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**Trustees**  
Edward L. Affolter - President  
Brian Biggane - Vice President  
Frank Hodorowicz - Secretary  
Matthew Duggan  
Cynthia Evangelisti  
Steven J. Lux  
Cecilia Prado

## **102nd ANNUAL REPORT of the PRESIDENT**

### **YEAR ENDED DECEMBER 31, 2021**

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

It is my pleasure to present the President's 102nd Annual Report of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund (the "Fund") for the year ended December 31, 2021.

The most significant event of the year occurred when Public Act 102-0263 was signed into law on August 6, 2021. Public Act 102-0263 will have a lasting impact on our Pension Fund in three critical areas.

The first impact requires the Park District to make employer contributions calculated on an actuarial basis instead of based on a multiple of employee contributions. The Park District will be required to make annual contributions, determined by the independent actuaries, to ensure Fund is **100% funded** within 35 years and the Park District was also required to make a \$40 million supplemental employer contribution to the Fund in 2021.

The second impact allows the Park District to sell pension obligation bonds to provide supplemental contributions to the Fund at its discretion. The Park District can issue up to \$75 million in pension obligation bonds in any given year. In total, the Park District can issue up to \$250 million in pension obligation bonds.

The third impact creates a third tier of participants' benefits beginning on January 1, 2022, which requires larger employee contributions for tier 3 participants, but provides eligibility for a retirement annuity at an earlier age than tier 2 participants.

On behalf of the participants of the Fund that I was elected to represent, I offer my heartfelt appreciation to all parties involved in getting this important legislation passed into law. Public Act 102-0263 will provide the necessary funding to ensure our participants receive their promised retirement benefits in the coming decades.

To achieve fiscal and operational efficiencies, the Fund is embarking on three initiatives detailed below:

First, **we will be relocating the Fund's office to 3500 South Morgan Street, Suite 400 on May 1, 2022**, to take advantage of lower rents. Secondly, the Fund will be rolling out a new pension administration system that will enhance Fund operations and allow participants access to important information via a web-based portal and a smart phone application. Lastly, a new investment consultant was chosen to review the Fund's investments to make recommendations to best position the Fund's investments for the future.

The Fund investment prospects in 2021 were once again strong. 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 14.6% return for the year. The Fund's investment performance for all trailing periods is well beyond the Fund's annual targeted rate of investment return of 7.25%.

Please see the following summarized information regarding the performance of the Fund in 2021. 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](http://www.chicagoparkpension.org).

**Membership:** The Fund experienced the following demographic changes in FY 2021.

| <u>During the Year</u>               | <u>2021</u> | <u>2020</u> |
|--------------------------------------|-------------|-------------|
| Number of new participants           | 112         | 91          |
| Number of service retirements        | 124         | 103         |
| Separations from service with refund | 128         | 104         |
| Deaths among the participants        | 10          | 7           |
| Deaths among retired employees       | 149         | 172         |
| <u>At the End of the Year</u>        | <u>2021</u> | <u>2020</u> |
| Number of participants               | 2,694       | 2,890       |
| Retired employees                    | 2,104       | 2,116       |
| Widows and Widowers                  | 639         | 648         |
| Children Beneficiaries               | 9           | 11          |

**Retirement Board Membership:** The annual election for an employee representative to the Retirement Board was held on Friday, June 25, 2021. Edward L. Affolter was re-elected to a full term of four years expiring on June 30, 2025.

**Financial Facts:** The Fund's unaudited revenue sources during the year were \$12,226,998 from employee contributions, \$83,254,543 from employer contributions, and \$50,404,266 net income from investments.

Total benefit payments, refunds, and administrative expenses during the year ended December 31, 2021, were \$82,226,138.

The Fund's unaudited assets were \$393,352,338 as of December 31, 2021. 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>12/31/2021</u> | <u>Target</u> |
| Fixed Income       | 16.3%             | 17.5%         |
| U.S. Equity        | 29.4%             | 28.5%         |
| Non-U.S. Equity    | 19.3%             | 20.0%         |
| Hedge Funds        | 7.4%              | 7.0%          |
| Real Estate        | 8.1%              | 10.0%         |
| Infrastructure     | 9.3%              | 10.0%         |
| Private Equity     | 5.2%              | 7.0%          |
| Cash               | <u>5.0%</u>       | <u>0.0%</u>   |
| <b>TOTAL</b>       | <u>100.0%</u>     | <u>100.0%</u> |

**Annualized Performance (Net of Fees) Ending December 31, 2021**

|                   | 1 Yr         | 2 Yrs        | 3 Yrs        | 4 Yrs       | 5 Yrs       | 7 Yrs       | 10 Yrs      |
|-------------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|
| <b>Total Fund</b> | <b>14.6%</b> | <b>12.3%</b> | <b>13.9%</b> | <b>8.8%</b> | <b>9.9%</b> | <b>8.5%</b> | <b>9.5%</b> |

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 Meketa Investment Group Inc.*