

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

TRUSTEES  
**Pamela A. Munizzi**, President  
**Robert Geraghty**, Vice President  
**Edward L. Affolter**, Secretary  
**Mario Gianfortune**  
**Frank C. Hodorowicz**  
**Steven J. Lux**  
**Cecilia Prado**

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**Dean J. Niedospial**  
Executive Director

**Jaime L. McCabe**  
Comptroller

**96th ANNUAL REPORT of the PRESIDENT  
YEAR ENDED DECEMBER 31, 2015**

**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 96th Annual Report of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund (the "Fund") for the year ended December 31, 2015.

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:** The Fund's website, [www.chicagoparkpension.org](http://www.chicagoparkpension.org), provides up to date information and necessary applications needed for retirement and disability benefits. The Fund's membership record and designation of beneficiary form are also available for download via the website. Detailed quarterly investment reports, as well as the Fund's Comprehensive Annual Financial Reports can also be viewed on the Fund's website.

**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>2015</u>	<u>2014</u>
Number of new participants	407	250
Number of service retirements	125	90
Separations from service with refund	136	188
Deaths among the participants	7	8
Deaths among retired employees	134	91
<u>At the End of the Year</u>	<u>2015</u>	<u>2014</u>
Number of participants*	3,208	3,120
Retired employees	2,093	2,101
Widows and Widowers	767	773
Children Beneficiaries	12	17

\*Current contributing participants as of December 31, 2015 estimated to be 2,770.

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 33% of the current contributing participants.

**Financial Facts:** The Fund's unaudited revenue sources during the year were \$12,323,892 from employee contributions; \$29,955,380 from employer contributions, and \$8,813,133 net income from investments. The employer contributions include a supplemental payment of \$12.5 million made by the CPD in accordance with Public Act 098-0622. For the audited year ended December 31, 2014, the comparable amounts were \$10,831,434 from employee contributions; \$11,225,438 from employer contributions and \$27,490,520 net income from investments.

Total benefit payments, refunds and administrative expenses during the year ended December 31, 2015 were \$72,007,084 compared with \$71,994,873 for the audited year ended December 31, 2014.

**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 1.8% outperforming the policy benchmark, which returned 1.5%. The Fund's portfolio performance for the past five years ranked in the upper 7<sup>th</sup> percentile as measured against its peers. Performance in 2015 was driven by the Fund's alternative investments, primarily, a 14.3% return in real estate and an 8.4% return in private equity.

Fund investments were \$370,607,491 (unaudited), as of December 31, 2015 compared to \$398,052,964 (audited) as of December 31, 2014. According to Marquette Associates, Inc., as of December 31, 2015, the Fund's fair market value of investments consists of the following:

Fixed Income	\$ 63,503,601
U.S. Equity	107,393,773
International Equity	58,062,378
Hedged Equity	24,710,661
Risk Parity	12,185,029
Real Estate	41,728,500
Infrastructure	20,604,484
Private Equity	39,499,611
Cash	<u>2,919,454</u>
Total Fund Investments	<u>\$370,607,491</u>

**Retirement Board Membership:** The annual election for an employee representative to the Retirement Board was held on Friday, June 26, 2015. **Frank C. Hodorowicz** ran unopposed and was re-elected to a full term of four years expiring on June 30, 2019. He 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. A summary of the provisions, the first of which took effect January 1, 2015, is available on the Fund's website. 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. On October 14, 2015, the Fund was served a summons and complaint, which challenges Public Act 098-0622, on the grounds that this amendment to the Illinois Pension Code diminishes and impairs the benefits of participation in the Fund. The Fund will provide additional information to you, as the case proceeds.

**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. Niodospial**. 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](http://www.chicagoparkpension.org).

On behalf of the Retirement Board,



PAMELA A. MUNIZZI  
President

**MEMBERS**  
**ELECTED BY THE EMPLOYEES**

MARIO GIANFORTUNE  
Term expires June 30, 2016

EDWARD L. AFFOLTER  
Term expires June 30, 2017

ROBERT GERAGHTY  
Term expires June 30, 2018

FRANK C. HODOROWICZ  
Term expires June 30, 2019

**APPOINTED BY THE COMMISSIONERS**  
**of the CHICAGO PARK DISTRICT**

STEVEN J. LUX  
PAMELA A. MUNIZZI  
CECILIA PRADO

**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

THE NORTHERN TRUST COMPANY of CHICAGO  
Custodian