

Retirement Board of the
PARK EMPLOYEES' ANNUITY AND BENEFIT FUND

TRUSTEES

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Dean J. Niedospial
Executive Director

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Comptroller

December 17, 2020

The Honorable J. B. Pritzker
Governor, of the State of Illinois
207 State House
Springfield, Illinois 62706

Senator Don Harmon
President of the Senate
329 Capitol Building
Springfield, IL 62706

Representative Michael J. Madigan
Speaker of the House
300 Capitol Building
Springfield, IL 62706

Dear Governor Pritzker, Senator Harmon, and Speaker Madigan:

The Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago hereby submits the report required by Section 1-1.09.1(8) of the Illinois Pension Code, 40 ILCS 5/1-101, *et seq* ("Pension Code"). Enclosed please find the policies adopted by the Retirement Board of the Fund under Subsections (4), (5), (6), (7) and (9) of Section 1-109.1 the Pension Code. Also enclosed is a report that includes the names and addresses of the emerging investment managers used by the Fund and the percentage of the assets under the investment control of those emerging investment managers corresponding to the policy adopted under Subsection (4).

The inclusion of emerging managers in searches for investment management services has been of utmost importance to the Board for many years. The Board encourages the utilization and development of emerging managers and, because of its commitment to review a diversified group of investment firms, the Board has considered and hired many quality emerging managers.

The Board encourages, subject to best execution, its investment managers to use broker/dealer firms that are Minority, Women or Disabled-owned Businesses, ("MWDBE") especially those based in the Metropolitan Chicago Area and the State of Illinois. The Board has adopted a MWDBE Broker/Dealer Trading Policy with specific goals and the Fund's equity investment managers have consistently exceeded their brokerage policy goals.

If I can be of further assistance, please contact me at your convenience.

Respectfully submitted,


Dean J. Niedospial
Executive Director

Enc.

PARK EMPLOYEES' ANNUITY AND BENEFIT FUND
EMERGING MANAGERS
September 30, 2020

MWDBE EMERGING MANAGERS

		<u>Percent of Total Assets</u>
FIXED INCOME:		
LM CAPITAL 401 B. Street, Suite 950 San Diego, CA 92101	\$ 18,002,676	5.7
US EQUITY:		
Ariel Investment 200 East Randolph Drive, Suite 2900 Chicago, IL 60601	24,418,296	7.8
INTERNATIONAL EQUITY:		
ATIVO CAPITAL 120 N. LaSalle Street, Suite 2150 Chicago, IL 60602	14,934,051	4.7
*DENALI ADVISORS LLC. 5075 Shoreham PL # 120 San Diego, CA 92122	4,390,000	1.4
TOTAL MWDBE EMERGING MANAGERS	<u>\$ 61,745,023</u>	<u>19.6</u>
NON MWDBE EMERGING MANAGERS		
US EQUITY		
GREAT LAKES ADVISORS, INC. 231 South LaSalle St, 4 th Floor Chicago, IL 60604	15,186,447	4.8
TOTAL EMERGING NON-MWDBE	<u>\$ 15,186,447</u>	<u>4.8</u>
TOTAL EMERGING MANAGERS	<u>\$ 76,931,470</u>	<u>24.4</u>
TOTAL FUND ASSETS	<u>\$ 314,969,301</u>	

PERCENT OF ASSET CLASS

	<u>MWDBE EMERGING MANAGERS</u>	<u>NON-MWDBE EMERGING MANAGERS</u>	<u>TOTAL</u>
FIXED INCOME	32%		32%
US EQUITY	27%	17%	44%
INTERNATIONAL EQUITY	30%		30%

**PARK EMPLOYEES' AND RETIREMENT BOARD EMPLOYEES'
ANNUITY AND BENEFIT FUND OF CHICAGO
BUSINESSES DIVERSITY POLICY**

EFFECTIVE JANUARY 1, 2019

PRINCIPLES

The Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("Fund") is governed by the Illinois Pension Code, 40 ILCS 5/1-101, *et seq.* ("Pension Code"), and the Board of Trustees has the authority to enter into agreements on behalf of the Fund for the procurement of all contracts and services.

The Board of Trustees, pursuant to the Pension Code, is required to discharge, and does discharge its duties, solely in the interest of the Fund's participants and beneficiaries in accordance with the Pension Code.

The Fund desires to establish a policy that sets forth goals to be reviewed annually for the utilization of Minority-Owned Businesses, Women-Owned Businesses, and Businesses Owned by a Person with Disabilities, as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/0.01, *et seq.* ("MWDBE"), for all contracts and services.

The Board of Trustees has always included, and will continue to include, all qualified businesses, including MWDBE, in the Fund's procurement of all contracts and services, regardless of race, gender, disability, or any other classification protected by law.

NOW THEREFORE, IT IS HEREBY RESOLVED THAT:

The Fund is committed to continuing to utilize and provide opportunities for qualified MWDBE, for all contracts and services, and to increasing competition through a diverse source of suppliers. It shall be the Fund's policy, subject to the fiduciary responsibilities set forth in the Pension Code and applicable federal and state laws prohibiting discrimination, to expend all reasonable and prudent efforts to utilize qualified MWDBE, for all contracts and services.

The Fund's procurement process shall include a concerted effort to attract qualified MWDBE to participate in the procurement of all contracts and services. The Fund will make special efforts to insure identification of eligible MWDBE firms for inclusion in the bid process, including the monitoring of MWDBE-related listings to identify possible MWDBE contractors and service providers. MWDBE firms will be identified using resources such as the United States Small Business Administration, Illinois Central Management Services Business Enterprise program, the City of Chicago Certification and Compliance System MWDBE Directory, and other public agency resources.

The Fund will seek and encourage MWDBE businesses to submit bids each time the Fund publishes a request for bids or proposals. If necessary, the Fund will take proactive action to ensure that certified MWDBE enterprises are provided the opportunity to demonstrate their ability to provide products and services at competitive prices. The Fund will ask its vendors to refrain from unlawful discrimination and to take proactive action to assure equality of employment opportunity and compliance with applicable law and regulations.

It shall be the Fund's goal to increase its utilization of qualified MWDBE for all contracts and services, based on the percentage of the total dollar amount of all contracts and services let to qualified MWDBE. This policy shall be reviewed annually.

**PARK EMPLOYEES' AND RETIREMENT BOARD EMPLOYEES'
ANNUITY AND BENEFIT FUND OF CHICAGO
FIDUCIARIES DIVERSITY POLICY**

EFFECTIVE JANUARY 1, 2019

PRINCIPLES

The Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("Fund") is governed by the Illinois Pension Code, 40 ILCS 5/1-101, *et seq.* ("Pension Code"), and the Board of Trustees of the Fund desires to enhance and promote the professional management of the Fund in order to ensure that the Fund continues to provide retirement and other benefits to participants and beneficiaries.

The Board of Trustees, pursuant to the Pension Code, is required to discharge, and does discharge its duties, solely in the interest of the Fund's participants and beneficiaries in accordance with the Pension Code.

The Fund desires to establish a policy that sets forth goals to be reviewed annually to increase the racial, ethnic, gender, and disability diversity of its fiduciaries, including Consultants, as defined in the Pension Code, and senior administrative staff ("Fiduciaries"). The Fund also commits to make its best efforts to ensure that the racial and ethnic makeup of its senior administrative staff represents the racial and ethnic makeup of its membership.

The Board of Trustees has always included, and intends to continue to include, all qualified individuals and firms in the Fund's search for Fiduciaries, regardless of race, ethnicity, gender, disability, or any other classification protected by law.

NOW THEREFORE, IT IS HEREBY RESOLVED THAT:

The Fund is committed to: diversity in all hiring, employment, and contracting decisions; advancing and increasing the diversity of the Fund's Fiduciaries; providing opportunities for minorities, women, and persons with a disability to have a meaningful role at the Fund; and making its best efforts to ensure that the racial and ethnic makeup of its senior administrative staff represents the racial and ethnic makeup of its membership. It shall be the Fund's policy, subject to the fiduciary responsibilities set forth in the Pension Code and applicable federal and state laws prohibiting discrimination, to expend all reasonable and prudent efforts to utilize Fiduciaries who are collectively diverse based on race, ethnicity, gender and disability, with the goal of increasing such utilization over time, and to make its best efforts to ensure that the racial and ethnic makeup of its senior administrative staff represents the racial and ethnic makeup of its membership. This policy shall be reviewed annually.

**PARK EMPLOYEES' AND RETIREMENT BOARD EMPLOYEES'
ANNUITY AND BENEFIT FUND OF CHICAGO
MINORITY BROKER-DEALER POLICY**

EFFECTIVE JANUARY 1, 2019

PRINCIPLES

The Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("Fund") is governed by the Illinois Pension Code, 40 ILCS 5/1-101, *et seq.* ("Pension Code"), and the Board of Trustees has the authority to invest the Fund's assets through the selection of Investment Advisers, as defined in the Pension Code and the Fund's Procurement Policy.

The Fund's Investment Advisers have the authority to select brokerage firms, subject to the Investment Management Agreement between the Investment Adviser and the Fund, the Fund's policies, their fiduciary responsibilities, and applicable law, to act as securities broker-dealers with respect to the purchase and sale of assets for the Fund.

The Fund desires to establish a policy that sets forth goals to be reviewed annually for the utilization of Minority Broker-Dealers, meaning a qualified broker-dealer that meets the definition of a Minority-Owned Business, Women-Owned Business, and Business Owned by a Person with Disabilities, as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/0.01, *et seq.* ("Minority Broker-Dealers").

The Board of Trustees is required to discharge, and does discharge its duties, solely in the interest of the Fund's participants and beneficiaries in accordance with the Pension Code.

NOW THEREFORE, IT IS HEREBY RESOLVED THAT:

The Fund is committed to utilizing and providing opportunities for Minority Broker-Dealers. It shall be the Fund's policy, subject to the fiduciary responsibilities set forth in the Pension Code and applicable federal and state laws prohibiting discrimination, to utilize, provide opportunities for, and increase its use of qualified Minority Broker-Dealers. As detailed in the Fund's Broker/Dealer Trading Policy, which is part of its Investment Policy Guidelines, it is the Fund's goal, subject to best execution, that the following percent of the assets purchased and sold will be made by Minority Broker-Dealers:

1. Active Domestic Equities – 35%.
2. Fixed Income – 50% to firms with an office in the City of Chicago or the State of Illinois, with 25% to Minority Broker-Dealers, and 25% to non-Illinois Minority Broker-Dealers.

This policy shall be reviewed annually.