

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

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

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

ROLL CALL

Trustees present:

EDWARD L. AFFOLTER, Vice President
FRANK C. HODOROWICZ, Secretary
BRIAN BIGGANE, Trustee
STEVEN J. LUX, Trustee
CECILIA PRADO, Trustee

Also Present:

DEAN J. NIEDOSPIAL, Executive Director
JAIME L. MCCABE, Comptroller
KELLY M. HUNT, Benefit Manager
MICHAEL SPYCHALSKI, Marquette Associates

Absent:

PAMELA A. MUNIZZI, President
MATTHEW DUGGAN, Trustee

MINUTES OF THE LAST MEETING

A motion was made by Trustee LUX to approve the minutes of the rescheduled regular Board meeting held on Thursday, October 25, 2018. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

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

READING OF COMMUNICATIONS

The Executive Director noted a recent FOIA request.

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

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, 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 September 20, 2018, October 18, 2018 and November 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 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, 2018, September 30, 2018 and October 31, 2018, were presented to the Board for approval.

Trustee LUX 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 1, 2018, October 1, 2018 and November 1, 2018, in accordance with Section IV (C) of the Benefit Data and asked for formal confirmation of the net requirements in the amounts of \$6,166,555.31, \$6,141,680.04, and \$6,104,154.57, respectively.

Trustee LUX moved ratification of the required funds from the Northern Trust Annuity Account in the amounts of \$6,166,555.31, \$6,141,680.04, and \$6,104,154.57, to the Omnibus.

Report on Death Claims

<u>Name of Decedent</u>	<u>Date of Death</u>	<u>Amount Payable</u>	<u>To Whom Payable</u>
Gisberto Melone Painter Annuitant, 6-083060	05/25/18	\$ 3,000.00 Death Benefit	Antonio Melone, Robert Melone, Peter Melone & Bruno Melone, Designated Beneficiaries
Peter Considine Painter Annuitant, 6-084920	08/01/16	\$ 3,000.00 Death Benefit	Bridget Considine & Peter Considine, Designated Beneficiaries
Note: Peter has not returned his completed application. The case will remain open until receipt of the completed forms.			
Leona Anderson Nurse Inactive employee, 654406	02/24/97	\$ 9,286.34 Refund of Employee Contributions	Henry Anderson & Timothy Anderson, Designated Beneficiaries
Robert Vetrovec Security Supervisor Inactive employee, 58881	04/12/11	\$ 3,613.86 Refund of Employee Contributions	James Vetrovec & Donald R. Vetrovec, Designated Beneficiaries
Note: Donald has not returned his completed application. The case will remain open until receipt of the completed forms.			
Richard Chudy Chauffer Inactive employee, 55715	03/29/06	\$ 6,881.31 Refund of Employee Contributions	Jason Chudy & Alexis Coleman, Designated Beneficiaries

Richard Troy General Attorney Inactive employee, 49236	12/31/96	\$ 5,718.98	Refund of Employee Contributions	John, Richard, Matthew, Maria, Elizabeth & Anne Troy, Designated Beneficiaries
Note: Elizabeth and Anne have not returned the completed applications. The case will remain open until receipt of the forms.				
Howard Florence Senior Citizen Coordinator Inactive employee, 56203	05/16/99	\$ 5,357.32	Refund of Employee Contributions	Jeffrey P. Howard & Craig Howard, Designated Beneficiaries
Note: Craig has not returned his completed application. The case will remain open until receipt of the completed forms.				
Eddie B Spencer Security Guard Active employee, 53704	06/10/18	\$ 66,381.80	Refund of Employee Contributions	Ronnie Spencer, Donnie Spencer & Tiki Berman, Surviving Heirs
Luis E. Rodriguez Attendant Annuitant, 6-011316	10/15/18	\$ 4,500.00 <u>64,924.08</u> \$ 69,424.08	Death Benefit Refund of Annuity Reserve	Orlando Rodriguez, Designated Beneficiary
Richard Sienko Music Instructor Inactive employee, 56484	01/28/18	\$ 1,587.47	Refund of Employee Contributions	Janice M, Cernik, Executor of Estate
Martin S. LaScola, Sr. Director of Auto Parking Annuitant, 6-087300	08/12/18	\$ 3,000.00	Death Benefit	Dorothy A. LaScola, Surviving Spouse
Terry D. Westman B/C Laborer Annuitant, 6-082820	08/02/18	\$ 3,000.00 <u>300.00</u> <u>\$ 3,300.00</u>	Death Benefit Optional Death Benefit	Colleen Westman, Surviving Spouse
Johnny Horton Program Specialist Annuitant. 6-096830	06/14/18	\$ 3,000.00 <u>300.00</u> <u>\$ 3,300.00</u>	Death Benefit Optional Death Benefit	Sharon Lee Horton Surviving Spouse
Linda Mercado Machinist Active employee, 60484	07/16/18	\$ 10,000.00 6,211.75 <u>300.00</u> <u>\$ 16,511.75</u>	Death Benefit Refund of AI Optional Death Benefit	Miguel Toledo, Surviving Spouse
Anthony Fioretto Attendant Annuitant, 6-010300	07/02/18	\$ 300.00	Optional Death Benefit	Joyce A. Fioretto, Surviving Spouse
Clarence B. Carey Attendant Annuitant, 7-085960	06/01/18	\$ 300.00	Optional Death Benefit	Mary Rita Carey, Surviving Spouse
Nicholas A. Mulqueeny Painter Inactive employee, 54067	09/26/09	\$ 3,900.31	Refund of Employee Contributions	Carol A. Mulqueeny Surviving Spouse
Total amount of death claims submitted for approval		<u>\$ 204,863.22</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 LUX 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>
Luis Alvarado , Life Guard	\$ 7,994.32	22	3.75
Jocelyn Blanco , Natatorium Instructor	19,577.33	26	8.50
Alvin Bond , Attendant (Tier 2)	19,939.89	73	6.25
Maurice Burks , Security Guard	10,835.53	54	4.75
Jose Cerero , Natatorium Instructor	15,396.20	30	6.25
Gloria Ducksworth , Secretary (inactive)	8,756.74	72	5.25
Alex Edwards , Physical Instructor	12,675.26	26	3.75
Antoine Hale , Construction Inspector	26,651.79	37	4.50
Kristen Haney , Physical Instructor	14,536.59	31	6.25
Zvezdana Kubat , Assistant Press Secretary	54,873.55	42	11.25
Almendra Lopez , Life Guard	11,891.87	30	5.75
Carlos Margarito , Physical Instructor	60,647.87	36	18.50
Walter Maza , Physical Instructor	27,015.33	41	11.50
Chewanda McWillis , Activities Instructor	11,040.98	31	5.00
Eric Mendoza , Life Guard	9,447.48	27	3.75
Daniel Mondaine , Physical Instructor	35,031.41	35	12.25
Nickolas Navarette , Life Guard	\$ 5,362.91	24	3.25
Kevin Perry , Life Guard	8,581.20	27	3.75
Rebecca Rodriguez , Life Guard	21,625.41	29	10.75
Eric Schoenecker , Physical Instructor	6,139.11	38	2.75
Akilah Shelton , Recreation Leader	11,349.09	34	10.00
Brandan Smith , Physical Instructor	7,618.22	31	3.50
Heidi Stevens , Life Guard	5,232.88	35	3.75
Leann Vandermyde , Special Rec Instructor	10,228.94	26	4.50
Carlos Vega , Attendant	57,964.66	42	19.50
Paul Warren , Physical Instructor	18,906.37	31	10.50
Karlos Williams , Asst. Manager of Beaches & Pools	<u>31,304.21</u>	31	10.00
Total:	<u>\$ 530,625.14</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>
Josephine M. Richardson	65	16.50 years	\$ 5,491.61
Olivia Clinton*	68	24.75 years	7,419.87
Vito A. Mastandrea**	51	33.50 years	14,818.71
Kevin M. Sheridan	56	16.00 years	12,449.75
Ronald J. Valentis	61	33.50 years	<u>15,113.36</u>
Total			<u>\$55,293.30</u>

* \$2,137.19 was used to purchase additional service

** \$800.30 was used to purchase pre-entry

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

Nursing Home Care

<u>Name</u>	<u>Annuitant ID</u>	<u>Nursing Home</u>
Martha Thomas	2-6665	Oakridge Healthcare Center 323 Oak Ridge Drive Hillside, IL 60162 Administrator - Lisa Boivin Contact - De'borah Miles Phone# 708-573-1100 ext. 1316

Trustee LUX moved ratification of the Nursing Home case to the Omnibus.

Membership Statistics (informational only)

	<u>11/15/18</u>	<u>12/31/17</u>	<u>12/31/16</u>
Chicago Park District participants	3,708	3,543	3,114
Participants contributing to PEABF (Tier II approx. 1,270 or 44.5%)	2,848	2,803	2,814
Participants on Disability	18	16	21
Fund employee participants	10	10	10
Total participants as of last payroll	2,876	2,829	2,845
Retired employees	2,128	2,096	2,113
Surviving spouses	710	735	744
Children	13	16	13
Total receiving benefits	2,851	2,847	2,870
Retirement during the year (including spousal)	107	146	136
Death among retirees (including spousal)	131	140	137
New Members	355	796	420
Withdrawals with refund	133	138	161

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 September 20, 2018, October 25, 2018, and November 15, 2018 were presented to the Board for approval.

Secretary HODOROWICZ 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, 2018, was presented to the Board for ratification.

Secretary HODOROWICZ 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, 2018, September 30, 2018, and October 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 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, 2018, shows ending net assets of \$379,929,814.31.

Secretary HODOROWICZ 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, 2018, is 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 Accounts	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.

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

MOTION TO ACCEPT ITEMS TRANSFERRED TO THE OMNIBUS

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

Motion carried by the following roll call:

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

REPORT OF THE EXECUTIVE DIRECTOR

Appointment of the Auditor

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, and the nature and extent of the audit services to be provided. The fee for the audit for the year ended December 31, 2018, will not exceed \$28,000, the same as the fee for previous years.

The Trustees discussed the proposal and a recent article in the Chicago Sun Times which reported that Bansley and Kiener is being sued by the Federal Deposit Insurance Company after it refused to release documents detailing its reviews of a client's finances. The Trustees decided to ask Bansley and Kiener to attend the December Board meeting to address the situation.

Fund Lobbyist

The Executive Director distributed a draft of a two-year agreement submitted by the Fund's lobbyist, James Brosnahan, with a fee of \$36,000 for 2019 and for 2020, which is the same as the fee for 2018.

A motion was made by Trustee BIGGANE to authorize the Executive Director to execute the agreement submitted by the Fund's lobbyist, James Brosnahan, with a fee of \$36,000 for 2019 and for 2020, cancelable by either party with 90 days' notice, subject to approval of the agreement by Fund Counsel. Trustee LUX seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, HODOROWICZ, LUX, PRADO

NAYS: None

Approval of Fund Counsel Hourly Rate

The Executive Director distributed a letter from Jacobs, Burns, Orlove & Hernandez, Fund Counsel, which proposes an hourly rate of \$270, a \$10 increase over the previous two years rates.

A motion was made by Secretary HODOROWICZ to approve the request of Jacobs, Burns, Orlove, & Hernandez, Fund Counsel, to increase their hourly rate to \$270. Vice President AFFOLTER seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, HODOROWICZ, LUX, PRADO

NAYS: None

Annual Budget

The Executive Director presented a draft of the Fund's Projected Operating Budget, complete with details, for the year ending December 31, 2019, and asked the Trustees to review it and let him know of any questions or comments before the December Board meeting

Biedron

The Executive Director reported that the next status hearing is scheduled for December 6, 2018.

Changes in Actuarial Assumptions

The Executive Director distributed Demographic and Economic Cost Impact information updated for a 7.25% actuarial assumed rate of return on investments (based on the December 31, 2017, Actuarial Valuation), Scenario A, recommended changes in actuarial assumptions including decreasing the actuarial assumed rate of return on investments to 7.25% and Scenario B, recommended changes in actuarial assumptions including decreasing the actuarial assumed rate of return on investments to 7.0%, provided by The Segal Company, the Fund's Actuary. Mr. Michael Spsychalski of Marquette Associates, the Fund's Investment Consultant, distributed an analysis of the Fund's current asset allocation compared to several different portfolios and the projected return and risk of those portfolios.

The Trustees and the Investment Consultant reviewed the information provided and discussed in detail the Fund's actuarial assumed rate of return.

A motion was made by Trustee BIGGANE to adopt the changes in actuarial assumptions recommended by the Fund's Actuary described in Scenario A, including decreasing the actuarial assumed rate of return on investments to 7.25%. Secretary HODOROWICZ seconded the motion.

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, HODOROWICZ, LUX, PRADO

NAYS: None

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 members for 2019, as well as the unadjusted change in the CPI-U over the last 12 months. He noted that this information has been forwarded to the appropriate Chicago Park District staff.

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

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

Motion carried by the following roll call:

YEAS: AFFOLTER, BIGGANE, 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 October 31, 2018, featuring investment performance, market environment analysis, asset allocation and individual investment manager performance. The Trustees reviewed and discussed the report.

Mr. Lance James and Mr. Jason Pasquinelli of RBC Global Asset Management, the Fund's Small-Cap Core Investment Manager (currently on alert status), entered the Board meeting and distributed an RBC Small Cap Core Equity Report dated November 15, 2018.

Mr. James and Mr. Pasquinelli reviewed the report and responded to numerous questions raised by the Trustees and the Investment Consultant. After their presentation, they were excused.

The Trustees and the Investment Consultant discussed the RBC presentation.

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

OLD BUSINESS

None

NEW BUSINESS

None

ADJOURNMENT

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

The next regular meeting of the Retirement Board will be on **Thursday, December 20, 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