

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
REGULAR BOARD MEETING
THURSDAY, MAY 21, 2020

Chicago Park District Headquarters
541 N. Fairbanks Ct., 7th Floor Conference Room
Chicago, Illinois 60611

Meeting chaired by President AFFOLTER; all Trustees in person except that both Trustee PRADO and Trustee MUNIZZI participated by telephone.

ROLL CALL

Trustees present:

EDWARD L. AFFOLTER, President
BRIAN BIGGANE, Vice President
FRANK HODOROWICZ, Secretary
MATTHEW DUGGAN, Trustee

STEVEN J. LUX, Trustee
PAMELA A. MUNIZZI, Trustee
CECILIA PRADO, Trustee

Also Present:

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

MINUTES OF THE LAST MEETING

Secretary HODOROWICZ requested that the minutes of the regular Board meeting held on Thursday, April 16, 2020 be amended in the first motion in the **REPORT OF THE INVESTMENT CONSULTANT** to include the following in italicsoff alert status, *as recommended by the Investment Consultant*, due to improved performance.”

A motion was made by President AFFOLTER to approve the amended minutes of the regular Board meeting held on Thursday, April 16, 2020. Trustee DUGGAN 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 Trustee DUGGAN to accept the Reading of Communications. Trustee PRADO 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

COVID-19 Crisis and Day to Day Operations

The Executive Director reported that the Fund has continued to provide services to its members and annuitants without interruption. The staff of the Fund has been working remotely, although some staff have periodically returned to the Fund office to review mail, process certain payments and complete other miscellaneous duties.

2020 Trustee Election

The Executive Director distributed a copy of the Board approved schedule for the Fund's Annual Election of Trustee for the term ending June 30, 2024, which is to take place on Friday, July 24, 2020. The Executive Director reported that he and Fund staff will proceed with the Trustee election as planned.

Member's Annual Statements

The Executive Director distributed for the Trustees review a draft copy of the 100th ANNUAL REPORT of the PRESIDENT and commented that it and the Fund's Principal Provisions will be included in the mailing of the STATEMENT OF PARTICIPANT'S CONTRIBUTIONS AS OF DECEMBER 31, 2019. He noted that due to the COVID-19 crisis, the statements will be mailed later in the year.

Compensation Study

The Executive Director reported that has been in contact with the qualified consulting firms that have submitted updated proposals, which have been previously communicated to the Trustees, to perform a compensation study for the Fund. He and the Trustees discussed the timeline for the Board to select a firm and complete the compensation study later in the year.

Actuarial Valuation and Review as of December 31, 2019/Audited Financial Statements as of December 31, 2019

The Executive Director distributed and reviewed with the Trustees the Fund's Actuarial Valuation and Review as of December 31, 2019 prepared by the Segal Company, the Fund's Actuary, and noted that Baker Tilly, the Fund's Auditor, is in the process of completing the audit of the Fund's Financial Statements as of December 31, 2019. He also noted that representatives of both firms will attend the July Board meeting to address any questions.

Other

Chicago Park District Tax Levy – The Executive Director reported that on April 23, 2020 the Fund received an advance of its share of the 2019 tax levy from the Chicago Park District in the amount of \$7.1 million.

Senate Pensions Working Group Report and Testimony - The Executive Director reported that on April 28, 2020 he testified by telephone to the Senate Pensions Working Group and submitted a response to a questionnaire regarding the impact of COVID-19 on the Fund's day to day operations, state of the Fund's finances, how recent market fluctuations have impacted annual pension payments and etc.

Statement of Economic Interest – The Executive Director reminded the Trustees that their Statements of Economic Interest due date has been extended to June 1, 2020 and must be filed on-line.

Conferences - The Executive Director distributed an updated 2020 Conference Schedule to the Trustees and highlighted upcoming local conferences and events.

A motion was made by Secretary HODOROWICZ to accept the Report of the Executive Director. Trustee PRADO 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 April 30, 2020, featuring investment performance, market environment analysis, asset allocation and individual investment manager performance. The report was reviewed in detail and the Investment Consultant responded to numerous questions raised by the Trustees. The Investment Consultant commented on the status of the Fund's RFP for an opportunistic fixed income investment manager. The Investment consultant also discussed the sudden and recent closure of Chicago Equity Partners, one of the Fund's fixed income managers, which only recently notified the Fund that it would stop managing the Fund's assets by early June 2020, before the next Board meeting. The Investment Consultant and the Trustees discussed the Fund's options in dealing with the closure, noting that the entire fixed income portfolio management team at Chicago Equity Partners that managed the Fund's assets will be moving to Mesirow Financial.

The Trustees discussed the Fund's RFP for an opportunistic fixed income investment manager. President Affolter formed a special committee to review the responses to the Fund's RFP for an opportunistic fixed income investment manager with the Investment Consultant and report to the Board at the June Board meeting. He appointed Vice President BIGGANE, Secretary HODOROWICZ and the Executive Director to the committee.

A motion was made by Secretary HODOROWICZ to – because of the volatile market conditions related to the Covid19 Crisis, the extremely short notice that Chicago Equity Partners would stop managing the Fund's assets, and the fact that the entire fixed income portfolio management team of Chicago Equity Partners is moving to Mesirow Financial – authorize an emergency procurement to enter into an investment management agreement to transfer the Fund's assets managed by Chicago Equity Partners to Mesirow Financial, as recommended by the Investment Consultant, and subject to the negotiation of such investment manager agreement and other documents by Fund Counsel necessary to effectuate the transfer. Vice President BIGGANE seconded the motion.

Motion carried by the following roll call:

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

A motion was made by Secretary HODOROWICZ to liquidate the assets of the Ullico - W1 fixed income investment, as recommended by the Investment Consultant, the proceeds of which will be used for cash flow and to rebalance the Fund's investment portfolio. Vice President BIGGANE seconded the motion.

Motion carried by the following roll call:

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

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

Motion carried by the following roll call:

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

OLD BUSINESS

None

NEW BUSINESS

None

ADJOURNMENT

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

The next regular meeting of the Retirement Board will be on **Thursday, June 18, 2020** at 9:30 A.M. in the Judy Flaherty Conference Room on the 27th floor of the 55 East Monroe Street Building, Suite 2720, Chicago, IL 60603.

Respectfully submitted,



FRANK HODOROWICZ

Secretary