

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

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

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

**100th ANNUAL REPORT of the PRESIDENT
YEAR ENDED DECEMBER 31, 2019**

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 100th Annual Report of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund (the "Fund") for the year ended December 31, 2019.

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 with receipt of the final 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. 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>2019</u>	<u>2018</u>
Number of new participants	320	420
Number of service retirements	133	133
Separations from service with refund	165	182
Deaths among the participants	3	16
Deaths among retired employees	142	155
<u>At the End of the Year</u>	<u>2019</u>	<u>2018</u>
Number of participants*	3,132	3,187
Retired employees	2,144	2,136
Widows and Widowers	686	706
Children Beneficiaries	13	12

*Current contributing participants as of December 31, 2019 estimated to be 2,778.

Tier II employees (hired after January 1, 2011 without previously contributing to the Fund or any reciprocal fund in Illinois) represent approximately 49.4% of the current contributing participants.

Financial Facts: The Fund's audited revenue sources during the year were \$12,664,855 from employee contributions; \$27,682,089 from employer contributions, and \$52,032,781 net income from investments. For the audited year ended December 31, 2018, the comparable amounts were \$12,125,457 from employee contributions; \$27,638,402 from employer contributions and (\$17,196,812) net loss from investments.

Total benefit payments, refunds and administrative expenses during the year ended December 31, 2019 were \$80,079,310 compared with \$78,027,859 for the audited year ended December 31, 2018.

The Fund's liability exceeds \$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 17.0% net of fees, outperforming the policy benchmark, which returned 16.6%. The Fund's 8.6% net of fees return over the past ten years ranked in the upper 28th percentile as measured against its peers, and outperformed the policy benchmark, which returned 7.9%. In 2019, every asset class in the investment portfolio generated positive returns for the year. The Fund's U.S. equity portfolio, which returned 28.8% and International equity portfolio, which returned 24.2% were the primary drivers of the Fund's return in 2019. For the year, the Fund's hedge fund portfolio returned 16.3%, the Fund's infrastructure portfolio returned 14.1%, the Fund's fixed income portfolio returned 7.7%, the Fund's private equity portfolio returned 7.4%, and the Fund's real estate portfolio returned 3.1%. Over the past 10 years, the Fund's 8.6% return was driven by strong returns in the Fund's U.S. Equity portfolio, 12.5%; Private Equity portfolio, 11.4%; and real estate portfolio, 10.3%.

The Fund's audited investments were \$334,338,923, as of December 31, 2019 compared to \$323,404,925 as of December 31, 2018. According to Fund's audited records as of December 31, 2019, the Fund's fair value of investments consists of the following:

Fixed income	\$ 59,247,177
Common stocks	43,787,794
Collective investment funds	81,295,724
Mutual funds	19,208,421
International equity	21,776,682
Hedged equity	24,807,129
Real estate	37,047,140
Infrastructure	24,353,479
Private equity	18,031,007
Short-term investments	<u>4,784,370</u>
Total Fund Investments	<u>\$334,338,923</u>

Retirement Board Membership: The annual election for an employee representative to the Retirement Board was held on Friday, June 28, 2019. **Frank Hodorowicz** was re-elected to a full term of four years expiring on June 30, 2023. 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 1, 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. 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.

On behalf of the Retirement Board,

Edward L. Affolter

Edward L. Affolter
President

MEMBERS ELECTED BY THE EMPLOYEES

BRIAN BIGGANE
Term expires June 30, 2020*

EDWARD L. AFFOLTER
Term expires June 30, 2021

MATTHEW DUGGAN
Term expires June 30, 2022

FRANK HODOROWICZ
Term expires June 30, 2023

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

EDWARD L. AFFOLTER, President
BRIAN BIGGANE, Vice President
FRANK HODOROWICZ, Secretary

ADMINISTRATIVE STAFF

DEAN J. NIEDOSPIAL, Executive Director
JAIME L. MCCABE, Comptroller
ERIK HERNANDEZ, Benefits Manager

* Due to the recent stay at home orders directed by Governor Pritzker, the upcoming election is postponed until July 24, 2020.