

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

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

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**Dean J. Niedospial**  
Executive Director

**Jaime L. McCabe**  
Comptroller

**99th ANNUAL REPORT of the PRESIDENT  
YEAR ENDED DECEMBER 31, 2018**

**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 99th Annual Report of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund (the "Fund") for the year ended December 31, 2018.

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. Fund members can also request a pension estimate on our website as well.

**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>2018</u>	<u>2017</u>
Number of new participants	420	796
Number of service retirements	133	147
Separations from service with refund	182	168
Deaths among the participants	16	12
Deaths among retired employees	155	143
<u>At the End of the Year</u>	<u>2018</u>	<u>2017</u>
Number of participants*	3,187	3,543
Retired employees	2,136	2,115
Widows and Widowers	706	745
Children Beneficiaries	12	16

\*Current contributing participants as of December 31, 2018 estimated to be 2,852.

Tier II employees (hired after January 1, 2011 without previously contributing to the Fund or any reciprocal fund in Illinois) represent approximately 45.0% of the current contributing participants.

**Financial Facts:** The Fund's unaudited revenue sources during the year were \$12,125,457 from employee contributions; \$26,302,859 from employer contributions, and (\$17,178,552) net loss from investments. For the audited year ended December 31, 2017, the comparable amounts were \$13,675,292 from employee contributions; \$20,920,614 from employer contributions and \$51,082,314 net income from investments.

Total benefit payments, refunds and administrative expenses during the year ended December 31, 2018 were \$77,958,806 compared with \$79,820,163 for the audited year ended December 31, 2017. In 2017, the Fund had accrued the refund of employee contributions that were increased by 1% in accordance with Public Act 098-0622 (see "Legislative Matters") and those refunds were paid in 2018. The total amount refunded, plus interest, in 2018 was \$3,919,713.

The estimated liability for the Fund is over \$1 billion.

**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 -5.3% net of fees, underperforming the policy benchmark, which returned -3.0%. The Fund’s 8.5% net of fees return over the past ten years ranked in the upper 28<sup>th</sup> percentile as measured against its peers, and outperformed the policy benchmark, which returned 7.8%. In 2018, the Fund’s International Equity portfolio, which returned -16.5% and U.S. Equity portfolio, which returned -11.5%, were the primary detractors, while the Fund’s Infrastructure portfolio, which returned 14.1% and Real Estate portfolio, which returned 6.8%, were the best performing investments in the portfolio. Over the past 10 years, the Fund’s 8.5% return was driven by strong returns in the Fund’s U.S. Equity portfolio, 13.2%; Private Equity portfolio, 11.3%; and International Equity portfolio, 7.3%.

Fund investments were \$322,098,748 (unaudited), as of December 31, 2018 compared to \$376,303,293 (audited) as of December 31, 2017. According to Marquette Associates, Inc., as of December 31, 2018, the Fund’s fair value of investments consists of the following:

Fixed Income	\$ 62,193,265
U.S. Equity	89,199,850
International Equity	63,513,111
Hedged Equity	24,437,992
Risk Parity	1,348,182
Real Estate	37,172,455
Infrastructure	22,532,624
Private Equity	19,003,595
Cash	<u>2,697,674</u>
Total Fund Investments	<u>\$322,098,748</u>

**Retirement Board Membership:** The annual election for an employee representative to the Retirement Board was held on Friday, June 22, 2018. **Matthew Duggan** was elected to a full term of four years expiring on June 30, 2022. 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. Niedoşpial**. 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**

FRANK C. HODOROWICZ  
Term expires June 30, 2019

BRIAN BIGGANE  
Term expires June 30, 2020

EDWARD L. AFFOLTER  
Term expires June 30, 2021

MATTHEW DUGGAN  
Term expires June 30, 2022

THE NORTHERN TRUST COMPANY of CHICAGO  
Custodian

THE SEGAL COMPANY  
Actuary

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

STEVEN J. LUX  
PAMELA A. MUNIZZI  
CECILIA PRADO

**OFFICERS**

PAMELA A. MUNIZZI, President  
EDWARD L. AFFOLTER, Vice President  
FRANK C. HODOROWICZ, Secretary

**ADMINISTRATIVE STAFF**

DEAN J. NIEDOSPIAL, Executive Director  
JAIME L. MCCABE, Comptroller  
KELLY M. HUNT, Benefits Manager