

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
REGULAR BOARD MEETING
THURSDAY, JULY 18, 2019

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. (Chaired by President AFFOLTER after election of officers).

ROLL CALL

Trustees present:

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

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

Also Present:

DEAN J. NIEDOSPIAL, Executive Director
TIM WALSH, Governmental Business Systems (departed after the REPORT OF THE ELECTION MONITOR)
MICHAEL SPYCHALSKI, Marquette Associates
MATTHEW STROM and PATRICK TABERNACKI, The Segal Company, Fund Actuary (entered during the REPORT OF THE INVESTMENT CONSULTANT)

REPORT OF THE ELECTION MONITOR

Mr. Tim Walsh of Governmental Business Systems, the Fund's Election Monitor, presented a letter of notification of the results of the election for Trustee of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago held Friday, June 28, 2019 which indicated Frank Hodorowicz as the winner.

A motion was made by President MUNIZZI to accept the official REPORT OF THE ELECTION MONITOR. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

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

Secretary HODOROWICZ presented his written "Oath of Office" which was found to be in the form required by law, whereupon Secretary Pro-Tem BIGGANE certified him Trustee of the Retirement Board for his term.

REORGANIZATION OF THE BOARD

President MUNIZZI announced that the reorganization of the Board and the election of officers for the ensuing year was the next item of business on the agenda.

ELECTION OF OFFICERS

President

Trustee MUNIZZI announced that nominations for the office of President were open. Trustee BIGGANE nominated EDWARD L. AFFOLTER for President of the Retirement Board, and the nomination was seconded by Trustee MUNIZZI. There being no further nominations, the nominations were closed and Trustee AFFOLTER was elected President by the following vote:

Motion carried by the following roll call:

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

NAYS: None

Vice President

Trustee MUNIZZI announced that nominations for the office of Vice President were open. Trustee HODOROWICZ nominated BRIAN BIGGANE for Vice President of the Retirement Board, and the nomination was seconded by Trustee DUGGAN. There being no further nominations, the nominations were closed and Trustee BIGGANE was elected Vice President by the following vote:

Motion carried by the following roll call:

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

NAYS: None

Secretary

Trustee MUNIZZI announced that nominations for the office of Secretary were open. Vice President BIGGANE nominated FRANK HODOROWICZ for Secretary of the Retirement Board, and President AFFOLTER seconded the nomination. There being no further nominations, the nominations were closed and Trustee HODOROWICZ was elected Secretary by the following vote:

Motion carried by the following roll call:

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

NAYS: None

Secretary Pro-Tem

Trustee MUNIZZI announced that nominations for the office of Secretary Pro-Tem were open. Secretary HODOROWICZ nominated MATTHEW DUGGAN for Secretary Pro-Tem of the Retirement Board, and the nomination was seconded by President AFFOLTER. There being no further nominations, the nominations were closed and Trustee DUGGAN was elected Secretary Pro-Tem by the following vote:

Motion carried by the following roll call:

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

NAYS: None

APPOINTMENT OF COMMITTEES

President AFFOLTER declared the following Committee appointments for the ensuing year:

Investment Committee – Committee of the Whole

Pension Laws and Rules Committee - Committee of the Whole

Personnel Committee (appointed by the President of the Board and approved by the Board) - EDWARD L. AFFOLTER, FRANK HODOROWICZ and STEVEN J. LUX

A motion was made by Vice President BIGGANE to approve the appointment of EDWARD L. AFFOLTER, FRANK HODOROWICZ and STEVEN J. LUX to the Personnel Committee. Trustee DUGGAN seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

MINUTES OF THE LAST MEETING

A motion was made by Trustee LUX to approve the minutes of the regular Board meeting held on Thursday, June 20, 2019. Trustee PRADO 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 a recent FOIA request.

A motion was made by Vice President BIGGANE 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

The Personnel Committee reported that they had met prior to the Board meeting to discuss the process and procedure to fill the Fund's Benefit Manager position. It was reported that two ads seeking qualified candidates would be run for ten days. It was also reported that a salary range for the position had been determined and that the Committee would keep the Trustees informed as the process continues. The Executive Director distributed information about the position including a job description and pension fund salary comparison.

A motion was made by President AFFOLTER to accept the Report of Committees. Secretary HODOROWICZ seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

REPORT OF THE EXECUTIVE DIRECTOR

Request for Proposal ("RFP") for new Auditor

The Executive Director reported that the RFP for a new Fund Auditor to replace Bansley & Kiener, who will not be invited to submit a response, has been posted to the Fund's website. Responses are due by Friday, August 16, 2019.

Communication Letters to Governance and Management from Bansley & Kiener, LLP, Fund Auditor

The Executive Director presented the required letters to the Board and management in accordance with AICPA-Statements on Auditing Standards (SAS), numbers 114 and 115 on the audit of the Fund's financial statements for the year ended December 31, 2018 received from Bansley & Kiener, LLP, the Fund's auditor and reviewed the contents of the letters with the Trustees.

Other

GFOA/Department of Insurance Reports – The Executive Director noted that the Fund submitted its Comprehensive Annual Financial Report (CAFR) to the GFOA on time and that copies of the CAFR will be distributed to the Trustees. He also noted that the Fund filed its annual report to the Illinois Department of Insurance on time as well.

Fiduciary Responsibility and Ethics Training – The Executive Director informed the Trustees of potential dates to schedule a fall Continuing Education Session to be presented by Fund Counsel on Fiduciary Responsibility and Ethics, Securities Litigation, Fiduciary Liability Insurance and the Importance of Trustee Education.

A motion was made by Trustee PRADO to reschedule the Regular Board Meeting in September from Thursday, the 19th to Thursday, the 26th so that a Continuing Education Session presented by Fund Counsel on Fiduciary Responsibility, Ethics and the Importance of Trustee Education could follow the meeting. Secretary HODOROWICZ seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

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

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

Mr. Matthew Strom and Mr. Patryk Tabernacki of the Segal Company distributed the Fund’s Actuarial Valuation and Review as of December 31, 2018 as well as a draft analysis entitled “Actuarially Determined Contribution Split by Tier”. The valuation and analysis were reviewed, and the Segal representatives responded to numerous questions from the Trustees.

A motion was made by Secretary HODOROWICZ to accept the Report of the Actuary. Vice President BIGGANE 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

REPORT OF THE INVESTMENT CONSULTANT

Mr. Michael Spychalski of Marquette Associates distributed the Preliminary Monthly Update report as of June 30, 2019, 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 process of putting an investment manager on alert status was also discussed.

A motion was made by Secretary HODOROWICZ to put Chicago Equity, a Core Fixed Income investment manager, on alert status due to poor performance. Trustee DUGGAN 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 Trustee DUGGAN to put UBS Trumbull Property Fund, a Core Real Estate investment manager, on alert status due to poor performance. 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 Vice President BIGGANE to accept the Report of the Investment Consultant. Trustee PRADO seconded the motion.

OLD BUSINESS

None

NEW BUSINESS

None

ADJOURNMENT

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

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



FRANK HODOROWICZ

Secretary