

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
REGULAR BOARD MEETING
THURSDAY, FEBRUARY 15, 2018

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 HUNT, Benefit Manager
MICHAEL SPYCHALSKI, Marquette Associates

Absent:

PAMELA A. MUNIZZI, President

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, January 18, 2018. Trustee PRADO 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 LUX to accept the Reading of Communications. Trustee HODOROWICZ 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 December 21, 2017, January 18, 2018, and February 15, 2018, 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 BIGGANE 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 November 30, 2017, December 31, 2017, and January 31, 2018, were presented to the Board for approval.

Trustee HODOROWICZ 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 December 2017, January 2018, and February 2018 in accordance with Section IV (C) of the Benefit Data and asked for formal confirmation of the net requirements in the amounts of \$5,982,863.52, \$6,034,925.52 and \$6,024,308.13, respectively.

Trustee LUX moved ratification of the required funds from the Northern Trust Annuity Account in the amounts of \$5,982,863.52, \$6,034,925.52 and \$6,024,308.13 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> |
|---|----------------------|--|--|--|
| Richard Starbeck Bldg. & Const. Laborer Annuitant, 6-010890 | 09/04/17 | \$ 3,000.00 | Death Benefit | Michael Starbeck, Designated Beneficiary |
| Rodney Mitchell Bldg. & Const. Laborer Annuitant, 6-010369 | 11/17/17 | \$ 3,000.00 | Death Benefit | Rodrick, Randy & Rodnesha Mitchell, Designated Beneficiaries |
| William Bryant Bricklayer Annuitant, 6-071920 | 11/27/17 | \$ 3,000.00 | Death Benefit | Paula Redding, Cynthia Jones & William Bryant II, Designated Beneficiaries |
| Gloria Kolbusz Park Supervisor Annuitant, 6-089410 | 11/17/17 | \$ 3,000.00 | Death Benefit | Laurie Lee Freeman, Surviving Spouse |
| Ross Gattuso Laborer Annuitant, 6-070800 | 12/18/17 | \$ 3,000.00 | Death Benefit | Madeline A. Cram, Designated Beneficiary |
| Diane Dyer Neely Security Guard Annuitant, 6-010964 | 09/28/16 | \$ 3,000.00 <u>1,405.34</u> <u>\$ 4,405.34</u> | Death Benefit Refund of Annuity Reserve | Asle & Selonge Neely, Designated Beneficiaries |
| Melvin D. Neetz Maintenance Foreman Annuitant, 6-068300 | 09/24/16 | \$ 3,000.00 | Death Benefit | Nancy Ann Neetz, Surviving Heir |
| L.C Rankin Laborer Employee, 65345 | 12/29/17 | \$ 6,000.00 <u>16,064.33</u> <u>\$ 22,064.33</u> | Death Benefit Refund of Annuity Reserve | L.C Joshua, Daniel & Jayden Rankin, Surviving Heirs |
| Michael Stahl Supervisor of Computer Operations Annuitant, 6-086230 | 01/02/18 | \$ 3,000.00 | Death Benefit | Michael Stahl, Designated Beneficiary |
| Willie Thomas Reservationist Annuitant, 6-010536 | 09/19/17 | \$ 3,000.00 | Death Benefit | Pamela Thomas, Surviving Spouse |
| Karl Jacobsen Florist Class II Annuitant, 6-8299 | 11/06/17 | \$ 3,000.00 | Death Benefit | Elisabeth Jacobsen, Surviving Spouse |

| <u>Name of Decedent</u> | <u>Date of Death</u> | <u>Amount Payable</u> | <u>To Whom Payable</u> |
|--|----------------------|--|---|
| Olean Johnson Attendant Employee, 61363 Note: Death Benefit paid in July 2017 | 07/07/17 | \$ 2,001.86 | Refund of AI Larry Johnson, Surviving Spouse |
| David Fontanetta, Sr. Attendant Annuitant, 6-083830 | 11/29/17 | \$ 3,000.00 | Death Benefit Marie F. Fontanetta, Surviving Spouse |
| Joseph LaValle Facility Manager Annuitant, 6-010262 | 11/02/17 | \$ 3,000.00 | Death Benefit Susan Ann LaValle, Surviving Spouse |
| Henry Cooper Laborer Foreman Annuitant, 6-096390 | 11/14/17 | \$ 3,000.00 <u>300.00</u> \$ <u>3,300.00</u> | Death Benefit Optional Death Benefit Mary Cooper, Surviving Spouse |
| George Doering Craft Instructor Annuitant, 6-092680 | 11/11/17 | \$ 3,000.00 | Death Benefit Marian C. Doering, Surviving Spouse |
| Jesse Evans, Jr. Laborer Annuitant, 6-075360 | 12/13/17 | \$ 3,000.00 | Death Benefit Alathia Evans, Surviving Spouse |
| Willie Mayes Laborer Employee, 61175 | 10/05/17 | \$ 10,000.00 <u>5,826.49</u> \$ <u>15,826.49</u> | Death Benefit Refund of AI Sabrina A. Mayes, Surviving Spouse |
| Douglas Lang Property Inspector Annuitant, 6-011274 | 01/25/18 | \$ 3,000.00 | Death Benefit Joyce Lang, Surviving Spouse |
| Robert Sinon Carpenter Annuitant, 6-098070 | 12/02/17 | \$ 3,000.00 <u>300.00</u> \$ <u>3,300.00</u> | Death Benefit Optional Death Benefit Joy Sinon, Surviving Spouse |
| Dominic Senese Chauffeur Annuitant, 6-085620 | 12/20/17 | \$ 3,000.00 | Death Benefit Rosalba Senese, Surviving Spouse |
| George Jackson Attendant Annuitant, 6-095220 | 12/23/17 | \$ 3,000.00 | Death Benefit Lillie M. Jackson, Surviving Spouse |
| Total amount of death claims submitted for approval | | \$ <u>98,898.02</u> | |

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.

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> |
|--|----------------------|------------|-------------------------|
| Veronica Arroyo , Lifeguard | \$ 13,883.33 | 26 | 5.75 |
| Keisha Ashford , Recreational Leader | 16,371.38 | 29 | 10.50 |
| Shane Ashmore , Recreational Leader | 7,506.78 | 28 | 6.25 |
| Nazar Bobyk , Lifeguard | 5,456.73 | 24 | 2.25 |
| Samuel Castro , Lifeguard | 11,114.07 | 24 | 4.75 |
| Raul DeLeon , Attendant (Tier 2) | 16,271.93 | 59 | 6.75 |
| Kelly Haley , Activities Instructor | 5,667.27 | 33 | 2.25 |
| Jescika Jones , Recreation Leader | 7,623.14 | 26 | 4.75 |
| Marco Jordan , Lifeguard | 14,330.28 | 25 | 6.50 |
| Michael W Scott Jr , Area Manager | 54,669.40 | 42 | 8.00 |
| Jorge Lopez , Lifeguard | 5,891.80 | 24 | 2.25 |
| Schaelyn McFadden , Gymnastics Instructor | 5,664.98 | 30 | 2.75 |
| Geovanni Morales , Lifeguard | 6,467.55 | 21 | 2.75 |
| Michael M Mucci , Park Supervisor | 71,391.03 | 39 | 20.25 |
| Andrew Salas , Lifeguard | 12,388.91 | 26 | 5.00 |
| Bardell Wilson , Wellness Instructor | <u>6,127.76</u> | 49 | 4.00 |
| Total: | <u>\$ 260,826.34</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> |
|-----------------------|------------|-------------------------|---------------------|
| Thomas J. Hanahan III | 60 | 33.00 years | \$ 20,478.87 |
| Robert Masciola | 54 | 13.00 years | 5,668.27 |
| Carol A. Shimkus | 55 | 32.25 years | 8,440.87 |
| Adele T. Bach | 66 | 29.50 years | 12,177.57 |
| Lisa R. Gordon | 62 | 32.00 years | 11,606.40 |
| Mary W. Hopkins | 67 | 25.33 years | 11,937.43 |
| Sherri D. Hudson | 52 | 24.00 years | 9,040.20 |
| Rochelle Portee-White | 66 | 17.75 years | 10,330.12 |
| James P. Rey | 65 | 44.25 years | <u>21,373.79</u> |
| | | | <u>\$111,053.52</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>12/31/17</u> | <u>12/31/16</u> | <u>12/31/15</u> |
|--|-----------------|-----------------|-----------------|
| Chicago Park District participants | 3,722 | 3,114 | 3,063 |
| Participants contributing to PEABF (Tier II approx. 1,150) | 2,803 | 2,814 | 2,770 |
| Retired employees | 2,113 | 2,113 | 2,097 |
| Surviving spouses | 744 | 744 | 767 |
| Children | 16 | 13 | 12 |
| Retirements during the year (including spousal) | 144 | 136 | 126 |
| Deaths among retirees (including spousal) | 142 | 137 | 139 |
| New members | 798 | 420 | 407 |
| Withdrawals with refund | 138 | 161 | 136 |

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 December 21, 2017, January 18, 2018, and February 15, 2018, were presented to the Board for approval.

Trustee LUX moved ratification of the Expenditure Report 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 December 31, 2017, 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 November 30, 2017, December 31, 2017, and January 31, 2018, 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.

Secretary AFFOLTER moved ratification of the Reconciliation and Cash Flow Report to the Omnibus.

Summary of the Trial Balance (unaudited)

Summary of the Trial Balance (unaudited), Section V (D) as of December 31, 2017, shows ending net assets of \$400,910,220.93

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 December 31, 2017, are presented to the Board for acceptance:

| | |
|-----------------------------------|----------|
| Market Value of Investments Owned | VI (B) 1 |
| Fixed Income | VI (B) 2 |
| Equity Advisors | VI (B) 3 |
| Alternative Investments | VI (B) 4 |
| Real Estate and Other | VI (B) 5 |

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.

Secretary AFFOLTER moved ratification of the Investments 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 PRADO seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

REPORT OF THE EXECUTIVE DIRECTOR**Harassment Policy**

The Executive Director distributed the Fund's revised Harassment Policy provided by Fund Counsel, which incorporates the amendment concerning harassment by an outside vendor that was suggested by the Trustees at the last Board meeting.

Required Minimum Distribution ("RMD") Policy

The Executive Director and the Trustees reviewed the memorandums prepared and edited to remove the requirement to pay interest on retroactive payments by Fund Counsel regarding RMD Rules and Action Items – RMD Rules including Attachments A, B, C and D.

A motion was made by Trustee BIGGANE to approve the RMD Rules and Action Items – RMD Rules including Attachments A, B, C and D as prepared and edited by Fund Counsel. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

Biedron

The Executive Director noted that the next status hearing is scheduled for March 9, 2018, and the Judge is expected to issue his decision on this date.

Member's Annual Statements

The Executive Director distributed for the Trustees review a draft copy of the STATEMENT OF PARTICIPANT'S CONTRIBUTIONS AS OF DECEMBER 31, 2017, and noted that it will be mailed in March and included in the mailing will be the Fund's Principal Provisions and the 98th Annual Report of the President.

2018 Trustee Election

The Executive Director distributed a copy of a proposed schedule for the Fund's Annual Election of Trustee on Friday, June 22, 2018, and noted that he had appointed Lucy Lopez as Election Coordinator.

A motion was made by Trustee PRADO to adopt the proposed schedule for the Fund's Annual Election of Trustee on Friday, June 22, 2018, and recognize the appointment of Lucy Lopez as Election Coordinator. Motion was seconded by Trustee BIGGANE.

Motion carried by the following roll call:

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

NAYS: None

The Executive Director distributed a proposal from Bansley & Kiener, L.L.P., Certified Public Accountants, to serve as Election Monitor for the Fund's Annual Election of Trustee on Friday, June 22, 2018, at a cost not to exceed \$8,500 plus out-of-pocket expenses, which is the same cost as the previous year.

A motion was made by Trustee HODOROWICZ to appoint Bansley & Kiener, L.L.P., Certified Public Accountants, as Election Monitor for the Fund's Annual Election of Trustee on Friday, June 22, 2018, at a cost not to exceed \$8,500 plus out-of-pocket expenses. Motion was seconded by Trustee BIGGANE.

Motion carried by the following roll call:

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

NAYS: None

Other

Securities Litigation - The Executive Director reported that information about the recently approved matter would be provided as soon as it is available.

Upcoming events - The Executive Director reminded the Trustees that there will be an administrative hearing on March 15, 2018, at 10:15 AM at the Fund's office and that the Fund's Actuary, the Segal Company, will perform an Actuarial Experience Review in 2018, which is performed every five years.

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 on-line.

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 PRADO to accept the Report of the Executive Director. Trustee BIGGANE 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. Michael Spsychalski of Marquette Associates distributed the Preliminary Monthly Update report as of January 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. Mr. Spsychalski also distributed a Searchbook containing the results of the Fund's recent RFP for a MWBE International Equity investment manager. Mr. Spsychalski and the Trustees reviewed the Searchbook in detail and decided to invite Ariel DM, Ativo, Denali and Earnest Partners to present at the April Board meeting.

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

Motion carried by the following roll call:

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

NAYS: None

OLD BUSINESS

None

NEW BUSINESS

The Trustees discussed the possibility of having a residency requirement for Fund employees.

ADJOURNMENT

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

The next regular meeting of the Retirement Board will be on **Thursday, March 15, 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,

Edward L. Affolter

EDWARD L. AFFOLTER

Secretary