **BENEFIT DATA**

#### **Annuities Granted**

Applications for Service and Employees' Spousal Annuities as listed in Section IV (A) of the Benefit Data, dated June 23, 2016, July 21, 2016, and August 18, 2016, were presented to the Board with the recommendation for approval based upon the report of the President as to the eligibility of the applicants and the correctness of the amounts of annuities and benefits indicated.

Trustee HODOROWICZ moved ratification of the Applications for Service and Employees' Spousal Annuities to the Omnibus.

#### **Disabilities Granted**

Applications for Ordinary and Duty Disability Benefits as listed in Section IV (B) of the Benefit Data, dated May 31, 2016, June 30, 2016, and July 31, 2016, were presented to the Board for approval.

Secretary AFFOLTER moved ratification of the 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 months of June 2016, July 2016, and August 2016 in accordance with Section IV (C) of the Benefit Data and asked for formal confirmation of the net requirements in the amounts of \$5,641,018.99, \$5,643,521.99 and \$5,658,832.69, respectively.

Trustee LUX moved ratification of the required funds from the Northern Trust Annuity Account in the amounts of \$5,641,018.99, \$5,643,521.99 and \$5,658,832.69 to the Omnibus.

## Report on Death Claims

The following report, Section IV (D) was submitted for ratification as indicated:

<u>Name of Decedent</u>	<u>Date of Death</u>	<u>Amount Payable</u>	<u>To Whom Payable</u>
George E. Carlson, Jr. Laborer Annuitant, 6-099550	05/10/16	\$ 3,000.00 Death Benefit	Nadine Whiteley, Executor
Mary Ziolkowski Junior Library Clerk Annuitant, 6-065540	04/12/16	\$ 3,000.00 Death Benefit	Bernice J. and Darlene Ziolkowski, Designated Beneficiaries
Lillian R. Key Administrative Secretary Employee, 54665	04/13/16	\$ 70,670.29 10,000.00 Death Benefit <u>\$ 80,670.29</u>	Ramon William Key, Jr., Johnathan A. Key & Maria D. Key, Designated Beneficiaries
Aleda M. Gregoire Maintenance Foreman Employee, 53056	05/03/16	\$ 123,216.11 10,000.00 Death Benefit <u>\$ 133,216.11</u>	John D. Gregoire, Surviving Heir
Helen Tomsic Playground Supervisor Annuitant, 6-073480	04/18/16	\$ 3,000.00 Death Benefit	Jo-Ellen La Rue, Executor
Albertico Mendoza Physical Instructor Employee, 60594	06/22/16	\$ 17,904.13 10,000.00 Death Benefit <u>\$ 18,904.13</u>	Osbelia Rodriguez & Zenaida Mendoza, Designated Beneficiaries
Martin R. Vouri Rigger Annuitant, 6-090390	03/28/16	\$ 3,000.00 300.00 Optional Death Benefit <u>\$ 3,300.00</u>	Dolores M. Vouri, Surviving Spouse
Robert Aaron Jones Arch. Design Project Manager Annuitant, 6-011123	05/12/16	\$ 300.00 Optional Death Benefit	Alison M. Janus, Surviving Spouse
Terry Rayburn Architectural Iron Worker Annuitant, 6-010367	04/25/16	\$ 3,000.00 300.00 Optional Death Benefit <u>\$ 3,300.00</u>	Patricia Rayburn, Surviving Spouse
Jose F. Troche Attendant Annuitant, 6-010784	05/28/16	\$ 3,000.00 Death Benefit	Carmen D. Troche, Surviving Spouse
Lee A. Fields Carpenter Annuitant, 6-092700	07/08/16	\$ 3,000.00 Death Benefit	Bettye J. Fields, Surviving Spouse
Nicholas Willis, Jr. Laborer Foreman Annuitant, 6-010169	07/17/16	\$ 3,000.00 300.00 Optional Death Benefit <u>\$ 3,300.00</u>	Evelyn Willis, Surviving Spouse
Marvin L. Smith Motor Truck Driver Annuitant, 6-011006	05/12/16	\$ 3,000.00 Death Benefit	Carolyn M. Smith, Surviving Spouse
John Piazza Direct General Admin. Services Annuitant, 6-010877	07/04/16	\$ 3,000.00 300.00 Optional Death Benefit <u>\$ 3,300.00</u>	Renee G. Piazza, Surviving Spouse

Total amount of death claims submitted for approval \$264,290.53

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.

Secretary AFFOLTER moved ratification of the Report on Death Claims to the Omnibus.

### **Applications for Refunds - over \$5,000**

Applications for refund of pension contributions, Section IV (E), involving payment 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:

<u>Name and Occupation</u>	<u>Amount</u>	<u>Age</u>	<u>Years of Service</u>
<b>Jonathan Adams</b> , Lifeguard	\$ 7,408.46	24	3.50
<b>Nick Berardi</b> , Laborer	6,121.15	24	2.00
<b>Walter Boddie</b> , Security Guard (Tier 2)	12,469.66	63	5.50
<b>Malcom Collins</b> , Physical Instructor	5,568.99	31	4.25
<b>Chiquita Covington</b> , Recreation Leader	6,840.93	26	5.00
<b>Chiquita Frazier</b> , Recreation Leader	6,197.92	24	4.75
<b>Cetress Givens</b> , Physical Instructor	14,344.27	31	9.00
<b>Crystal Gutierrez</b> , Aquatics Coach	20,043.18	31	9.75
<b>Amanda Keeton</b> , Special Recreation Leader	5,187.22	28	1.50
<b>Kinga Kelly</b> , Program and Event Coordinator	21,565.55	39	6.25
<b>Ricardo Lozado</b> , Physical Instructor	6,694.79	28	3.50
<b>Markell Mooney</b> , Activities Instructor	19,905.72	40	15.00
<b>Andria Pate</b> , Security Guard	5,191.62	55	3.50
<b>Louise Owens</b> , Attendant	5,366.15	56	3.00
<b>Jonathan Perez</b> , Lifeguard	15,198.39	27	7.25
<b>Candice Phelan</b> , Activities Instructor	10,518.19	31	5.00
<b>Alexander Puente</b> , Lifeguard	9,725.13	27	4.25
<b>Ryan Rogers</b> , Program and Event Facilitator	21,127.07	32	6.25
<b>Timothy Shelton</b> , Lifeguard	33,540.86	33	16.00
<b>Victoria Simms</b> , Attendant	8,893.60	37	4.75

<u>Name and Occupation</u>	<u>Amount</u>	<u>Age</u>	<u>Years of Service</u>
<b>Richard Topel</b> , Natatorium Instructor	7,349.57	38	4.50
<b>Alexis Vazquez</b> , Lifeguard	25,677.62	31	12.50
<b>Brian Walton</b> , Lifeguard	<u>21,677.50</u>	32	9.75
<b>Total:</b>	<u>\$296,613.54</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 ratification of the Applications for Refunds over \$5,000 to the Omnibus.

### **Refunds of Spouse's Annuity Deduction - over \$5,000**

Application for refund of the following spousal annuity deductions are submitted for ratification by the Trustees. These employees are unmarried at the date of his/her retirement and are entitled to these refunds.

<u>NAME</u>	<u>AGE</u>	<u>YEARS OF SERVICE</u>	<u>AMOUNT</u>
Debbie A. McBounds*	53	30.75 years	\$ 8,079.35
Theresa M. Philpot	57	36.25 years	12,021.42
John G. Rheinwald Jr.	66	23.50 years	13,990.73
Elena F. Almanza	59	28.00 years	7,506.50
Gail L. Rangel	60	36.00 years	13,965.94
Earlean Adams-Thomas	62	23.25 years	7,046.60
Erin M. Joyce	50	33.25 years	12,866.26
Gennie V. Miller	71	30.75 years	9,973.98
Kenneth Williams	54	32.50 years	<u>10,275.28</u>
			<u>\$95,726.06</u>

Trustee LUX moved ratification of the Refunds of Spouse's Annuity Deductions over \$5,000 to the Omnibus.

### **Nursing Home Care**

Request to send pension benefits of Earl Armstrong (I.D. #6-087330) for \$2,965.66 to qualified nursing home.

Trustee BIGGANE moved ratification of the request relating to Earl Armstrong to the Omnibus.

**Membership Statistics (informational only)**

	<u>8/18/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Chicago Park District participants	3,181	3,063	3,120
Participants contributing to PEABF (Tier II approx. 1,048)	2,832	2,770	2,688
Retired employees	2,116	2,097	2,101
Surviving spouses	758	767	773
Children	13	12	17
Retirements during the year (including spousal)	82	126	90
Deaths among retirees (including spousal)	68	139	91
New members	241	407	250
Withdrawals with refund	106	136	188

Trustee LUX moved ratification of the Membership Statistics to the Omnibus.

**FINANCIAL DATA****Expenditure Report**

Disbursements as listed in Section V (A) of the Financial Data, dated June 23, 2016, July 21, 2016, and August 18, 2016, were presented to the Board for approval.

Trustee PRADO moved ratification of the Expenditure Reports to the Omnibus.

**Summary of Investment Fees, Administrative, and General Expenses**

Investment Fees, Administrative, and General Expenses as listed in Section V (B) of the Financial Data, as of June 30, 2016, were presented to the Board for ratification.

Secretary AFFOLTER moved ratification of the Summary of Investment Fees, Administrative, and General Expenses to the Omnibus.

**Cash Account - Reconciliation and Cash Flow Report**

Cash Account – Reconciliation and Cash Flow Report as listed in Section V (C) of the Financial Data, as of May 31, 2016, June 30, 2016, and July 31, 2016, were presented to the Board for approval. The Trustees discussed maintaining the cash balance in the Northern Trust STIF account in accordance with the Fund's investment policy.

Trustee HODOROWICZ moved ratification of the Reconciliation and Cash Flow Reports to the Omnibus.

**Summary of the Trial Balance (unaudited)**

Summary of the Trial Balance (unaudited), Section V (D) as of June 30, 2016, shows ending net assets of \$397,483,252.13.

Trustee LUX moved ratification of the Summary of the Trial Balance (unaudited) to the Omnibus.

**INVESTMENTS**

The following reports as listed in Section VI (B) dated June 30, 2016, are presented to the Board for acceptance:

Northern Trust Company investment manager performance snapshot	VI (B) 1
Market Value of Investments Owned	VI (B) 2
Fixed Income	VI (B) 3
Equity Advisors	VI (B) 4
Alternative Investments	VI (B) 5
Real Estate Accounts	VI (B) 6

Official copies of the preceding have been placed on file and made a part of the "Minutes" of this meeting.

**There were no significant activities in the investment accounts.**

Trustee BIGGANE moved ratification of the investment reports to the Omnibus.

**MOTION TO ACCEPT ITEMS TRANSFERRED TO THE OMNIBUS**

A motion was made by Trustee LUX to ratify the foregoing reports as part of the Omnibus. Secretary AFFOLTER seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, GERAGHTY, HODOROWICZ,  
LUX, PRADO

NAYS: None

**REPORT OF THE EXECUTIVE DIRECTOR****Tax Levy Requirement Letter**

The Executive Director presented to the Trustees the Tax Levy Requirement Letter to the Chicago Park District Board of Commissioners for 2017. He noted that the letter contains the amount as prescribed in the Illinois Pension Code and indicates the annual Actuarially Determined Contribution as calculated by the Fund's Actuary.

A motion was made by Trustee BIGGANE to approve submission of the Tax Levy Requirement Letter for 2017 to the Chicago Park District Board of Commissioners. Trustee PRADO seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, GERAGHTY, HODOROWICZ,  
LUX, PRADO

NAYS: None

**Other**

Comprehensive Annual Financial Report (CAFR) – The Executive Director distributed copies of the Fund’s CAFR as of December 31, 2015 to the Trustees.

Office flood status – The Executive Director reported that he is continuing to work with Fund Counsel and the building to expedite repairs to the Fund’s office because of the recent flood caused by a leak in the expansion tank attached to the hot water heater in the kitchen.

City Treasurer - The Executive Director reported that he had attended a meeting with representatives from the City Treasurer’s office and local retirement systems on Wednesday, August 17, 2016, to continue the dialogue in relation to the City Treasurer’s Aggregate Pricing Initiative.

Senate Hearing – The Executive Director reported that he and the Fund’s investment consultant, Marquette Associates, presented a report to the Illinois State Senate Committee on Public Pensions Investments’ annual Subject Matter Hearing on MWBE Investments on Friday, August 12. The Executive Director and the Trustees discussed the importance of continuing to support minority and women owned investment managers, brokers and businesses.

Conferences – The Executive Director distributed an updated 2016 Conference Schedule to the Trustees and highlighted upcoming local conferences and noted that Vice President GERAGHTY has expressed interest in attending the Eight Annual Public Funds Forum, hosted by ValueEdge Advisors, from September 6-8, 2016.

A motion was made by Secretary AFFOLTER to authorize Vice President GERAGHTY to attend the Eight Annual Public Funds Forum, hosted by ValueEdge Advisors, from September 6-8, 2016. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, GERAGHTY, HODOROWICZ,  
LUX, 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 Spychalski of Marquette Associates distributed the Preliminary Monthly Update report as of July 31, 2016, featuring investment performance, market environment analysis, asset allocation and individual investment manager performance. The Trustees reviewed and discussed the report.

A motion was made by Trustee HODOROWICZ to withdraw \$6 million from The Northern Trust Global Investments Large Cap Growth Index Fund and transfer said amount to the Northern Trust Global Investments ACWI ex. US Index Fund to bring both closer to their Board approved target allocations, subject to the cash flow requirements of the Fund. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, GERAGHTY, HODOROWICZ,  
LUX, PRADO

NAYS: None

Mr. Brett Christenson and Mr. Michael Spychalski also distributed a Defensive Equity Searchbook, which summarized the results of the recent Defensive Equity Investment Manager search.

Mr. Christenson, Mr. Spychalski and the Trustees reviewed the Defensive Equity Searchbook and discussed the finalists for the Defensive Equity Investment Manager search.

The following candidates were allocated time to make presentations to the Board:

### **Goldman Sachs**

Roy Appleman, Daniel Debbini, Joe Hernandez

### **Parametric**

Jay H. Strohmaier, Gregory Baranivsky

### **Neuberger Berman**

Dimitri Stahopoulos, Doug Kramer, Derek Devens

Each candidate made a presentation and answered numerous questions from the Trustees. After the presentations, Vice President GERAGHTY thanked each candidate.

The Trustees and the Investment Consultant discussed the presentations and the pros and cons of the candidates.

A motion was made by Trustee HODOROWICZ to appoint Parametric as defensive equity investment manager for the Fund, to be funded consistent with the Fund's allocation to defensive equity, subject to the cash flow requirements of the Fund and execution of an investment manager agreement approved by Fund Counsel. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, GERAGHTY, HODOROWICZ,  
LUX

NAYS: PRADO

A motion was made by Vice President GERAGHTY to terminate the appointment of Entrust as hedge fund investment manager for the Fund and to begin the liquidation process. Trustee LUX seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, GERAGHTY, HODOROWICZ,  
LUX, PRADO

NAYS: None

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

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, GERAGHTY, HODOROWICZ,  
LUX, PRADO

NAYS: None

### **ADJOURNMENT**

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

The next regular meeting of the Retirement Board will be on **Thursday, September 15, 2016**, 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  
Secretary