

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
REGULAR BOARD MEETING
THURSDAY, DECEMBER 20, 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
EDWARD L. AFFOLTER, Vice President
FRANK HODOROWICZ, Secretary
BRIAN BIGGANE, Trustee

MATTHEW DUGGAN, Trustee
STEVEN J. LUX, Trustee
CECILIA PRADO, Trustee

Also Present:

DEAN J. NIEDOSPIAL, Executive Director
JAIME L. MCCABE, Comptroller (Excused during THE REPORT OF THE EXECUTIVE DIRECTOR, after the presentation of the Fund's Annual Operating Budget)
GARY PATER, Bansley & Kiener, Fund's Auditor (entered the meeting during the REPORT OF THE EXECUTIVE DIRECTOR; was excused after his report)
MICHAEL SPYCHALSKI, Marquette Associates (entered the meeting during the REPORT OF THE EXECUTIVE DIRECTOR, stayed until the end of the meeting)

MINUTES OF THE LAST MEETING

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

Motion carried by the following roll call:

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

NAYS: None

READING OF COMMUNICATIONS

The Executive Director noted recent FOIA requests.

A motion was made by Vice President AFFOLTER to accept the Reading of Communications. Trustee LUX seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

REPORT OF THE COMMITTEES

None

REPORT OF THE EXECUTIVE DIRECTOR

Appointment of the Auditor

Mr. Gary Pater of Bansley and Kiener, L.L.P. entered the Board meeting to address questions that the Trustees had regarding a federal lawsuit brought by the Federal Deposit Insurance Company against Bansley and Kiener, L.L.P. for refusing to produce documents in response to a subpoena related to its audits of its client Washington Federal Bank for Savings.

The Executive Director presented to the Trustees an engagement letter received from Bansley and Kiener, L.L.P. for services to be provided for the audit of the Fund for the year ended December 31, 2018. 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, 2018 would not exceed \$28,000, the same as the previous two year's fees.

After numerous questions by the Trustees, Mr. Pater was excused.

Because of the time constraints of finding a new auditor, a motion was made by Trustee LUX to appoint Bansley and Kiener, L.L.P. as the Fund's auditors to complete the audit for the year ended December 31, 2018, at a fee not to exceed \$28,000, provided that the Fund will issue in July 2019, an RFP for a new auditor. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, DUGGAN, LUX, PRADO

NAYS: HODOROWICZ

PRESENT: MUNIZZI

A motion was made by Trustee BIGGANE to authorize the Executive Director to work with Fund Counsel to issue in July 2019, an RFP for a new auditor pursuant to which Bansley and Kiener, L.L.P. will not be invited to submit a response. Secretary HODOROWICZ seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

Annual Operating Budget

The Executive Director presented the Fund's Projected Operating Budget, complete with details, for the year ending December 31, 2019, a draft of which had been distributed at the November Board meeting. The details within the budget and budget assumptions were discussed with the Trustees.

The Fund's Comptroller was excused.

The Trustees and the Executive Director discussed staff compensation including salary levels at other local pension funds.

The Executive Director was excused.

The Trustees discussed staff compensation, raises and the concept of hiring a consultant to review job titles, job descriptions and staff salary levels.

The Executive Director returned.

A motion was made by Trustee LUX to approve the budget as presented by the Executive Director for the year ended December 31, 2019, to be amended to include a 2% cost of living increase for Fund staff, certain peer compensation adjustments and \$10,000 to hire a consultant to review job titles, job descriptions and staff salary levels. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, DUGGAN, HODOROWICZ,
LUX, MUNIZZI, PRADO
NAYS: None

2019 Board Meeting Schedule

The Executive Director distributed a proposed schedule of Board meeting dates for 2019 for approval by the Trustees and posting to the Fund's website. He noted that the agendas of the meetings will include a format focusing on investments, continuing education, professional services presentations, etc. and, on a quarterly basis, meetings will focus on benefits and financial reporting.

A motion was made by Trustee PRADO to approve the 2019 Board meeting schedule as presented, to authorize Fund staff to process benefits on a monthly basis ratified by the Board on a quarterly basis and to authorize quarterly reporting of financial information. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, DUGGAN, HODOROWICZ,
LUX, MUNIZZI, PRADO
NAYS: None

Fiduciaries Diversity Policy/Businesses Diversity Policy/Minority Broker-Dealer Policy

The Executive Director distributed drafts of the Fund's Fiduciaries Diversity, Businesses Diversity and Minority Broker-Dealer Policies as amended by Fund Counsel. The Trustees reviewed and discussed their support for the policies.

A motion was made by President MUNIZZI to approve the Fund's amended Fiduciaries Diversity and Businesses Diversity, Minority Broker-Dealer Policies as presented. Vice President AFFOLTER seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, DUGGAN, HODOROWICZ,
LUX, MUNIZZI, PRADO
NAYS: None

Procurement of Investment Advisers and Procurement of Investment Consultant Policies

The Executive Director distributed drafts prepared by Fund Counsel of Procurement of Investment Advisers and Procurement of Investment Consultants policies. The Trustees reviewed the policies.

A motion was made by Secretary HODOROWICZ to approve the Procurement of Investment Advisers and Procurement of Investment Consultant policies as prepared by Fund Counsel. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, DUGGAN, HODOROWICZ,
LUX, MUNIZZI, PRADO
NAYS: None

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The Executive Director reported that the next status hearing is scheduled for January 8, 2019.

Other

Upcoming events – The Executive Director noted that Fund's current asset allocation will be reviewed with the Fund's investment consultant at the January Board meeting.

Conferences - The Executive Director distributed an updated 2019 Conference Schedule to the Trustees and highlighted upcoming local conferences and events.

A motion was made by Vice President AFFOLTER to accept the Report of the Executive Director. Trustee DUGGAN seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

REPORT OF THE ATTORNEY

None

REPORT OF THE ACTUARY

None

REPORT OF THE INVESTMENT CONSULTANT

Mr. Michael Spychalski of Marquette Associates distributed the Preliminary Monthly Update report as of November 30, 2018, 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 HODOROWICZ to accept the Report of the Investment Consultant. President MUNIZZI seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

REPORT OF THE LOBBYIST

None

OLD BUSINESS

None

NEW BUSINESS

None

ADJOURNMENT

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

12/20/2018

The next regular meeting of the Retirement Board will be on **Thursday, January 17, 2019** 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,

A handwritten signature in cursive script that reads "Frank Hodorowicz".

FRANK HODOROWICZ
Secretary