

**Retirement Board of the
PARK EMPLOYEES' ANNUITY AND BENEFIT FUND**

TRUSTEES
Pamela A. Munizzi, President
Robert Geraghty, Vice President
Edward L. Affolter, Secretary
Joseph M. Fratto
Mario Gianfortune
Frank C. Hodorowicz
Steven J. Lux

55 East Monroe Street
Suite 2720
Chicago, Illinois 60603
Tel. # (312) 553-9265
Fax # (312) 553-9114
www.chicagoparkpension.org

Dean J. Niedospial
Executive Director

Jaime L. McCabe
Comptroller

**95th ANNUAL REPORT of the PRESIDENT
YEAR ENDED DECEMBER 31, 2014**

To the members of the Retirement Board and the participants of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund:

It is my pleasure to present the President's 95th Annual Report of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund (the "Fund") for the year ended December 31, 2014.

The purpose of this report is to inform the members of the Retirement Board (the "Board") and the participants of the Fund of changes in membership, financial facts and investment results, as well as other pertinent information, such as the progress of pension amendments and Board membership.

This report is submitted prior to closing the books, receipt of the actuarial report and the completion of the annual audit of the accounting records by the Fund's Certified Public Accountants.

General: Detailed quarterly financial reports, as well as the Fund's Comprehensive Annual Financial Reports are updated throughout the year on the Fund's website at www.chicagoparkpension.org.

Membership: An employee who is hired for a position that is filled six months or more during the year will automatically become a member of the Fund upon his or her employment with the Chicago Park District (the "CPD").

<u>During the Year</u>	<u>2014</u>	<u>2013</u>
Number of new participants	250	360
Number of service retirements	90	110
Separations from service with refund	188	151
Deaths among the participants	8	8
Deaths among retired employees	91	98
<u>At the End of the Year</u>	<u>2014</u>	<u>2013</u>
Number of participants*	3,120	3,064
Retired employees	2,100	2,102
Widows and Widowers	773	785
Children Beneficiaries	17	16

*Current contributing participants as of December 31, 2014 estimated to be 2,688.

The CPD work force has been on the rise. Tier II employees (hired after January 1, 2011 without previously contributing to the Fund or any reciprocal fund in Illinois) represent approximately 27% of the current contributing participants.

Financial Facts: The Fund's revenue sources during the year were \$10,831,434 from employee contributions; \$11,148,744 from employer contributions and \$26,486,690 net income from investments. For the audited year ended December 31, 2013, the comparable amounts were \$10,732,730 from employee contributions; \$10,419,432 from employer contributions and \$66,557,662 net income from investments.

Total Benefit payments, refunds and administrative expenses for the year ended December 31, 2014 were \$71,900,587 compared with \$69,800,048 for the audited year ended December 31, 2013.

Investment Policy: The Board utilizes professional investment advisors to manage all Fund assets. An investment consultant is also utilized to assist the Board in its decision-making process. The Fund conducts an annual investment policy review with its investment consultant, Marquette Associates, Inc., to ensure the investment policy meets the risk/return objectives of the Fund. This year's annual investment policy review produced no material changes to the Fund's investment policy.

Investments: Per Marquette Associates, Inc., the Fund's portfolio performance returned 6.9% outperforming the policy benchmark, which returned 6.7%. The Fund's portfolio performance for the past five years ranked in the upper 12th percentile as measured against its peers. The Fund's Hedge Fund investment managers produced strong returns of 4.9%. The Fund's U.S. Equity and Real Estate investment managers produced strong returns of 11.6% and 11.5%, respectively. The Fund's Fixed Income and Private Equity investment managers also produced strong returns of 5.4% and 11.1%, respectively.

Fund investments were \$398,547,239, as of December 31, 2014 compared to \$420,475,221 (audited) as of December 31, 2013. According to Marquette Associates, Inc., as of December 31, 2014, the Fund's fair market value of investments consists of the following:

Fixed Income	\$ 72,187,412
U.S. Equity	118,850,719
International Equity	58,876,146
Hedged Equity	35,660,378
Risk Parity	12,638,395
Real Estate	46,031,161
Private Equity	50,163,093
Cash	<u>4,139,935</u>
Total Fund Investments	<u>\$398,547,239</u>

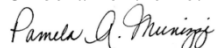
Retirement Board Membership: The annual election for an employee representative to the Retirement Board was held on Friday, June 27, 2014. **Robert Geraghty** was re-elected to a full term of four years expiring on June 30, 2018 and was declared "duly elected" by the Election Monitor and admitted to trusteeship upon administration of the "Oath of Office" by the Secretary.

Legislative Matters: On January 7, 2014, Governor Quinn signed Senate Bill 1523 into law which is now Public Act 098-0622. This legislation provides sustainable funding that will secure the long-term health of the Fund. It affects all stakeholders; the employer, employees and retirees and is phased in over a five year period. The Fund would have been very likely to run out of money in 2023 if not for the much needed legislation. A summary of the provision, the first of which took effect January 1, 2015, can be found on the Fund's website.

Acknowledgments: All of the statistical and financial information compiled and presented in this annual report is due to the combined efforts of the administrative staff of the Fund under the direction of the Executive Director, **Dean J. Niedospial**. Their efforts and services are hereby acknowledged with thanks and appreciation.

Reference: The official plan document that legally governs the operation of the Fund is found in the Illinois Compiled Statutes, Act 5 of Chapter 40, Article 12. For detailed information on the benefits of the Fund, refer to the Principal Provisions or log onto the Fund's website at www.chicagoparkpension.org.

On behalf of the Retirement Board,



PAMELA A. MUNIZZI
President

MEMBERS
ELECTED BY THE EMPLOYEES

FRANK C. HODOROWICZ
Term expires June 30, 2015

MARIO GIANFORTUNE
Term expires June 30, 2016

EDWARD L. AFFOLTER
Term expires June 30, 2017

ROBERT GERAGHTY
Term expires June 30, 2018

THE NORTHERN TRUST COMPANY of CHICAGO
Custodian

APPOINTED BY THE COMMISSIONERS
of the CHICAGO PARK DISTRICT

JOSEPH M. FRATTO
STEVEN J. LUX
PAMELA A. MUNIZZI

OFFICERS

PAMELA A. MUNIZZI, President
ROBERT GERAGHTY, Vice President
EDWARD L. AFFOLTER, Secretary

ADMINISTRATIVE STAFF

DEAN J. NIEDOSPIAL, Executive Director
JAIME L. MCCABE, Comptroller
THE SEGAL COMPANY, Actuary