

RECORD OF PROCEEDINGS  
of the  
RETIREMENT BOARD (the "BOARD") of the  
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")  
REGULAR BOARD MEETING  
THURSDAY, FEBRUARY 20, 2020

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

Vice President BIGGANE called the meeting to order at 9:30 A.M. (President Affolter entered the meeting during the review of "BENEFIT DATA".)

**ROLL CALL**

Trustees present:

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

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

Also Present:

DEAN J. NIEDOSPIAL, Executive Director  
JAIME L. MCCABE, Comptroller  
ERIK C. HERNANDEZ, Benefits Manager  
TAYLOR MUZZY, Jacobs, Burns, Orlove & Hernandez, Fund Counsel (exited after the Executive Session)  
MICHAEL SPYCHALSKI, Marquette Associates (entered after the Executive Session)

Absent:

PAMELA A. MUNIZZI, Trustee

**MINUTES OF THE LAST MEETING**

A motion was made by Secretary HODOROWICZ to approve the minutes of the regular Board meeting held on Thursday, January 16, 2020. Trustee DUGGAN seconded the motion.

Motion carried by the following roll call:

YEAS: BIGGANE, DUGGAN, 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 PRADO seconded the motion.

Motion carried by the following roll call:

YEAS: BIGGANE, DUGGAN, 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 19, 2019, January 16, 2020, and February 20, 2020, 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 November 30, 2019, December 31, 2019, and January 31, 2020, were presented to the Board for approval.

Secretary 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 2019, January 2020, and February 2020 in accordance with Section IV (C) of the Benefit Data and asked for formal confirmation of the net requirements in the amounts of \$6,302,104.07, \$6,372,920.41 and \$6,353,485.99, respectively.

Trustee LUX moved ratification of the required funds from the Northern Trust Annuity Account in the amounts of \$6,302,104.07, \$6,372,920.41 and \$6,225,089.16 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>
Miro Taylor Craft Instructor Annuitant, 6-097420	08/03/19	\$ 3,000.00	Death Benefit Alexander Taylor & Theodore Terziev, Designated Beneficiaries
Jeffery M. Horath Floriculturist Annuitant, 6-0112980	7/14/19	\$ 100,125.99 <u>3,000.00</u> <u>\$ 103,125.99</u>	Refund of Annuity Reserve Death Benefit Renee T. Horath & Jeremy Tomkiewicz, Designated Beneficiaries

Amelia Hightower Art Craft Instructor Annuitant, 6-080110	09/02/19	\$ 3,000.00	Death Benefit	Amelia Honesty & Sylvia Brooks, Designated Beneficiaries
Muriel Baker Attendant Annuitant, 6-095210	08/02/19	\$ 3,000.00	Death Benefit	Amber Todd Gumm, William Baker & Brittany M. Wright, Designated Beneficiaries
<b>Note:</b> Brittany M. Wright has not yet sent in her completed applications. This case will remain open until receipt of the completed forms.				
Janis E. Taylor Planning Coordinator Annuitant, 6-11205	09/08/19	\$ 77,546.84 <u>3,000.00</u> <u>\$ 80,546.84</u>	Refund of Annuity Reserve Death Benefit	Kathleen Taylor & Robert Megquier, Designated Beneficiaries
<b>Note:</b> Robert Megquier has not yet sent in his completed applications. This case will remain open until receipt of the completed forms.				
Alice M. Zubowicz Accounting Manager Annuitant, 6-079220	11/21/19	\$ 3,000.00	Death Benefit	Kenneth E. Kaczmarz & Michael J. Kaczmarz, Designated Beneficiaries
Raymond F. Sutkowski Planning Coordinator Annuitant, 6-094210	10/27/19	\$ 3,000.00	Death Benefit	Michael A. Sutkowski, Sharon F. Rak, Raymond Sutkowski & Debra Sutkowski Designated Beneficiaries
William Zalokar B&C Laborer Annuitant, 6-080180	12/18/19	\$ 3,000.00	Death Benefit	Robert J. Zalokar Designated Beneficiary
Owen Moriarty Gardener Annuitant, 6-078100	10/23/19	\$ 3,000.00	Death Benefit	Susan Lipari & Carolyn A. Lindgren, Designated Beneficiaries
John B. Corcoran Stationary Engineer Annuitant, 6-088360	05/25/18	\$ 3,000.00	Death Benefit	Eileen Tarjun, Executor
Nicholas Misuraca Hoisting Engineer Annuitant, 6-094680	11/24/19	\$ 3,000.00	Death Benefit	Michelle Misuraca, Designated Beneficiary
Joanne W. Culbert Senior Clerk Annuitant, 6-075770	12/31/19	\$ 3,000.00	Death Benefit	Paul L. Hackbert, Personal Representative
August Nerad Machinist Annuitant, 6-068920	01/15/20	\$ 3,000.00	Death Benefit	Linda Nerad & Daren Nerad, Designated Beneficiaries
John G. Ranahan Steamfitter Annuitant, 6-011561	09/06/19	\$ 6,000.00 <u>300.00</u> <u>\$ 6,300.00</u>	Death Benefit Optional Death Benefit	Donna Ranahan, Surviving Spouse
Bernard Truvillion Laborer Annuitant, 6-089870	09/29/19	\$ 3,000.00	Death Benefit	Izella L. Truvillion, Surviving Spouse

Marion Rivera Attendant Annuitant, 6-077440	10/25/19	\$ 3,000.00 <u>300.00</u> \$ <u>3,300.00</u>	Death Benefit Optional Death Benefit	Walstano Rivera, Surviving Spouse
Carl Wheatley Labor Foreman Annuitant, 6-010099	11/05/19	\$ 3,000.00	Death Benefit	Betty A. Wheatley, Surviving Spouse
Bernard Spina Special Laborer Annuitant, 6-8980	11/21/19	\$ 3,000.00 <u>300.00</u> \$ <u>3,300.00</u>	Death Benefit Optional Death Benefit	Janet Spina, Surviving Spouse
Gerald Kuderna Electrical Foreman Annuitant, 6-099000	10/31/19	\$ 3,000.00 <u>300.00</u> \$ <u>3,300.00</u>	Death Benefit	Jennie M. Kuderna, Surviving Spouse
Jose Vazquez Attendant Annuitant, 6-9716	11/10/19	\$ 3,000.00	Death Benefit	Rosalina Vazquez, Surviving Spouse
Frank C. Bertog Sr. Photographer Annuitant, 6-082390	12/06/19	\$ 3,000.00	Death Benefit	Sandra Bertog, Surviving Spouse
Aniseto A. Fuentes, Jr. Chauffeur Annuitant, 6-084250	11/16/19	\$ 3,000.00 <u>300.00</u> \$ <u>3,300.00</u>	Death Benefit Optional Death Benefit	Cruz Fuentes, Surviving Spouse
Maurice Boyd Stationary Engineer Annuitant, 6-010497	12/30/19	\$ 3,000.00	Death Benefit	Katherine Boyd, Surviving Spouse
Harold Dancy Attendant Annuitant, 6-091080	12/24/19	\$ 3,000.00	Death Benefit	Shirley Dancy, Surviving Spouse
Lawrence Bunyon Attendant Annuitant, 7-010530	12/14/19	\$ 300.00	Optional Death Benefit	Susan Bunyon, Surviving Spouse
Total amount of death claims submitted for approval		<u>\$ 254,472.83</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.

Secretary 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>
<b>Majed Assaf</b> , Security Guard	\$ 12,582.06	49	7.00
<b>Michael Davis</b> , Physical Instructor	52,812.69	35	16.50
<b>Christine Gipson</b> , Human Resources Coordinator	5,293.79	29	1.50
<b>Marcus Holder</b> , Activities Instructor	42,616.52	42	24.00
<b>Hubert Jasiewicz</b> , Laborer	18,916.23	29	5.00
<b>Ladelrees Johnson</b> , Laborer	5,675.60	26	2.00
<b>Toleslie Lawrence</b> , Physical Instructor	7,656.72	28	4.00
<b>Jivon Murray</b> , Physical Instructor	16,814.42	26	4.75
<b>Sydney Novalez</b> , Lifeguard	10,888.36	23	5.00
<b>Ebony Rankin</b> , Recreation Leader	9,101.45	32	7.75
<b>Arthur Rodriguez</b> , Recreation Leader	5,085.05	21	3.25
<b>Andre Williams</b> , Security Guard	14,701.86	48	7.75
<b>Anthony Wilson</b> , Lifeguard	<u>17,758.21</u>	29	7.75
<b>Total:</b>	<u>\$ 219,902.96</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 DUGGAN moved ratification of the Applications for Refunds over \$5,000 to the Omnibus.

### Refunds of Spouse's Annuity Deduction - over \$5,000

Applications 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>
Vera Angion	64	22.25 years	\$ 8,050.45
Arthur Brooks	76	33.50 years	21,267.52
Esther Miranda	62	34.25 years	10,074.03
Jeffery Anderson	58	12.75 years	5,658.98
Barbara E. Wood	61	32.50 years	<u>22,561.83</u>
			\$ 67,612.81

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

### Nursing Home Care

None

**FINANCIAL DATA****Expenditure Report**

Disbursements as listed in Section V (A) of the Financial Data, dated December 19, 2019, January 16, 2020, and February 20, 2020, 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, 2019, were presented to the Board for ratification.

Trustee PRADO 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, 2019, December 31, 2019, and January 31, 2020, 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.

Vice President BIGGANE 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, 2019, shows ending net assets of \$353,832,786.13

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, 2019, 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.**

Trustee LUX moved ratification of the Investments to the Omnibus.

**MOTION TO ACCEPT ITEMS TRANSFERRED TO THE OMNIBUS**

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

Motion carried by the following roll call:

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

**REPORT OF THE EXECUTIVE DIRECTOR**

**BakerTilly Auditing Standards Letter**

The Executive Director distributed a letter to the Trustees that BakerTilly, Fund Auditor, is required to communicate to the governing body of the Fund during the planning and completion phases of the audit. The Executive Director and the Trustees reviewed the letter.

**2020 Trustee Election**

The Executive Director distributed a copy of a proposed schedule for the Fund's Annual Election of Trustee on Friday, June 26, 2020. He also distributed a copy of the Fund's current election policy and reviewed the policy with the Trustees.

A motion was made by Secretary HODOROWICZ to adopt the proposed schedule as presented for the Fund's Annual Election of Trustee on Friday, June 26, 2020. Motion was seconded by Trustee PRADO.

Motion carried by the following roll call:

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

The Executive Director reported that he appointed Lucia Lopez to serve as Election Coordinator for the Fund's Annual Election of Trustee on Friday, June 26, 2020.

A motion was made by Trustee LUX to recognize the Executive Director's appointment of Lucia Lopez as Election Coordinator for the Fund's Annual Election of Trustee on Friday, June 26, 2020. Motion was seconded by Vice President BIGGANE.

Motion carried by the following roll call:

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

The Executive Director distributed a proposal from Governmental Business Systems (“GBS”), to serve as Election Monitor for the Fund’s Annual Election of Trustee on Friday, June 26, 2020, at a cost not to exceed \$18,883, same as the previous year, plus necessary out-of-pocket expenses. He reviewed and discussed the proposal with the Trustees.

A motion was made by Secretary HODOROWICZ to appoint GBS as Election Monitor for the Fund’s Annual Election of Trustee on Friday, June 26, 2020, at a cost not to exceed \$18,883, same as the previous year, plus necessary out-of-pocket expenses, subject to successful negotiation of a contract by Fund Counsel. Motion was seconded by Trustee DUGGAN.

Motion carried by the following roll call:

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

NAYS: None

### **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, 2019 and noted that it will be mailed in March and included in the mailing will be the Fund’s Principal Provisions and the 100<sup>th</sup> Annual Report of the President.

### **Compensation Study**

The Executive Director distributed three proposals from qualified consulting firms to perform a compensation study for the Fund, as approved within the 2020 Fund operating budget at the December 19, 2019 Board meeting. The Executive Director and the Trustees reviewed and discussed the proposals. The Trustees decided to take more time to review the proposals and revisit the compensation study at the February Board meeting.

### **Securities Litigation**

The Executive Director distributed a court decision on the motion to dismiss regarding the Endo International PLC case, which will be discussed in Executive Session.

### **Other**

Chicago Park District TIF Surplus - The Executive Director reported that on February 18, 2020, the Fund received a supplemental contribution from the Chicago Park District in the amount of \$5.0 million from its share of the TIF surplus.

Upcoming Events – The Executive Director distributed a letter from State Senator Iris Y. Martinez, Chairwoman of the Senate Special Committee on State Pension Fund Investments, which requests that the Fund provide additional information regarding goals and the use of minority and female-owned asset management firms. The Executive Director noted that the Fund will respond in a timely manner.

Statement of Economic Interest – The Executive Director reminded the Trustees that their Statements of Economic Interest are due May 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 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, PRADO

NAYS: None

### **EXECUTIVE SESSION**

A motion was made by Trustee LUX to go into Executive Session for the purpose of discussing pending litigation and the status of current litigation. Motion was seconded by President AFFOLTER.

Motion carried by the following roll call:

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

NAYS: None

A motion was made by Trustee LUX to Open Session. Motion was seconded by Trustee PRADO.

Motion carried by the following roll call:

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

NAYS: None

A motion was made by Trustee DUGGAN to proceed in the Viacom-CBS Merger litigation as discussed in Executive Session and authorize the Executive Director to execute a retainer agreement, subject to approval of Fund Counsel, with Robbins Geller Rudman & Dowd, LLP, one of the Fund's securities litigation attorneys who is handling the matter. Motion was seconded by Vice President BIGGANE.

Motion carried by the following roll call:

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

NAYS: None

### **REPORT OF THE ACTUARY**

None

**REPORT OF THE ATTORNEY**

None

**REPORT OF THE INVESTMENT CONSULTANT**

Mr. Michael Spychalski of Marquette Associates distributed an Asset Allocation Study dated February 18, 2020 and the Preliminary Monthly Update report as of January 31, 2020 featuring investment performance, market environment analysis, asset allocation, rebalancing and individual investment manager performance. The reports were reviewed in detail and the Investment Consultant responded to numerous questions raised by the Trustees. Mr. Spychalski also reported that he and the Executive Director recently met with representatives from Mackay Shields, one of the Fund's fixed income managers, and discussed the possibility of moving the Fund's investment from a separate account to a commingled account resulting in a reduction in fees and improved diversification of the portfolio.

A motion was made by Vice President BIGGANE for the Fund to adopt and implement the asset allocation recommended by Marquette Associates identified as Portfolio B in the Asset Allocation Study dated February 18, 2020. Trustee PRADO seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

A motion was made by Secretary HODOROWICZ to amend the Fund's Investment Policy Guidelines in order to allow the transfer of the fixed income portfolio managed by MacKay Shields from a separate account to a commingled account which will result in a reduction in fees and improved diversification, subject to the approval of the necessary documents by Fund Counsel. Trustee LUX seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

**INVESTMENT MANAGER PRESENTATION**

Mr. Mike Munson and Ms. Hien Gerbereux of Denali Advisors, LLC, one of the Fund's international equity investment manager, entered the Board room and distributed a report entitled "Denali Network Value International Equity February 20, 2020" to the Trustees.

Mr. Munson and Ms. Gerbereux reviewed the report and responded to numerous questions raised by the Trustees and the Investment Consultant.

Mr. Munson and Ms. Gerbereux were excused.

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

**OLD BUSINESS**

None

**NEW BUSINESS**

None

**ADJOURNMENT**

There being no further business, Trustee PRADO moved to adjourn the meeting. Vice 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, March 19, 2020**, at 9:30 A.M. in the Judith A. Flaherty Conference Room on the 27<sup>th</sup> floor of the 55 East Monroe Street Building, Suite 2720, Chicago, Illinois, 60603.

Respectfully submitted,



FRANK HODOROWICZ  
Secretary