

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

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

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Dean J. Niedospial
Executive Director

Jaime L. McCabe
Comptroller

**98th ANNUAL REPORT of the PRESIDENT
YEAR ENDED DECEMBER 31, 2017**

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 98th Annual Report of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund (the "Fund") for the year ended December 31, 2017.

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, 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>2017</u>	<u>2016</u>
Number of new participants	796	419
Number of service retirements	147	136
Separations from service with refund	168	181
Deaths among the participants	12	7
Deaths among retired employees	143	137
 <u>At the End of the Year</u>	 <u>2017</u>	 <u>2016</u>
Number of participants*	3,543	3,114
Retired employees	2,115	2,112
Widows and Widowers	745	747
Children Beneficiaries	16	13

*Current contributing participants as of December 31, 2017 estimated to be 2,806.

Tier II employees (hired after January 1, 2011 without previously contributing to the Fund or any reciprocal fund in Illinois) represent approximately 40.9% of the current contributing participants.

Financial Facts: The Fund's unaudited revenue sources during the year were \$13,581,589 from employee contributions; \$20,815,751 from employer contributions, and \$50,618,000 net income from investments. For the audited year ended December 31, 2016, the comparable amounts were \$12,246,115 from employee contributions; \$30,890,241 from employer contributions and \$30,920,231 net income from investments.

Total benefit payments, refunds and administrative expenses during the year ended December 31, 2017 were \$75,725,520 compared with \$75,615,575 for the audited year ended December 31, 2016.

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 14.0% outperforming the policy benchmark, which returned 13.8%. The Fund's 9.8% return over the past five years ranked in the upper 8th percentile as measured against its peers. Performance in 2017 was driven by strong returns in the Fund's International Equity portfolio, 28.4%; U.S. Equity portfolio, 18.1%; Risk Parity portfolio, 10.4%; and Infrastructure portfolio, 9.9%.

Fund investments were \$375,753,970 (unaudited), as of December 31, 2017 compared to \$358,461,840 (audited) as of December 31, 2016. According to Marquette Associates, Inc., as of December 31, 2017, the Fund's fair value of investments consists of the following:

Fixed Income	\$ 67,608,794
U.S. Equity	107,392,666
International Equity	79,335,512
Hedged Equity	26,400,821
Risk Parity	10,388,615
Real Estate	36,051,159
Infrastructure	23,119,052
Private Equity	22,123,940
Cash	<u>3,333,411</u>
Total Fund Investments	<u>\$375,753,970</u>


Retirement Board Membership: The annual election for an employee representative to the Retirement Board was held on Friday, June 23, 2017. **Edward L. Affolter** was re-elected to a full term of four years expiring on June 30, 2021. 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, then Governor Quinn signed Senate Bill 1523 into law, which became Public Act 098-0622. On October 14, 2015, the Fund was served a summons and complaint, which challenged 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. On March 9, 2018, the court declared Public Act 098-0622 as unconstitutional in its entirety. Therefore, any benefits that were affected by Public Act 098-0622, have reverted to the original benefit.

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. Niedo spial**. 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

ROBERT GERAGHTY
Term expires June 30, 2018

FRANK C. HODOROWICZ
Term expires June 30, 2019

BRIAN BIGGANE
Term expires June 30, 2020

EDWARD L. AFFOLTER
Term expires June 30, 2021

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 NORTHERN TRUST COMPANY of CHICAGO
Custodian

THE SEGAL COMPANY
Actuary