

**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

Steve Swanson
Executive Director

Jaime L. McCabe
Comptroller

101st ANNUAL REPORT of the PRESIDENT
YEAR ENDED DECEMBER 31, 2020

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

It is my pleasure to present the President's 101st Annual Report of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund (the "Fund") for the year ended December 31, 2020.

As we all know, last year was very challenging due to the COVID-19 global pandemic. The Fund faced once in a lifetime operational challenges and highly turbulent financial markets. I am proud to report that the Fund was able to overcome the challenges of last year.

Operationally, the Fund's staff ensured that benefit payments were paid on-time and applications for retirements and other benefits were processed without delay. On behalf of the Fund membership, I would like to take this opportunity to thank the Fund Staff for their dedication and hard work throughout the pandemic.

The Fund faced very uncertain investment prospects in 2020. The Retirement Board with the guidance of our Investment Consultant remained steadfast in our convictions to our diversified investment strategy and our investment portfolio produced a 9.3% return for the year. The Fund's 2020 investment performance was well beyond the Fund's annual targeted rate of investment return of 7.25%.

The Fund does face an ongoing challenge that the Fund participants need to be informed. The Illinois Pension Code determines the required amount of employer contributions coming into the Fund on an annual basis. Under current Illinois law, the Chicago Park District (CPD) must only contribute \$1.10 for every \$1.00 contributed by active participants of the Fund. This funding formula has straddled the Fund with negative cash flows on an annual basis. This means the Fund expends more money paying benefits than it collects from employee and employer contributions combined, which forces the Retirement Board to liquidate assets to pay benefits owed to our members.

Fortunately, the leadership of the Chicago Park District has recognized the severity of the financial burden on the Fund and for the last six years the CPD has made voluntary contributions to the Fund that exceed the amount currently required under the law by over 90 million dollars.

A requirement for actuarial based employer contributions would remedy the financial burden on the Fund. This means that an independent actuary would determine the amount the CPD would contribute the Fund on an annual basis based upon a number of financial factors such as the Fund's assets, liabilities, investment returns, participant life expectancy and other economic and demographic factors. The Retirement Board stands ready to assist all stake holders in seeking the necessary legislative changes to create a pathway to actuarial based funding.

Please see the following summarized information regarding the performance of the Fund in 2020. If you would like additional information regarding annual financial reports, actuarial reports, investment reports, or benefit information and forms, please visit us at www.chicagoparkpension.org.

Membership: The Fund experienced the following demographic changes in FY2020.

<u>During the Year</u>	<u>2020</u>	<u>2019</u>
Number of new participants	91	320
Number of service retirements	103	133
Separations from service with refund	104	165
Deaths among the participants	7	3
Deaths among retired employees	172	142
<u>At the End of the Year</u>	<u>2020</u>	<u>2019</u>
Number of participants*	2,890	3,132
Retired employees	2,116	2,144
Widows and Widowers	648	686
Children Beneficiaries	11	13

Retirement Board Membership: The annual election for an employee representative to the Retirement Board was held on Friday, July 24, 2020. Brian Biggane was re-elected to a full term of four years expiring on June 30, 2024.

Financial Facts: The Fund's unaudited revenue sources during the year were \$12,634,898 from employee contributions; \$33,837,300 from employer contributions, and \$27,444,773 net income from investments.

Total benefit payments, refunds and administrative expenses during the year ended December 31, 2020 were \$80,864,062.

The Fund's unaudited assets were \$329,318,908, as of December 31, 2020. The Fund's liabilities for benefits owed to participants exceeds \$1 billion.

Investment Portfolio: The Fund's assets are allocated in the following manner to ensure investment portfolio diversification and listed below is the historical performance of the Fund's investment portfolio.

<u>Asset Class</u>	Allocation	
	<u>12/31/2020</u>	<u>Target</u>
Fixed Income	17.2%	20.5%
U.S. Equity	29.9%	28.5%
Non-U.S. Equity	21.1%	20.0%
Hedge Funds	7.9%	7.0%
Real Estate	9.5%	10.0%
Infrastructure	7.4%	7.0%
Private Equity	5.8%	7.0%
Cash	1.1%	0.0%
TOTAL	<u>100.0%</u>	<u>100.0%</u>

Annualized Performance (Net of Fees) Ending December 31, 2020

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund	9.3%	13.1%	6.6%	8.5%	8.5%	7.4%	8.2%

On behalf of the Retirement Board,

Edward L. Affolter

Edward L. Affolter, President

Please note: This report is submitted prior to the receipt of the actuarial report and the completion of the annual audit of the accounting records by the Fund's Certified Public Accountants and the investment performance returns were provided by the Fund's Investment Consultant, Marquette Associates, Inc.