

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

Investment Policy Guidelines

April 2011

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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).

"Commission Re-Capturing Agent" or "Agent"

The term "Commission Re-Capturing Agent" refers to any broker/dealer that credits or rebates in cash the Fund for transactions directed to the Agent by the Fund's Investment Managers. The credit or rebate represents a portion of the commissions (for equity transactions) or spreads (for fixed-income transactions) charged on the investment transaction.

"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" shall mean any firm that acts as a Fiduciary and provides investment advice and information to the Trustees.

"Investment Manager" or "Investment Adviser"

The terms "Investment Manager" or "Investment Adviser" shall have the meaning set forth in 40 ILCS 5/1-101.4 and in the Fund's Procurement Policy. 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, Commission Recapturing Agent, 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 (see Addendum D).

"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.

"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 all qualified Investment Professionals.
3. Monitoring and evaluating investment performance and compliance with this Policy.
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 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 (see Addendum A).

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, 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, 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 (see Addendum A).

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 Manager(s), 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; and
9. 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 Providers 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 (see Addendum A).

The Commission Re-Capturing Agent's Authority and Responsibilities

The Retirement Board may utilize a Commission Re-Capturing Agent to create income through the direction of brokerage. The Commission Re-Capturing Agent will execute all trades on a best execution basis. Periodic reports detailing the commissions recaptured will be provided to the Fund Office Professional Staff and the Investment Consultant. The Commission Re-Capturing Agent retained by the Retirement Board will exercise discretion within the parameters set forth in these guidelines on behalf of the Fund (see Addendum A).

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.

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, 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, and
4. to tolerate certain levels of short-term underperformance by the Investment Managers.

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 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:

SAMPLE ALLOCATION

Asset Class	Target	Minimum*	Maximum*
Core Bonds	<u>24.5%</u>	19.5%	29.5%
Mortgages	<u>2.5%</u>	0.0%	5.0%
Total Fixed Income	<u>27.0%</u>	22.0%	32.0%
Real Estate	<u>12.0%</u>	8.0%	16.0%
All-Cap Core Equity	8.0%	5.0%	11.0%
Large-Cap Value Equity	6.0%	3.0%	9.0%
Large-Cap Growth Equity	6.0%	3.0%	9.0%
Small/Mid-Cap Value Equity	<u>4.0%</u>	2.0%	6.0%
Small-Cap Core Equity	<u>3.0%</u>	1.0%	5.0%
Total U.S. Equity	<u>27.0%</u>	22.0%	32.0%
All-Cap Non-U.S. Equity	<u>7.0%</u>	4.0%	10.0%
Large-Cap Non-U.S. Equity	<u>7.0%</u>	4.0%	10.0%
Small-Cap Non-U.S. Equity	<u>3.0%</u>	1.0%	5.0%
Total Non-U.S. Equity	<u>17.0%</u>	12.0%	22.0%
Long/Short Hedge Fund-of-Funds	10.0%	0.0%	15.0%
Private Equity	<u>7.0%</u>	0.0%	14.0%
Total Alternatives	<u>17.0%</u>	0.0%	22.0%
Total Cash	0.0%	0.0%	5.0%
TOTAL	<u>100.0%</u>		

*May not equal 100%

The Retirement Board, with the assistance of the Investment Consultant, will review the asset allocation of the Fund on a regular and appropriate basis 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 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 these Investment Policy Guidelines.

The Retirement Board, with the assistance of the Investment Consultant, will conduct due diligence before the appointment of all Investment Managers.

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.

<u>STATUS</u>	<u>DESCRIPTION</u>
1. <i>"In Compliance"</i>	The Investment Manager states it is acting in accordance with the Investment Policy Guidelines.
2. <i>"Alert"</i>	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 monthly compliance checklist from the Investment Consultant to ensure thorough oversight.
3. <i>"On Notice"</i>	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 monthly compliance checklist from the Investment Consultant to ensure thorough oversight.
4. <i>"Termination"</i>	The Retirement Board has decided to terminate the Investment Manager. The Investment Manager is notified and transition plans are in place.

Operational Guidelines

Investment Policy Guidelines for the Investment-Grade Bond Manager(s)

This document contains the guidelines and restrictions that apply to the investment-grade bond manager(s) of the Pension Fund.

Permissible Investments

1. No single issuer should comprise more than 5% of the market value of the portfolio, as determined at the time of purchase. The only exception is for securities issued by the U.S. Treasury, its agencies, instrumentalities or government sponsored entities (such as FNMA and FHLMC). A single exception security should comprise no more than 10% of the market value of the portfolio, as determined at the time of purchase.
2. Up to 15% of the market value of the portfolio may be invested in securities rated below investment grade. If an investment grade security already held in the portfolio is downgraded to below investment grade and a breach of the 15% limit occurs, prompt client notification is required concerning intent to hold the issue going forward. The minimum average portfolio quality shall be AA. Use the following methodology to determine compliance with quality:
 - If rated by Moody's/Standard & Poor's/Fitch, use middle ratings.
 - If only rated by two of the aforementioned agencies, use lower rating.
 - If only rated by one of the aforementioned agencies, use that rating.
3. In aggregate, investment in convertible, convertible preferred and preferred securities (including trust preferreds) may not exceed 10% of the market value of the portfolio, as determined at the time of purchase.
4. Common stock may be held only if it is acquired as a result of a financial restructuring, bankruptcy or from an exchange or conversion of a permissible security held in the portfolio. Manager will provide notification concerning the intent to hold the issue going forward.
5. Investments in Rule 144a securities are permitted if (A) the securities have registration rights requiring the issuer to swap the securities for fully registered publicly traded bonds, or (B) absent registration rights, (i) the manager believes the securities to be as liquid as comparable publicly registered bonds, and (ii) the issuer or the issuer's parent has publicly traded equity, or if the issuer or the issuer's parent does not have publicly traded equity they are required by prospectus to make quarterly and annual financial statements available to bondholders that are substantially similar to the reporting requirements of a public company. Rule 144a securities may not make up more than 10% of the portfolio's overall allocations after accounting for price appreciation.

6. The average effective duration of the portfolio is not to vary more than +/-20% of the duration of the portfolio's benchmark index.
7. No use of private placements, venture capital, margin, leverage, securities not publicly traded, options, commodities, short sales, interest only, principal only, stripped mortgage-backed securities, forward contracts, future contracts, and any other high risk/leveraged derivative investments unless written permission is expressly granted by the Trustees and unless otherwise noted.
8. If any of the parameters described above are breached as a result of market movements, capital additions, or withdrawals, the Manager shall have a reasonable period, not to exceed thirty (30) days, to bring the portfolio into compliance with the applicable investment guidelines. The Manager will provide written notification of a breach and must receive written permission to permit such a breach to continue past this 30-day window.

Investment Objective

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark (see Addendum A).

Investment Policy Guidelines for the Separately-Managed, U.S. Equity Manager(s)

This document contains the guidelines and restrictions that apply to the separately-managed equity manager(s) of the Pension Fund.

Permissible Investments

1. The manager may hold up to 5% of its portfolio in a money market and/or cash. The only exception to this rule is during trading activity, which can only be maintained for very short time periods, i.e. less than 30 days.
2. Options, financial futures, private placements, restricted stock, issues related to the investment manager, or venture capital may not be purchased. The purchase of securities on margin and short selling is prohibited.
3. No investments should be made in securities not traded on an U.S. exchange or traded in U.S. dollars.
4. The combined holdings of preferred stocks and convertible bonds shall not exceed 5% of the portfolio.
5. No single security in the manager's portfolio, including Exchange Traded Funds, will comprise more than 10% of the portfolio at market.
6. At no point in time should the aggregate position (within each equity manager's portfolio in the Fund) in any company exceed 10% of the fair market value of the total shares outstanding.

Investment Objective

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

Investment Policy Guidelines for Commingled Funds

This section reflects the overall guidelines and objectives that apply to the Investment Manager of any U.S. and Non-U.S. equity commingled funds of the Fund (see Addendum A).

Permissible Investments

1. The Fund is governed by the guidelines and restrictions contained in its participation agreement or the commingled fund's operating documents.

Investment Objective

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

Investment Policy Guidelines for the Limited Partnerships

This section reflects the overall guidelines and objectives that apply to any Limited Partnership Investment Managers of the Fund (see Addendum A).

Permissible Investments

1. The Fund is governed by the guidelines and restrictions contained in the Limited Partnership Agreement and in the Limited Partnership's Private Placement Memorandum and Subscription Agreement.

Investment Objective

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

Sudan Investment Policy

Sudan Investment Policy

The Government of the United States has determined that Sudan is a nation that sponsors terrorism and genocide. The Retirement Board finds that Sudan continues to solicit investment and commercial activities by forbidden entities. The Retirement Board finds that investments in forbidden entities are inherently and unduly risky, and not in the interests of the participants of the Fund. The Retirement Board finds that Sudan's capacity to sponsor terrorism and genocide depends on or is supported by the activities of forbidden entities. The Retirement Board further finds and re-affirms that the participants of the Fund do not want to be associated with forbidden entities, genocide, and terrorism. For this reason all separate account Investment Managers are required to:

1. Subscribe to the Sudan Compliance Service Provider compliance list.
2. Not purchase any securities on the Sudan Compliance Service Provider Sudan compliance list.
3. Report compliance with this Sudan Investment Policy on a quarterly basis.

Any Investment Manager holding securities on the Sudan Compliance Service Provider Sudan compliance list will not be required to sell, but the Investment Manager may not add to that security's position. If an Investment Manager purchases a security that is not on the Sudan Compliance Service Provider Sudan Compliance List at the time of purchase and the security is placed on the Sudan Compliance Service Provider Sudan Compliance List at a later date, the Investment Manager:

1. Will not be required to sell the security,
2. May not add to that security's position, and
3. Must notify the Retirement Board in writing of the security's change in status with Sudan Compliance Service Provider.

Any Investment Manager in violation of this Sudan Investment Policy will be downgraded in accordance with the Investment Professional Communication and Evaluation Terminology. If an Investment Manager is out of compliance with this Sudan Investment Policy for three consecutive quarters, the Investment Manager will be terminated.

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 directing 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 requesting that all Investment Managers assist the Fund in implementing a policy that provides an opportunity for those broker/dealers referenced above, who are capable of providing best execution to be given the opportunity to do so.

1. Active 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. Active 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.

Emerging Investment Manager Retention Policy

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

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

Asset Class	Minimum Allocation
Total Fixed Income	5.0%
Total U.S. Equity	5.0%
Total Non-U.S. Equity	1.0%
Other Asset Classes*	2.0%

* The minimum allocation to other asset classes may include committed and not called capital to closed-end funds.

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

To ensure that the implementation of this Emerging Investment Manager Retention Policy is as inclusive as possible, the Fund has established the following goals as a percentage of total plan assets placed with Emerging Investment Managers. The target allocations are based on the number of known opportunities in established databases. If an Emerging Investment Manager has a split designation, the Trustees will determine the classification in which they will be included.

Type of Emerging Investment Mgr.	Target Allocation	Minimum*	Maximum*
Minority Owned	50.0%	30.0%	70.0%
Female Owned	49.0%	30.0%	70.0%
Owned by Persons with a Disability	1.0%	0.0%	10.0%
Total	100.0%		

* May not add up to 100%.

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

Investment Policy Modification and Revision

Policy Modification

The Retirement Board, with the assistance of the Investment Consultant, will review this Policy annually. 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.

Addendum A - Defining the Investment Professionals and Benchmark Indexes

<u>Asset Class</u>	<u>Investment Manager</u>	<u>Benchmark Index</u>
Core Bonds	MacKay Shields	Barclays Aggregate Index
Core Bonds	LM Capital	Barclays Aggregate Index
Core Bonds	Chicago Equity Partners	Barclays Aggregate Index
Mortgage Bonds – Commingled Fund	Ullico J for Jobs	Barclays Mortgage Index
Core Plus Real Estate - Limited Partnership	Principal Enhanced Property Fund	NCREIF ODCE Index
Core Real Estate - Commingled Fund	UBS Trumbull Property Fund	NCREIF ODCE Index
Core Real Estate - Commingled Fund	UBS Trumbull Property Income Fund	NCREIF ODCE Index
All-Cap Core U.S. Equity – Commingled Fund	NTGI Wilshire 5000 Index Fund – Sudan Free	Wilshire 5000 Index
Large-Cap Value Equity	Great Lakes	Russell 1000 Value Index
Large-Cap Growth Equity – Commingled Fund	NTGI Large-Cap Growth Index Fund – Sudan Free	Russell 1000 Growth Index
Small/Mid-Cap Value Equity	Ariel	Russell 2500 Value Index
Small-Cap Core Equity	RBC	Russell 2000 Index
Non-U.S. Equity – Commingled Fund	NTGI ACWI Ex-US Fund	MSCI ACWI Ex-US Index
Non-U.S. Equity – Commingled Fund	Wellington	MSCI EAFE
Small-Cap Non-U.S. Equity	TBD	ACWI ex-U.S. Small Cap Index
Long-Short Equity – Limited Partnership	Entrust	Wilshire 5000 Index
Long-Short Equity – Limited Partnership	K2	Wilshire 5000 Index
Private Equity – Limited Partnership	Pine Bridge	Wilshire 5000 Index + 3%
Private Equity – Limited Partnership	HarbourVest	Wilshire 5000 Index + 3%
Private Equity – Limited Partnership	Mesirow	Wilshire 5000 Index + 3%
Private Equity – Limited Partnership	NYLCAP	Wilshire 5000 Index + 3%

<u>Investment Professional</u>	<u>Service Provider</u>
Custodian	Northern Trust
Investment Consultant	Marquette Associates, Inc.
Securities Lending Provider	Northern Trust
Commission Re-capture Agent	BNY ConvergeEx Group

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: June 30

Plan Number: 001

Tax Identification Number: 36-6002135

Assumed Actuarial Rate of Return: 8.0%

Addendum C – Investment Professional Adoption of Policy

This Policy document was adopted by the Retirement Board for the Park Employees' & Retirement Board Employees' Annuity and Benefit Fund on November 19, 2009.

Investment Professional's Acknowledgments:

The firm has received this copy of the Fund's Investment Policy. The firm has studied the Investment Policy and states that the firm can both a) abide by its restrictions and b) fulfill its goals and expectations over the timetables set forth in the Policy.

Firm Name

Investment Professional

Title

Addendum D – Retirement Board Adoption of Policy

This Policy document was adopted by the Retirement Board for the Park Employees' & Retirement Board Employees' Annuity and Benefit Fund on November 19, 2009.

Trustee

Trustee

Trustee

Trustee

Trustee

Trustee

Trustee

Addendum E – Proxy Voting Guidelines

The Retirement Board has not adopted any proxy voting guidelines.