

**Park Employees' &  
Retirement Board  
Employees' Annuity and  
Benefit Fund**

**Investment Policy Statement**

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## **Definition of Terms**

### **"Fund"**

The term "Fund" refers to the assets of the Park Employees' & Retirement Board Employees' Annuity and Benefit Fund established pursuant to 40 ILCS 5/12 (see Addendum B).

### **"Custodian"**

The term "Custodian" refers to any financial institution responsible, *inter alia*, for safeguarding the Fund's financial assets, for arranging settlement of any purchases and sales of securities, collecting income from such assets, managing cash transactions, performing foreign exchange transactions when required, and providing regular reporting on all financial activities to the Fund.

### **"Fiduciary"**

The term "Fiduciary" shall have the meaning set forth in 40 ILCS 5/1-109.

### **"Fund Counsel"**

The term "Fund Counsel" refers to any firm of individuals or any individual that provides legal advice and information and assists the Trustees and Fund staff in fulfilling their responsibilities as Fiduciaries.

### **"Illinois Pension Code"**

The term "Illinois Pension Code" shall mean 40 ILCS 5, as amended.

### **"Investment Consultant"**

The term "Investment Consultant", and as further defined in the Fund's Procurement Policy for Investment Consultants, shall mean any firm that acts as a Fiduciary and provides investment advice and information to the Trustees.

**"Investment Manager", "Manager", or "Investment Adviser"**

The terms "Investment Manager", "Manager", or "Investment Adviser" shall have the meaning set forth in 40 ILCS 5/1-101.4 and further defined in the Fund's Procurement Policy for Investment Managers. In addition, an Investment Manager is any firm, fund, entity, partnership, or individual that analyzes, selects, and executes the purchase or sale of securities, partnership interests, or investment units pursuant to a written agreement. The Investment Manager may manage the assets of the Fund in separate accounts held by a third-party custodian, a commingled fund, a limited partnership or limited liability corporation, or a mutual fund.

### **"Investment Professionals"**

In this Policy, the term "Investment Professionals" refers to Investment Managers, the Investment Consultant(s), the Custodian, the Securities Lending Provider, Transition Manager, and Third Party Proxy Voting Service Provider.

### **"Minority, Women, or Disabled- Owned Business"**

In this Policy, the term "Minority, Women, or Disabled-Owned Business" shall have the meaning set forth in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act set for in 30 ILCS 575, as it may be amended.

### **"Emerging Investment Manager" Defined**

In this Policy, "Emerging Investment Manager" refers to the term defined in 40 ILCS 5/1-109.1(4). An Emerging Manager is a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a "minority owned business" or "female owned business" or "business owned by a person with a disability" as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act, 30 ILCS 575, as it may be amended.

### **"Retirement Board" and "Trustees"**

In this Policy, the terms "Retirement Board" and "Trustees" shall have the meaning set forth in 40 ILCS 5/12-105 and 40 ILCS 5/12-156.

### **"Fund Office Professional Staff"**

In this Policy, the term "Fund Office Professional Staff" shall mean the personnel employed by the Fund who have executive authority, including, but not limited to its Executive Director, Chief Financial Officer, and other personnel so designated by the Retirement Board.

### **"Securities Lending Provider"**

In this Policy, the term "Securities Lending Provider" shall mean any third-party firm that lends the assets of the Fund to other parties in exchange for collateral and interest.

**"Transition Manager"**

In this Policy, the term "Transition Manager" shall mean a third party firm that works with Staff, consultant, and the custodian bank to facilitate the cost effective transition of assets.

**"Third Party Proxy Voting Service Provider"**

In this Policy, the term "Third Party Proxy Voting Service Provider" shall mean any third-party firm that votes the proxies of the stocks held by the Fund.

# **The Statement of Purpose**

## **The Fund**

The Fund is a governmental defined benefit pension plan established on June 21, 1919, and is governed by the Illinois Pension Code.

## **The Purpose of the Investment Policy**

This Investment Policy is set forth by the Retirement Board in order to:

- Define and assign the responsibilities of all involved parties.
- Establish a clear understanding of all involved parties as to the investment goals and objectives of the Fund.
- Establish the relevant investment horizon for which the Fund assets will be managed.
- Establish a target asset allocation and re-balancing procedures.
- Establish a methodology and criteria for hiring and firing Investment Professionals.
- Offer guidance and limitations to all Investment Managers regarding the investment of the Fund.
- Establish a basis for evaluating investment performance, including gross and net returns.

## **Distinction of Responsibilities**

### **The Retirement Board and Fund Office Professional Staff Authority and Responsibilities**

The Retirement Board and Fund Office Professional Staff ("the Board and Staff") will conduct their responsibilities with the care, skill, prudence, and diligence under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose. The Board may delegate its investment authority to an Investment Manager in accordance with the Illinois Pension Code and this Policy.

The Retirement Board will generally be responsible for the following:

1. Complying with applicable laws, regulations, and rulings.
2. Selecting qualified Investment Professionals.
3. Monitoring and evaluating investment performance and compliance with this Policy. On-site due diligence evaluations shall be performed for all Investment Managers at their primary place of business or annual conference once every five years unless waived by the Retirement Board. Additional evaluations may be necessitated by significant personnel changes, deterioration of investment returns or any other issues relating to an investment manager. Due diligence meetings shall consist of two of the Retirement Board Officers appointed by the Retirement Board President, the Executive Director, and the Fund's Investment Consultant. If two of the Retirement Board Officers are not available to attend, then the Retirement Board President shall appoint other Trustee(s) to attend in the Retirement Board Officer's place.
4. Reviewing and suggesting changes, as needed, to this Policy.
5. Establishing and reviewing the appropriateness of the Fund's asset allocation policy.
6. Taking action in accordance with this Policy.

The Fund Office Professional Staff will generally be responsible for the following:

1. Complying with applicable laws, regulations, and rulings.



2. Reviewing and monitoring periodic reports prepared by the Investment Consultant and the Investment Managers.
3. As directed by the Retirement Board, authorizing and directing the Investment Managers and/or Transition Managers to liquidate and transfer moneys, as needed, to pay pension benefits, Fund expenses, or to fund investments or other uses.
4. Reviewing and executing documents on behalf of, and as authorized by, the Retirement Board.
5. Meeting with Investment Managers, as appropriate.
6. Investigating investment opportunities as directed by the Retirement Board.

## **The Investment Manager's Authority and Responsibilities**

Investment Managers have the following responsibilities:

1. Voting proxies on any securities held, unless a Third-Party Proxy Voting Service Provider has been retained by the Fund. All proxies will be voted exclusively for the best interests of the Fund and their participants. Investment Managers will maintain written policies for proxy voting and keep a proper record of all proxies to which the Fund is entitled. A written report shall be provided annually.
2. Providing written reports to the Retirement Board, the Fund Office Professional Staff, and the Investment Consultant on at least a quarterly basis detailing performance (gross and net of fees) for the most recent period, as well as the current outlook of the capital markets specific to the Fund's mandate for such Investment Manager.
3. Attending Retirement Board meetings or other meetings as directed by the Retirement Board or Fund Office Professional Staff.
4. Notifying the Retirement Board and the Investment Consultant on a timely basis of any material changes in the ownership, organizational structure, investment strategy, portfolio design, or configuration of the investment team.
5. All Investment Managers will exercise discretion within the parameters set forth in these guidelines for the portfolio(s) they manage on behalf of the Fund

## **The Investment Consultant's Authority and Responsibilities**

The Investment Consultant shall generally be responsible for the following:

1. Complying with applicable laws, regulations, and rulings.
2. Attending Retirement Board meetings or other meetings as directed by the Retirement Board.
3. Maintaining databases of qualified Investment Managers, Custodians, Securities Lending Providers, Transition Managers, and Third-Party Proxy Voting Service Providers.

4. Maintaining databases of qualified Investment Managers that are Minority, Women, or Disabled-Owned Businesses.
5. Calculating investment performance (gross and net of fees) and reconciling that performance with the Custodian and the Investment Managers.
6. Providing written reports that summarize the performance and analytics of the Fund's investments to the Retirement Board and Fund Office Professional Staff no later than 45 days after of the end of each calendar quarter.

7. Monitoring and evaluating investment performance and compliance with this Policy and notifying the Retirement Board of any Investment Professional's non-compliance.
8. Meeting with the Fund's Investment Managers on an as needed basis.
9. If requested, the Investment Consultant will assist the Retirement Board with the search and selection of Custodians, Securities Lending Providers, Transition Managers, Third Party Proxy Voting Service Providers, and Investment Managers.
10. Reporting its long-term assumptions on the capital markets for the purpose of evaluating the Fund's asset allocation policy and establishing the Retirement Board's expectations of future Fund investment performance.
11. Establishing and reviewing the appropriateness of the Fund's asset allocation policy.
12. Reviewing and suggesting changes, as needed, to this Policy.

The Investment Consultant retained by the Retirement Board will exercise discretion within the parameters set forth in these guidelines on behalf of the Fund.

#### **The Custodian's Authority and Responsibilities**

The Retirement Board may retain a Custodian for the following:

1. Holding and safeguarding the assets of the Fund.
2. Preparing and filing timely claims relating to any bankruptcy or class action for which the Fund is eligible to file a claim.
3. Collecting the interest, dividends, distributions, class action or bankruptcy claim settlements, redemptions, or other amounts due.
4. Providing monthly reporting to all necessary parties.
5. Forwarding any proxies on a timely basis to the Investment Managers, the Retirement Board, or a Third-Party Proxy Voting Service Provider.

6. Sweeping daily all interest and dividend payments and any other un-invested cash into a short-term money market fund for investment.
7. Attending Retirement Board meetings or other meetings as directed by the Retirement Board or Fund Office Professional Staff.
8. Calculating investment performance.
9. Performing other duties as detailed in any agreement with the Custodian.

## **The Securities Lending Provider's Authority and Responsibilities**

The Retirement Board may utilize a Securities Lending Provider to create income through the lending of some or all assets of the Fund. Securities Lending Provider will provide reports on at least a monthly basis to all necessary parties. The Securities Lending Provider will be responsible, *inter alia*, for ensuring adequate collateral will be provided to the Fund for the securities that are lent, and that the investment income generated by the securities lending program is fair and reasonable. Furthermore, the Securities Lending Provider shall return all lent securities to the Fund's appropriate account before any transactions on the lent securities are executed, in accordance with its contract. The Securities Lending Provider retained by the Retirement Board will exercise discretion within the parameters set forth in these guidelines on behalf of the Fund.

## **Investment of Cash Balances**

The Retirement Board may engage an overlay account manager to invest any short-term cash balances. Cash balances in individual accounts will be securitized to the relevant manager benchmark, and cash held in the Fund's cash account will be securitized to the index or indices agreed to periodically by the Retirement Board.

## **Responsibilities of the Crisis Response Team**

The Retirement Board recognizes that, in rare instances, investment exigencies or another type of Crisis (as defined in Addendum F) may arise, which may require urgent action between regularly scheduled meetings of the Retirement Board. To properly address and react to such instances in a timely manner, the Retirement Board hereby delegates crisis-related decision making to a "Crisis Response Team" (CRT), which will determine the appropriate course of action.

The CRT will have the authority to take any necessary action as shall be recommended by the Investment Consultant between regular meetings of the Retirement Board at any time that a Crisis occurs. All decisions of the CRT must be agreed to by all members of the Crisis Response Team (or their alternates) and will be deemed to be final without any further action of the Retirement Board.

# Investment Objectives

## Return Objectives

The primary return objectives of the Fund are to:

1. preserve the safety of principal, and
2. earn the highest possible total net return consistent with prudent levels of risk.
3. Ensure necessary liquidity to make monthly benefit payments
4. outperform the custom benchmark after fees over long-term periods

To achieve these goals, the assets of the Fund have been allocated to meet its actuarial assumed rate of return (see Addendum B). The performance objective for the Fund is to exceed, after investment management fees, a customized blended benchmark. To evaluate success, the Retirement Board will compare the performance of the Fund to the actuarial assumed rate of return and the performance of a custom benchmark. This benchmark represents a passive implementation of the historical investment policy targets, and it is re-balanced regularly.

## Risk Tolerance

While achieving the return objectives, the Fund is able to tolerate certain levels of risk<sup>1</sup>, which are:

1. to accept prudent levels of short- and long-term volatility consistent with the near-term cash flow needs, funding level, and long-term liability structure of the Fund,
2. to tolerate appropriate levels of downside risk relative to the Fund's actuarial assumed rate of return (see Addendum B). In doing so, the Retirement Board will attempt to minimize the probability of underperforming the Fund's actuarial assumed rate of return over the long-term and to minimize the shortfall in the event such underperformance occurs,
3. to accept prudent differences in the asset allocation structure of the Fund relative to the broad financial markets and peer groups,
4. to tolerate certain levels of short-term underperformance by the Investment Managers under appropriate circumstances, and
5. to maintain adequate liquidity to fund all benefit payments even in a distressed environment.

## Asset Allocation and Re-Balancing Procedures

### General Methods and Frequency of Evaluating the Asset Allocation

The Retirement Board, with the assistance of the Investment Consultant, will formally review the target asset allocation of the Fund at least once every three years. They will take into

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<sup>1</sup> Risk: volatility as measured by standard deviation and the ability to meet all benefit payments.

consideration applicable statutes, the actuarial rate of return of the Fund, the long-term nature of the asset pool, and the cash flow needs of the Fund. They will make assumptions on the capital markets over the long-term and optimize the asset allocation to best meet the actuarial and cash flow needs of the Fund at a prudent level of risk.



## Asset Allocation/Rebalancing

The Retirement Board has established the target asset allocation and permissible percentage ranges shown in the table set forth below:

### TARGET ALLOCATION

\*May not equal 100%

Asset Class	Target	Minimum*	Maximum*
US Equity	24%	18%	30%
Developed Market Equity	18%	12%	24%
Emerging Markets Equity	6%	1%	10%
Private Equity Fund of Funds	7%	5%	10%
<b>Total Growth Assets</b>	<u>55%</u>	<u>40%</u>	<u>80%</u>
Private Debt	5%	0%	10%
<b>Total Credit Assets</b>	<u>5%</u>	<u>0%</u>	<u>10%</u>
Real Estate	10%	6%	16%
Infrastructure	8%	4%	12%
Short-term TIPS	4%	0%	8%
<b>Total Inflation Hedges</b>	<u>22%</u>	<u>10%</u>	<u>30%</u>
Short-term Investment Grade Bonds	5%	0%	8%
Investment Grade Bonds	7%	2%	12%
Long-term Government Bonds	3%	0%	6%
Risk Mitigating Hedge Funds	3%	0%	6%
Cash Equivalents	0%	0%	5%
<b>Total Risk Mitigating Strategies</b>	<u>18%</u>	<u>10%</u>	<u>30%</u>
<b>TOTAL</b>	<u>100.00%</u>		

The Retirement Board, with the assistance of the Investment Consultant, will review the asset allocation of the Fund on a regular and appropriate basis (at least once every three years) to ensure that it meets the risk/return objectives of the Fund. Furthermore, the Retirement Board, with the assistance of the Investment Consultant, will review the asset allocation of the Fund and will re-balance/adjust the Fund as necessary in order to comply with Policy.

# Investment Professional Selection, Communication, and Evaluation

## Investment Manager Selection

No Investment Manager shall be hired who is a party in interest or who has not, by its record and experience, demonstrated its fiduciary responsibility, its investment expertise, its investment experience, and its capacity to undertake the mandate for which it is being considered. Investment Managers are required to comply with the following:

1. Acknowledge in writing that it is a fiduciary to the Fund.
2. Be at least one of the following:
  - A. Registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.);
  - B. Registered as an investment adviser under the Illinois Securities Law of 1953;
  - C. A bank, as defined in the Investment Advisers Act of 1940;
  - D. An insurance company authorized to transact business in Illinois;
  - E. Any other such entity that may be provided for in Section 1-101.4(4) of the Illinois Pension Code; or
3. Manage the assets of the Fund in an Asset Allocation Category pursuant to the terms of an agreement with a limited liability corporation, limited liability partnership, commingled investment fund, collective investment fund, or such other similar investment vehicle.
4. Acknowledge that it can comply with the Investment Guidelines and the terms of the Fund's standard Investment Manager Agreement.

The Retirement Board, with the assistance of the Investment Consultant, will conduct due diligence before the appointment of all Investment Managers. The Retirement Board will perform or cause to be performed all necessary and reasonable due diligence with respect to proposed finalist on an Investment Manager search. Due diligence may include those processes identified for existing Investment Managers as well as other processes deemed reasonable. The Fund's Investment Consultant shall take an active role in the due diligence process for new Investment Managers. The following shall attend all new investment due diligence trips/meetings: Two of the Retirement Board Officers, the Executive Director, and the Investment Consultant. If two of the of the Retirement Board Officers are not available to attend, then other Trustees may attend in the Retirement Board Officer's place.

## Investment Manager Communication and Evaluation Terminology

The following terminology has been developed to facilitate efficient communication between the Investment Managers, Investment Consultant, and the Fund Office Professional Staff. Each term signifies a particular status with the Fund and any conditions that may require improvement. In each case, communication is made only after consultation with the Retirement Board.

	<b><u>STATUS</u></b>	<b><u>DESCRIPTION</u></b>
1.	<b><i>"In Compliance"</i></b>	The Investment Manager states it is acting in accordance with the Investment Policy Guidelines.
2.	<b><i>"Alert"</i></b>	The Investment Manager is notified of a problem in performance (Usually related to a benchmark or volatility measure), a violation of this Policy, a change in investment characteristics, an alteration in management style or key investment professionals, and/or any other irregularities. The Investment Manager will be completing a quarterly questionnaire from the Investment Consultant to ensure thorough oversight.
3.	<b><i>"On Notice"</i></b>	The Investment Manager is notified of continued concern with one or more Alert issues. Failure to improve upon stated issues within a specific time frame justifies termination. The Investment Manager will be completing a quarterly questionnaire from the Investment Consultant and undergo heightened monitoring to ensure thorough oversight.
4.	<b><i>"Termination"</i></b>	The Retirement Board has decided to terminate the Investment Manager. The Investment Manager is notified, and transition plans are in place.

## **Broker/Dealer Trading Policy**

### **Broker/Dealer Trading Policy**

The Retirement Board encourages the use of broker/dealer firms that are Minority, Women, or Disabled-Owned Businesses, especially those based in the Metropolitan Chicago Area and the State of Illinois.

To assist the Fund in implementing this Broker/Dealer Trading Policy, the Retirement Board is encouraging all of the Fund's Investment Managers to give consideration to Minority, Women, or Disabled-Owned Businesses when executing trades for the Fund. Each Investment Manager is responsible for implementing trading policies that result in the best price, execution, and quality of service, while minimizing risk (acceptable financial integrity/strength of any broker dealer selected). This Broker/Dealer Trading Policy does not in any way amend or change any part of the investment management agreements with Investment Managers. However, the Retirement Board is encouraging all Investment Managers to assist the Fund in implementing the State of Illinois' public policy to provide an opportunity for those broker/dealers referenced above, who are capable of providing best execution, to be given the opportunity to do so.

1. Domestic Equity Separate Account Investment Managers: Subject to best execution, each Investment Manager should direct at least thirty five percent (35%) of total commission dollars, on an annual basis, to Minority, Women, or Disabled- Owned Business enterprises, preferably with an office located within the City of Chicago or in the State of Illinois. Trades are to be executed at best price and execution, and where possible, execute trades not to exceed 5.0 cents/share. Step-out- trades will not be counted towards trades with a Minority, Women, or Disabled- Owned Business enterprise.
2. Fixed Income Separate Account Investment Managers: Subject to best execution, each Investment Manager shall direct commission dollars as follows:
  - A. 50% of the total business shall be directed to brokerage firms with an office located within the City of Chicago or the State of Illinois.
  - B. Of the business directed to brokerage firms with an office located within the City of Chicago or the State of Illinois, 25% shall be directed to Minority, Women, or Disabled-Owned Business enterprises.

- C. Make every effort to direct 25% of the non-Illinois business to Minority, Women, or Disabled-Owned Business enterprises.
- 3. International Equity Separate Account Investment Managers: Subject to best execution, each Investment Manager should attempt to direct trades to Minority, Women, or Disabled-Owned Business enterprises, preferably Illinois based. Trades are to be executed at best price and execution.

Whether using an Illinois firm or otherwise, these trades should be identified in the Investment Manager's quarterly report to the Retirement Board, specifying the dollar amount traded with the individual broker/dealer and further identifying which brokers utilized are a Minority, Women, or Disabled-Owned Business and the dollar amount traded with each firm. When best price and execution cannot be realized through this policy, the Fund requests that the Investment Manager in its quarterly report identify the reasons the goal could not be met. The Investment Manager shall also be required to provide all Investment Manager Disclosures required by its Investment Manager Agreement.

## Emerging and Minority Investment Manager Retention Policy

In accordance with 40 ILCS 5/1-109.1(4) and 40 ILCS 5/1-109.1(9), the Fund encourages the utilization and development of Emerging and Minority (MWDBE) Investment Managers.

To assist the Fund in implementing this Emerging and Minority Investment Manager Retention Policy, the Retirement Board has established the following goals as a percentage of total plan assets for the retention of Emerging and Minority Investment Managers in the following asset classes set forth below:

### Goals for the Utilization of Emerging Investment Managers:

By Asset Class:

Asset Class	As a Percentage of Total Assets
<b>Total Fixed Income</b>	4% to 7%
<b>Total Equity</b>	2% to 6%

By Ownership:

Investment Manager Classification	As a Percentage of Total Assets
<b>Minority Owned Business Entity</b>	5% to 10%
<b>Female Owned Business Entity</b>	2% to 5%
<b>Disabled Owned Business Entity</b>	0% to 2%

### Goals for the Utilization of Minority Investment Managers:

By Ownership

Investment Manager Classification	As a Percentage of Total Assets
<b>Minority Owned Business Entity</b>	5% to 10%
<b>Female Owned Business Entity</b>	2% to 5%
<b>Disabled Owned Business Entity</b>	0% to 2%

In the event that the allocation of assets to Emerging and Minority Investment Managers falls below the minimum allocation due to a termination of an Emerging or Minority Investment Manager, the Retirement Board will conduct a search to identify a suitable replacement as soon as is reasonably practical.

To ensure that the implementation of this Emerging and Minority Investment Manager Retention Policy is as inclusive as possible, the Retirement Board has established the foregoing goals as a percentage of total Fund assets placed with Emerging and Minority Investment Managers. The target allocations are based on the number of known opportunities in established databases. If an

Emerging or Minority Investment Manager has a split designation, the Retirement Board will determine the classification in which they will be included.

These goals will be reviewed annually.

If an Emerging or Minority Investment Manager meets the criteria established by the Retirement Board and the Investment Consultant for a specific search, then the Emerging or Minority Investment Manager shall receive an invitation from the Retirement Board to present for final consideration. In the case where multiple Emerging or Minority Investment Managers meet the criteria of the search, the Retirement Board may choose the most qualified firm or firms to present to the Retirement Board.

#### **MWDBE Disclosures by Investment Consultant(s)**

Consistent with the requirements of Section 1-113.22 of the Illinois Pension Code, no later than each January 1st, the Investment Consultant(s) shall disclose to the Retirement Board:

1. The total number of searches for investment services made by the Investment Consultant in the prior calendar year;
2. The total number of searches for investment services made by the Consultant in the prior calendar year that included: (a) a Minority-Owned Business, (b) a Women-Owned Business, or (c) a Business Owned by a Person with a Disability;
3. The total number of searches for investment services made by the Investment Consultant in the prior calendar year in which the Consultant recommended for selection (a) a Minority-Owned Business, (b) a Women-Owned Business, or (c) a Business Owned by a Person with a Disability;
4. The total number of searches for investment services made by the Investment Consultant in the prior calendar year that resulted in the selection (a) a Minority-Owned Business, (b) a Women-Owned Business, or (c) a Business Owned by a Person with a Disability; and
5. The total dollar amount of investment made in the previous calendar year with (a) a Minority-Owned Business, (b) a Women-Owned Business, or (c) a Business Owned by a Person with a Disability that was selected after a search for investment services performed by the Investment Consultant.



# **Investment Policy Modification and Revision**

## **Policy Modification**

The Retirement Board may amend this Policy at any time. The Retirement Board, with the assistance of the Investment Consultant, will review this Policy at least once every three years. Key environmental or operational occurrences, which could result in a Policy modification, include:

1. significant changes in expected patterns of the Fund's liability stream,
2. impractical time horizons or changes,
3. changes in the Fund's actuarial return
4. convincing arguments for change presented by Investment Professionals
5. legislation,
6. new investment issues found to be important but not currently covered by the Policy.

If changes are made to this Policy, the Retirement Board shall file a copy of the new policy with the Illinois Department of Insurance within 30 days as required by Sections 1-113.6 and 1-113.17 of the Illinois Pension Code.

## Addendum A - Benchmark Indexes

Asset Class	Policy Benchmark	Secondary Benchmark
US Equity	Russell 3000	-
Developed Market Equity	MSCI EAFE	-
Emerging Market Equity	MSCI Emerging Markets Equity	-
Private Equity Fund of Funds	MSCI ACWI IMI +2%	-
Private Debt	Credit Suisse Leveraged Loans +1%	-
Real Estate	NCREIF ODCE Equal Weight net	-
Infrastructure	CPI +1.5%	-
Short-Term TIPS	Bloomberg U.S. Treasury TIPS 1-5 Yr	-
Short-Term Investment Grade Bonds	Bloomberg U.S. Aggregate 1-3 Yr TR	-
Investment Grade Bonds	Bloomberg U.S. Aggregate TR	-
Long-Term Government Bonds	Bloomberg U.S. Government. Long Treasury	-
Risk Mitigating Hedge Funds	A weighted average of the underlying component benchmarks	CBOE Eurekahedge Long Volatility Hedge Fund Index <sup>2</sup>

<sup>2</sup> May change depending on the manager strategy selected.

## Addendum B – Summary of Plan Information

**Plan Name:** Park Employees' & Retirement Board Employees' Annuity and Benefit Fund

**Type of Plan:** Defined Benefit

**Plan Adoption Date:** June 21, 1919

**Plan Year-End Date:** December 31

**Plan Number:** 001

**Tax Identification Number:** 36-6002135

**Assumed Actuarial Rate of Return:** 7.0%

## **Addendum C– Proxy Voting Guidelines**

The Retirement Board has not adopted any proxy voting guidelines.

### ***Addendum D: Sustainable Investing Principles***

In accordance with 40 ILCS 5/1-113.6 and 40 ILCS 5/1-113.17, the Board will regularly consider material, relevant, and decision-useful sustainability factors, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. Such factors include, but are not limited to:

(1) corporate governance and leadership factors; (2) environmental factors; (3) social capital factors;

(4) human capital factors; and (5) business model and innovation factors. The Fund, in conjunction with its Investment Consultant, will perform periodic evaluations of those factors to ensure the factors are relevant to the investment portfolio and the evolving marketplace.

## ***Addendum E: Crisis Response Team***

The Retirement Board recognizes that, in rare instances, investment exigencies or another type of Crisis (as defined below) may arise, which may require urgent action in between regularly scheduled meetings of the Retirement Board. To properly address and react to such instances in a timely manner, the Retirement Board hereby delegates crisis-related decision making to a “Crisis Response Team” (CRT), which will determine the appropriate course of action. Upon notification to the CRT from the Investment Consultant regarding a Crisis and the need for an appropriate response, the CRT will determine if a Retirement Board Meeting is appropriate given the nature and circumstances of the crisis. The CRT will utilize reasonable efforts to contact the individual Retirement Board members and convene a full Retirement Board meeting in accordance with the Open Meetings Act to manage the Crisis. However, the Retirement Board recognizes that it may not be feasible to arrange for a special meeting of the Board in light of the nature of the Crisis, the notice requirements of the Open Meetings Act and/or the availability of Board Trustees. In the event the CRT determines that a Board Meeting is not prudent under the circumstances, the Retirement Board by the adoption of this policy authorizes the CRT to take any and all actions necessary to manage and address the Crisis.

The Crisis Response Team shall consist of the Retirement Board President and Vice President. If either the President or Vice President are not available then the Secretary may serve in the Retirement Board Officer’s place.

The Executive Director has an important role in supporting the Crisis Response Team and facilitating any required actions.

In the event that the Investment Consultant is of the opinion that a Crisis exists, the Investment Consultant will (i) identify and describe the precise nature of the crisis or emergency; and (ii) notify all Board members, the Executive Director and the CRT, including the alternate members, via email (bcc) and telephone if necessary, regarding the situation and provide a written recommendation for action.

A “Crisis” is an event that warrants immediate action to ensure that Fund assets are protected as determined by the Investment Consultant with the unanimous concurrence of the CRT. Examples of a Crisis include, but are not limited to, the following:

- (a) The departure of one or more critical members of an Investment Manager’s, Commingled Fund’s, Alternative Investment Funds, Custodian’s, or Investment Consultant’s professional service team.
- (b) A lawsuit, government investigation or audit, or other major event involving an Investment Manager, Commingled Fund, Alternative Investment Fund, the Custodian or the Investment Consultant.

- (c) The occurrence of war, terrorism, a natural disaster, or other event materially affecting Fund assets or the investment thereof.

The CRT will have the authority to take any necessary action as shall be recommended by the Investment Consultant between regular meetings of the Retirement Board at any time that a Crisis occurs. All decisions of the CRT must be agreed to by all members of the CRT (or their alternates) and will be deemed to be final without any further action of the Retirement Board.

Following any such decision(s), prompt notice, including the initial written recommendation from the Investment Consultant, shall be given by the Executive Director to the Retirement Board concerning:

- (a) the nature and scope of the crisis;
- (b) its potential economic impact on the Fund's portfolio;
- (c) the method of resolution; and
- (d) the specific rationale(s) supporting the decision.