

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
REGULAR BOARD MEETING
THURSDAY, DECEMBER 21, 2017

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.

ROLL CALL

Trustees present:

PAMELA A. MUNIZZI, President	FRANK HODOROWICZ, Trustee
ROBERT GERAGHTY, Vice President	STEVEN J. LUX, Trustee
EDWARD L. AFFOLTER, Secretary	CECILIA PRADO, Trustee
BRIAN BIGGANE, Trustee	

Also Present:

DEAN J. NIEDOSPIAL, Executive Director
MICHAEL SPYCHALSKI, Marquette Associates
TAYLOR MUZZY, Jacobs, Burns, Orlove & Hernandez, Fund Counsel
MATTHEW STROM, The Segal Company, Fund's Actuary (Entered during the Report of the Executive Director)

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, November 16, 2017. Trustee PRADO seconded the motion.

Motion carried by the following roll call:

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

REPORT OF THE COMMITTEES

None

REPORT OF THE EXECUTIVE DIRECTOR

2018 Board Meeting Schedule

The Executive Director distributed a proposed schedule of Board meeting dates for 2018 for approval by the Trustees and posting to the Fund’s website. He noted that the agendas of the meetings will include a format focusing on investments, continuing education, professional services presentations, etc. and, on a quarterly basis, meetings will focus on benefits and financial reporting.

A motion was made by Vice President GERAGHTY to approve the 2018 Board meeting schedule as presented, to authorize Fund staff to process benefits on a monthly basis ratified by the Board on a quarterly basis, and to approve the schedule for reporting of benefits and financial information. Trustee PRADO seconded the motion.

Motion carried by the following roll call:

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

Fiduciaries Diversity Policy/Businesses Diversity Policy

The Executive Director distributed the Fund’s Fiduciaries Diversity and Businesses Diversity Policies. The Trustees reviewed and discussed their support for the policies.

A motion was made by Trustee HODOROWICZ to approve the Fund’s Fiduciaries Diversity and Businesses Diversity Policies as presented. Secretary AFFOLTER seconded the motion.

Motion carried by the following roll call:

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

Biedron

The Executive Director reminded the Trustees that the next status hearing is scheduled for February 5, 2018.

The Northern Trust Custodial Fee

The Executive Director distributed a proposed Appendix A, Fee Schedule, for the period January 1, 2018, to December 31, 2022, to the Master Custody Agreement dated July 14, 2014, (the “Agreement”) between the Fund and the Northern Trust and noted that the Fund has the right to terminate the Agreement, including Appendix A, with 120 days’ written notice. The Trustees and the Executive Director reviewed the proposed Appendix A in detail. The Fund’s Investment Consultant, Marquette Associates, commented that the fee proposal is very competitive.

A motion was made by Trustee LUX to authorize the Executive Director to execute a Board acceptance letter of the proposed Appendix A, Fee Schedule, to the Master Custody Agreement dated July 14, 2014, as presented, for the period January 1, 2018, through December 31, 20122, subject to review by Fund Counsel. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

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

NAYS: None

International Equity Minority and Woman Owned Business Enterprises (“MWBE”) Investment Manager Search

The Executive Director reported that the previously approved RFP for the international equity MWBE investment manager search has been posted on the Fund’s website and proposals are due by January 15, 2018.

Required Minimum Distribution (“RMD”) Policy

The Executive Director distributed a memorandums regarding RMD Rules and Action Items-RMD rules including Attachments A, B, C, and D prepared by Fund Counsel. He asked the Trustees to review them in advance of the January Board meeting when the Board will consider them for approval.

Administrative Hearing Request

The Executive Director and Fund Counsel noted that the Fund received a timely petition for an administrative hearing. The procedures of an administrative hearing and the details of the petition were discussed with the Trustees. President MUNIZZI designated Vice President GERAGHTY as Hearing Officer for an administrative hearing to be held on February 15, 2018, at 10:15 AM at the Fund’s office.

Pension Training Presentation

The Executive Director distributed a presentation on Pension Training that was prepared by the Fund’s Benefit Manager and which was presented at meetings attended by Area Managers, Instructors and Recreation Leaders. The Trustees reviewed and commented on the presentation.

Other

Upcoming events – The Executive Director noted that Fund Counsel has provided a draft Harassment Policy that he is reviewing which will be finalized and distributed before the January Board meeting; harassment training will be held immediately following the January Board meeting for Trustees and management staff and attendance is mandatory. The Fund’s current asset allocation will be reviewed with the Fund’s investment consultant at the January Board meeting. The Fund’s Actuary, the Segal Company, will perform an Actuarial Experience Review in 2018, which is performed every five years.

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 HODOROWICZ 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, MUNIZZI, PRADO
NAYS: None

REPORT OF THE ATTORNEY

None

REPORT OF THE ACTUARY

Mr. Matthew Strom of the Segal Company distributed a report entitled “Hot Topics and Schedule for 2018”. The report was reviewed and Mr. Strom responded to numerous questions from the Trustees.

A motion was made by Trustee LUX to accept the Report of the Actuary. Trustee PRADO seconded the motion.

Motion carried by the following roll call:

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

REPORT OF THE INVESTMENT CONSULTANT

Mr. Michael Spychalski of Marquette Associates distributed the Preliminary Monthly Update report as of November 30, 2017, featuring investment performance, market environment analysis, asset allocation, and individual investment manager performance. The Trustees reviewed and discussed the report. Also discussed was the status of executing the agreements of recently approved private equity investments in HarbourVest Partners and Mesirow Financial.

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

Motion carried by the following roll call:

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

REPORT OF THE LOBBYIST

None

A motion was made by Trustee LUX to go to Executive Session for the purpose of considering litigation. Trustee HODOROWICZ seconded the motion.

Motion carried by the following roll call:

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

A motion was made by Vice President GERAGHTY to return to open session. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

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

A motion was made by Trustee HODOROWICZ to authorize the Executive Director and KLF KEHOE Law Firm, P.C. to proceed on the PSLRA lawsuit recommendation as presented in the Executive Session. Vice President GERAGHTY seconded the motion.

Motion carried by the following roll call:

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

OLD BUSINESS

None

NEW BUSINESS

None

ADJOURNMENT

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

The next regular meeting of the Retirement Board will be on **Thursday, January 18, 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