

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
SCHEDULED REGULAR BOARD MEETING
THURSDAY, NOVEMBER 17, 2016

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 present:

PAMELA MUNIZZI, President
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 & BRETT CHRISTENSON, Marquette Associates

MINUTES OF THE LAST MEETING

A motion was made by Trustee BIGGANE to approve the minutes of the re-scheduled regular Board meeting held on Tuesday, October 18, 2016. Trustee LUX seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

READING OF COMMUNICATIONS

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 September 15, 2016, October 18, 2016, and November 17, 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 LUX 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 August 31, 2016, September 30, 2016, and October 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 September 2016, October 2016, and November 2016 in accordance with Section IV (C) of the Benefit Data and asked for formal confirmation of the net requirements in the amounts of \$5,668,289.52, \$5,659,625.38 and \$5,654,071.20, respectively.

Trustee HODOROWICZ moved ratification of the required funds from the Northern Trust Annuity Account in the amounts of \$5,668,289.52, \$5,659,625.38 and \$5,654,071.20 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>
Mattie B. Smith Physical Instructor Annuitant, 6-097720	07/29/16	\$ 3,000.00 Death Benefit	Sharon L. Carroll, Designated Beneficiary
George R. Crowley Gymnastic Instructor Annuitant, 6-010856	07/20/16	\$ 44,280.27 Refund of Annuity Reserve	Steven T. Crowley, Sean E. Crowley & Susan Hayek, Designated Beneficiaries
Herbert Baler, Jr. Attendant Annuitant, 6-088590	08/12/16	\$ 3,000.00 Death Benefit	Olivia L. Jackson, Designated Beneficiary
Gerald Lauricella Operation Supervisor Annuitant, 6-089440	08/04/16	\$ 3,000.00 Death Benefit	Be- Be North, Executor

<u>Name of Decedent</u>	<u>Date of Death</u>	<u>Amount Payable</u>		<u>To Whom Payable</u>
Harry McKenna Security Guard Employee, 62774	09/16/16	\$ 19,909.52	Refund of Employee Contribution	Marianne McKenna, Designated Beneficiary
		<u>10,000.00</u>	Death Benefit	
		\$ <u>29,909.52</u>		
George E. Carlson. Jr. Laborer Annuitant, 6-099550	05/10/16	\$ 3,000.00	Death Benefit	Nadine Whitely, Executor
Sandra Bandyk Contract Clerk Annuitant, 6-094380	09/14/16	\$ 3,000.00	Death Benefit	Mark Bandyk and Craig Bandyk, Designated Beneficiary
Patricia J. Swieca Floriculturist Class 1 Annuitant, 6-011107	07/08/16	\$ 160,192.37	Refund of AI	Charlotte S. Roos & George R. Roos, Designated Beneficiaries
Donald A. Adolf Maintenance Foreman Annuitant, 6-078960	09/25/16	\$ 3,000.00	Death Benefit	Larry George Adolf, Designated Beneficiary
James C. Heffernan Motor Truck Driver Annuitant, 6-010379	08/16/16	\$ 3,000.00	Death Benefit	Gordon J. Wojda, Executor Trustee
Lydia G. Zubek Admin. Specialist Clerk II Annuitant, 6-084210	09/10/16	\$ 3,000.00	Death Benefit	Carol Delmedico, Designated Beneficiary
Vernon Moore Stationary Engineer Annuitant, 6-064260	07/24/16	\$ 3,000.00	Death Benefit	Daniel P. Moore, Designated Beneficiary
Thomas P. Lyons Physical Instructor Annuitant, 6-092520	07/16/16	\$ 3,000.00	Death Benefit	Susan P. Lyons, Surviving Spouse
Peter Deskovich Security Guard Employee, 61307	07/31/16	\$ 3,000.85	Refund of AI	Patricia J. Deskovich, Surviving Spouse
		10,000.00	Death Benefit	
		300.00	Optional Death Benefit	
		\$ <u>13,300.85</u>		
Charles Guice Plumber Annuitant, 6-08667	07/12/16	\$ 3,000.00	Death Benefit	Betty Guice, Surviving Spouse
Eugene Miglio, Jr. Building Construction Laborer Annuitant, 6-011230	07/29/16	\$ 6,000.00	Death Benefit	Rose Miglio, Surviving Spouse
James Potts Laborer Annuitant, 6-080700	06/12/16	\$ 3,000.00	Death Benefit	Robertine Potts, Surviving Spouse
Kenneth Buehring Building Construction Laborer Annuitant, 6-099820	07/22/16	\$ 3,000.00	Death Benefit	Anthony, Denise and Kenneth V. Buehring, Designated Beneficiaries

*Anthony has not returned his completed applications. The case will remain open until receipt of the completed forms.

<u>Name of Decedent</u>	<u>Date of Death</u>	<u>Amount Payable</u>		<u>To Whom Payable</u>
Donald R. Danielson	7/26/16	\$ 3,000.00	Death Benefit	Barbara J. Danielson,
Planning Coordinator		300.00	Optional Death Benefit	Surviving Spouse
Annuitant, 6-073130		<u>\$ 3,300.00</u>		
Total amount of death claims submitted for approval		<u>\$ 292,983.01</u>		

The information in the files supporting these claims and the facts relative thereto have been gathered in the office of the Board. Based on this information, the Executive Director certifies to the correctness and validity of the above claims.

Trustee HODOROWICZ 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>
Jaclyn Balzano , Fund Staff	\$ 27,351.94	34	8.50
Eric Bouyer , Laborer	36,617.77	51	11.25
Abbot Bristow , Project Manager	14,886.39	31	2.75
Diana Castro , Natatorium Instructor	15,587.14	28	7.25
Martina Conley , Recreation Leader	7,740.01	27	6.25
Rolland Craig , Recreation Leader	5,557.76	24	3.50
Alejandro Diaz , Lifeguard	9,109.92	25	4.50
Albert Francis , Security Guard	7,898.18	48	5.50
Sigifredo Gallicia , Physical Instructor	7,691.11	26	4.25
David Garfias , Lifeguard	5,405.06	22	2.50
Delois Gentry , Laborer	36,552.34	50	11.25
George Goebel , Security Guard (Tier 2)	5,897.40	68	3.75
Paul Gonzalez , Recreation Leader	9,222.69	26	6.00
Melissa Higgs , Recreation Leader	9,650.78	27	6.25
Dana Hoard , Recreation Leader	11,557.93	42	9.50
Ezra Horton , Lifeguard	10,235.00	24	4.75
Everado Leon , Lifeguard	18,655.10	34	9.75
Willie Matthews , Special Recreation Leader	5,958.39	40	3.75
Lauren Martinez , Activities Instructor	6,959.69	31	3.25
Cherie Minnifield , Security Guard	6,492.23	55	4.75
Alison Mizera , Physical Instructor	18,519.56	33	11.75
Eric Morris , Laborer	11,285.97	27	3.50
Dominique Penson , Recreation Leader	6,744.20	27	5.25
Theodore Peterson , Senior Lifeguard	22,494.09	29	8.75
Patricia Ross , Security Guard	8,343.39	55	4.75
Margaret Russell , Finance Manager	25,720.95	35	6.00
Daniel Sopack , Security Guard (Tier 2)	7,796.50	61	4.75
Marco Vasquez , Natatorium Instructor	14,750.46	27	6.25

<u>Name and Occupation</u>	<u>Amount</u>	<u>Age</u>	<u>Years of Service</u>
Emir Vinson, Recreation Leader	7,031.61	30	6.00
Demetrius Ware, Recreation Leader	20,571.24	48	15.25
Marquis Watkins, Recreation Leader	6,221.32	26	5.00
Leah Woldman, Senior Program Specialist	18,934.84	33	4.25
Donesha Wright, Physical Instructor	<u>13,345.67</u>	30	8.50
Total:	<u>\$440,786.63</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 LUX 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>
Donna Petway-Johnson	55	30.00 years	\$ 9,316.38
Ann C. Boger	68	16.50 years	7,383.42
Lela J. Hamb	65	22.25 years	11,624.85
Michael Keleher	63	18.00 years	13,431.59
Steve N. Scott	57	30.00 years	<u>18,952.02</u>
			<u>\$60,708.26</u>

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

Nursing Home Care

None

Membership Statistics (informational only)

	<u>11/17/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Chicago Park District participants	3,223	3,063	3,120
Participants contributing to PEABF (Tier II approx. 1,059)	2,811	2,770	2,688
Retired employees	2,112	2,097	2,101
Surviving spouses	756	767	773
Children	13	12	17
Retirements during the year (including spousal)	106	126	90
Deaths among retirees (including spousal)	98	139	91
New members	351	407	250
Withdrawals with refund	146	136	188

Secretary AFFOLTER 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 September 15, 2016, October 18, 2016, and November 17, 2016, were presented to the Board for approval.

Trustee LUX 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 September 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 August 31, 2016, September 30, 2016, and October 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 September 30, 2016, shows ending net assets of \$403,787,018.06

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 September 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 HODOROWICZ to ratify the foregoing reports as part of the Omnibus. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

REPORT OF THE EXECUTIVE DIRECTOR

Revised Tax Levy Requirement Letter

The Executive Director presented to the Trustees a Revised Tax Levy Requirement Letter to the Chicago Park District Board of Commissioners for 2017, which had been amended in accordance with the Biedron Agreed Order entered on October 19, 2016.

A motion was made by Trustee BIGGANE to approve submission of the Revised Tax Levy Requirement Letter to the Chicago Park District Board of Commissioners for 2017 amended in accordance with the Agreed Order entered on October 19, 2016, in the *Biedron v. PEABF* litigation. Trustee PRADO seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

Fund Lobbyist

The Executive Director distributed a draft of a two-year agreement submitted by the Fund's lobbyist, James Brosnahan, with fees of \$33,000 for 2017, the same as 2016, and \$36,000 for 2018.

A motion was made by President MUNIZZI to authorize the Executive Director to execute the agreement submitted by the Fund's lobbyist, James Brosnahan, with fees of \$33,000 for 2017, and \$36,000 for 2018, cancelable by either party with 90 days' written notice, subject to approval of the agreement by Fund counsel. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

Appointment of the Auditor

The Executive Director presented to the Trustees an engagement letter received from Bansley & Kiener, L.L.P. for services to be provided for the audit of the Fund for the year ended December 31, 2016. The letter describes the terms of the agreement, nature and extent of the audit services to be provided to the Fund. The fee for the audit for the year ended December 31, 2016 will not exceed \$28,000, a slight increase over the previous year's fee.

A motion was made by Trustee LUX to reappoint Bansley & Kiener, L.L.P. as the Fund's auditors for the fiscal year ending December 31, 2016 at a fee not to exceed \$28,000. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

PRESENT: MUNIZZI

Approval of Fund Counsel Hourly Rate

The Executive Director distributed a letter from Jacobs, Burns, Orlove, & Hernandez, Fund Counsel, requesting an increase in their hourly rate from \$250 to \$260 effective July 1, 2017.

A motion was made by Trustee HODOROWICZ to approve the request of Jacobs, Burns, Orlove, & Hernandez, Fund Counsel, to increase their hourly rate from \$250 to \$260 effective July 1, 2017. Vice President GERAGHTY seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

Annual Budget

The Executive Director presented the Fund's Projected Operating Budget for the year ended December 31, 2017. The details within the budget assumptions were discussed with the Trustees.

A motion was made by Secretary AFFOLTER to approve the budget as presented by the Executive Director for the year ended December 31, 2017. Trustee LUX seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

Biedron v. PEABF

The Executive Director reported that the Fund has complied with the Agreed Order entered on October 19, 2016, and that the next status hearing is scheduled for December 21, 2016.

Other

Illinois Department of Insurance - The Executive Director distributed a publication from the Illinois Department of Insurance, which outlines the annual earnings, salary or wages maximum for the Fund's Tier II employees for 2017 as well as the unadjusted change in the CPI-U, which is used to calculate the annual increase in pensions. He noted that this information would be forwarded to the appropriate Chicago Park District staff.

Office Water damage status – the Executive Director reported that he and Fund Counsel have resolved the office water damage issue in accordance with Fund Counsel's recommendation, as approved by the Board at the last meeting, and the repairs will begin in December.

Upcoming events – The Executive Director noted that there will be a presentation on fiduciary liability insurance by Alliant/Mesirow at the December Board meeting; the Fund's current asset allocation will be reviewed with the Fund's investment consultant at either the January or February Board meeting and; the Fund will issue an RFP for investment consultant in 2017, which is required every five years by state law.

Conferences – the Executive Director distributed updated 2016 and 2017 Conference Schedules to the Trustees and highlighted upcoming local conferences and noted that Trustees GERAGHTY, HODOROWICZ, BIGGANE, AFFOLTER and the Executive Director have expressed interest in attending the OPAL Public Funds Summit January 9-11, 2017. A motion was made by Trustee LUX to authorize Trustees GERAGHTY, HODOROWICZ, BIGGANE, AFFOLTER and the Executive Director to attend the OPAL Public Funds Summit January 9-11, 2017. President MUNIZZI seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

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

REPORT OF THE ATTORNEY

None

REPORT OF THE INVESTMENT CONSULTANT

Mr. Brett Christenson and Mr. Michael Spychalski of Marquette Associates distributed the Preliminary Monthly Update report as of October 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 Secretary AFFOLTER to withdraw \$1 million from each of the Fund's three Real Estate investment managers for a total of \$3 million to bring the Real Estate Composite and the individual investment managers closer to their Board approved target allocations, subject to the cash flow requirements of the Fund. Trustee LUX seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

REPORT OF THE LOBBYIST

None

OLD BUSINESS

None

NEW BUSINESS

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, December 15, 2016**, 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