

RECORD OF PROCEEDINGS
of the
RETIREMENT BOARD (the "BOARD") of the
PARK EMPLOYEES' ANNUITY and BENEFIT FUND (the "FUND")
SCHEDULED REGULAR BOARD MEETING

THURSDAY, SEPTEMBER 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
ROBERT GERAGHTY, Vice President
EDWARD L. AFFOLTER, Secretary
BRIAN BIGGANE, Trustee

FRANK C. HODOROWICZ, Trustee
STEVEN J. LUX, Trustee
CECILIA PRADO, Trustee

Also Present:

DEAN J. NIEDOSPIAL, Executive Director
MICHAEL SPYCHALSKI, Marquette Associates (entered at the end of the REPORT OF THE EXECUTIVE DIRECTOR)

MINUTES OF THE LAST MEETING

A motion was made by Vice President GERAGHTY to approve the minutes of the scheduled regular Board meeting held on Thursday, July 20, 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 Vice President GERAGHTY to accept the Reading of Communications. 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 COMMITTEES

None

REPORT OF THE EXECUTIVE DIRECTOR

Tax Levy Requirement Letter

The Executive Director presented to the Trustees the Tax Levy Requirement Letter to the Chicago Park District Board of Commissioners for 2018. He noted that the letter, as prescribed in the Illinois Pension Code, indicates the annual Actuarially Determined Contribution as determined by the Fund's Actuary.

A motion was made by Trustee HODOROWICZ to approve submission of the Tax Levy Requirement Letter for 2018 to the Chicago Park District Board of Commissioners. Vice President GERAGHTY seconded the motion.

Motion carried by the following roll call:

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

Investment Consultant Search

The Executive Director and the Trustees reviewed the list of respondents to the Fund's Request for Proposal for Investment Consultant and discussed the details of the proposals as well as the evaluation process.

A motion was made by Trustee HODOROWICZ to consider appointment of an investment consultant based on the written submissions. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

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

The Trustees discussed the qualifications of the Investment Consultant candidates and their respective fee proposals for the first year.

A motion was made by Trustee HODOROWICZ to appoint Marquette Associates as investment consultant for the Fund. Secretary AFFOLTER seconded the motion.

Motion carried by the following roll call:

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

The Executive Director reviewed the terms of Marquette Associates' fee proposal with the Trustees. Under the terms of its proposal, the all-inclusive annual fee for the first two years will be \$95,000 (\$10,000 less than the current contract) and \$100,000 for the subsequent three years, with the right of termination by either party with thirty days' written notice.

A motion was made by Trustee HODOROWICZ to authorize the Executive Director to negotiate an Investment Consultant Agreement with Marquette Associates consistent with the terms of its proposal, subject to approval of Fund Counsel. Vice President GERAGHTY seconded the motion.

Motion carried by the following roll call:

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

Biedron v. PEABF

The Executive Director reported that the next status hearing is scheduled for October 12, 2017.

Cyber Liability Coverage

The Executive Director distributed a proposal from Horn-McGowan Insurance Agency to provide Cyber Liability insurance for the Fund. The Trustees and the Executive Director reviewed the proposal in detail.

A motion was made by Trustee LUX to authorize the Executive Director to secure Cyber Liability insurance for the Fund from Horn-McGowan Insurance Agency at a cost not to exceed \$12,000 per year. Trustee BIGGANE seconded the motion.

Motion carried by the following roll call:

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

Other

Comprehensive Annual Financial Report (CAFR) – The Executive Director distributed copies of the Fund's CAFR as of December 31, 2016 to the Trustees.

Senate Hearings – The Executive Director reported that he and the Fund’s investment consultant, Marquette Associates, would present a report on the Fund’s use of minority and female-owned investment managers and broker/dealers to the Illinois State Senate Special Committee on State and Pension Fund Investments on Monday, October 16th or Tuesday, October 17th. The Executive Director and the Trustees discussed the importance of continuing to support minority and female-owned investment managers, brokers, and businesses.

Fiduciary Responsibility and Ethics Training – The Executive Director noted that a Continuing Education Session on Fiduciary Responsibility and Ethics, Securities Litigation, Fiduciary Liability insurance and the Importance of Trustee Education will be presented by Fund Counsel after the October Board meeting.

Conferences - The Executive Director distributed an updated 2017 and 2018 Conference Schedule to the Trustees and highlighted upcoming local conferences and noted that Trustee BIGGANE and Secretary AFFOLTER have expressed interest in attending the IFEBP 63rd Annual Employee Benefits Conference October 22-25, 2017.

A motion was made by President MUNIZZI to authorize Trustee BIGGANE and Secretary AFFOLTER to attend the IFEBP 63rd Annual Employee Benefits Conference October 22-25, 2017. Vice President GERAGHTY 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 accept the Report of the Executive Director. 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 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 August 31, 2017, 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 Trustee HODOROWICZ to put RBC on alert status due to poor performance. Vice President GERAGHTY 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 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

OLD BUSINESS

None

NEW BUSINESS

None

ADJOURNMENT

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

The next regular meeting of the Retirement Board will be on **Thursday, October 19, 2017**, 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
Secretary