

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
REGULAR BOARD MEETING
THURSDAY, APRIL 19, 2018

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 A. MUNIZZI, President
ROBERT GERAGHTY, Vice President
BRIAN BIGGANE, Trustee
FRANK C. HODOROWICZ, Trustee
STEVEN J. LUX, Trustee

Also Present:

DEAN J. NIEDOSPIAL, Executive Director
MIKE SPYCHALSKI, Marquette Associates

Trustees Absent:

EDWARD L. AFFOLTER, Secretary
CECILIA PRADO, Trustee

A motion was made by Trustee BIGGANE to go into Executive Session for the purpose of discussing the evidence and testimony presented during the March 15, 2018 Administrative Hearing. Trustee LUX seconded the motion.

Motion carried by the following roll call:

YEAS: BIGGANE, GERAGHTY, HODOROWICZ, LUX,
MUNIZZI
NAYS: None

A motion was made by Trustee HODOROWICZ to return to open session. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

YEAS: BIGGANE, GERAGHTY, HODOROWICZ, LUX,
MUNIZZI
NAYS: None

A motion was made by Trustee BIGGANE to uphold the Fund's decision to grant a spousal annuity to Carolyn Crook and to grant a refund of Derrick Witt's automatic annual increase contributions to Carolyn Crook. Vice President GERAGHTY seconded the motion.

Motion carried by the following roll call:

- YEAS: BIGGANE, GERAGHTY, HODOROWICZ, LUX,
MUNIZZI
- NAYS: None

A motion was made by Vice President GERAGHTY to direct Fund Counsel to draft a written decision consistent with the Board’s ruling as a result of the March 15, 2018 Administrative Hearing. Trustee LUX seconded the motion.

Motion carried by the following roll call:

- YEAS: BIGGANE, GERAGHTY, HODOROWICZ, LUX,
MUNIZZI
- NAYS: None

MINUTES OF THE LAST MEETING

A motion was made by Vice President GERAGHTY to approve the minutes of the regular Board meeting held on Thursday, March 15, 2018. Trustee LUX seconded the motion.

Motion carried by the following roll call:

- YEAS: BIGGANE, GERAGHTY, HODOROWICZ, LUX,
MUNIZZI
- NAYS: None

A motion was made by Trustee LUX to approve the minutes of the 10:00AM and the 12:30PM Executive Sessions both held on March 15, 2018. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

- YEAS: BIGGANE, GERAGHTY, HODOROWICZ, LUX,
MUNIZZI
- NAYS: None

READING OF COMMUNICATIONS

The Executive Director noted a recent FOIA request.

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: BIGGANE, GERAGHTY, HODOROWICZ, LUX,
MUNIZZI
- NAYS: None

REPORT OF THE COMMITTEES

None

REPORT OF THE EXECUTIVE DIRECTOR

Special Olympics 50th Anniversary

The Executive Director reported that the Fund is prepared to provide information to the Chicago Special Olympics about retirees who were employed by the Chicago Park District in 1968, the first year of the Special Olympics. He outlined the procedure that the Fund will use to provide certain information to Chicago Special Olympics, which has been approved by Fund Counsel and is consistent with the procedure the Fund follows for the mailing of campaign materials under its Election Policy.

Biedron

The Executive Director reported that the next status hearing is scheduled for July 18, 2018 and briefly discussed with the Trustees the procedure to refund the additional 1% of employee contributions improved with interest.

2018 Trustee Election

The Executive Director distributed a copy of the previously approved schedule for the Fund's Annual Election of Trustee on Friday, June 22, 2018.

Member's Annual Statements/98th Annual Report of the President/Principal Provisions

The Executive Director reported that Member's Annual Statements including copies of the Fund's Principal Provisions and the 98th Annual Report of the President have been mailed.

Disaster Recovery Plan

The Executive Director noted that a copy of the Fund's Disaster Recovery Plan including the most recent revisions had been emailed to the Trustees.

Fund Solvency Projections

The Executive Director distributed a copy of the most recent solvency projections prepared by the Fund's Actuary.

Other

Upcoming events – The Executive Director reminded the Trustees that the Fund's Actuary will perform an Actuarial Experience Review in 2018, which is performed every five years.

Chicago Park District Tax Levy – The Executive Director reported that the Fund received the remaining \$15.784 million, for a total of \$20.784 million, of its share of the 2017 tax levy on March 30, 2018.

Statement of Economic Interest - The Executive Director reminded the Trustees that their Statements of Economic Interest are due May 1, 2018 and must be filed online.

Conferences - The Executive Director distributed an updated 2018 Conference Schedule to the Trustees and highlighted upcoming local conferences and events.

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

Motion carried by the following roll call:

YEAS: BIGGANE, GERAGHTY, HODOROWICZ, LUX,
MUNIZZI
NAYS: None

(Mr. Michael Spychalski of Marquette Associates entered)

REPORT OF THE ATTORNEY

None

REPORT OF THE ACTUARY

None

REPORT OF THE LOBBYIST

None

REPORT OF THE INVESTMENT CONSULTANT

Mr. Michael Spychalski of Marquette Associates distributed the Preliminary Monthly Update report as of March 31, 2018, featuring investment market value and 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 accept the Report of the Investment Consultant. President MUNIZZI seconded the motion.

Motion carried by the following roll call:

YEAS: BIGGANE, GERAGHTY, HODOROWICZ, LUX,
MUNIZZI
NAYS: None

The following MWBE International Investment Manager candidates were allocated time to make presentations to the Board:

Ariel Investments

Malik T. Murray, Rupal J. Bhansali

Ativo Capital

Ricardo Bekin, Ram G. Gandikota, Michael S. Brooks

Earnest Partners

Gina Lenzi, Paul E. Viera

(President MUNIZZI departed and Vice President GERAGHTY chaired the remainder of the meeting).

Denali Advisors LLC

Casey Sines, John Cuthbertson, Robert Snigaroff

Each candidate made a presentation and answered numerous questions from the Trustees. After the presentations, the Board 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 LUX to appoint Denali Advisors LLC international equity investment manager for the Fund at an allocation of \$5 million, subject to execution of an investment manager agreement approved by Fund Counsel. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

YEAS: BIGGANE, GERAGHTY, HODOROWICZ, LUX
NAYS: None

A motion was made by Trustee LUX to appoint Ariel Investments international equity investment manager for the Fund at an allocation of \$15 million, subject to execution of an investment manager agreement approved by Fund Counsel. Trustee BIGGANE seconded the motion.

Motion failed by the following roll call:

YEAS: LUX
NAYS: BIGGANE, GERAGHTY, HODOROWICZ

A motion was made by Trustee BIGGANE to appoint Ativo Capital international equity investment manager for the Fund at an allocation of \$15 million, subject to execution of an investment manager agreement approved by Fund Counsel. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

YEAS: BIGGANE, GERAGHTY, HODOROWICZ
NAYS: LUX

OLD BUSINESS

None

NEW BUSINESS

None

ADJOURNMENT

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

The next regular meeting of the Retirement Board will be on **Thursday, May 17, 2018** 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,

FRANK C. HODOROWICZ
Secretary-Pro Tem