A special meeting of the Board of Trustees of the Public School Teachers’ Pension and Retirement Fund of Chicago was held Thursday, December 20, 2007.

The President, Mr. John F. O’Brill, called the meeting to order at 9:43 a.m.

ROLL CALL

Members present: Mr. Carrero, Ms. Goff, Mr. Kotis, Mr. O’Brill, Ms. Otero, Dr. Pilditch, Ms. Rodriguez, Mr. Ward—8.


Ms. Nelson subsequently arrived during the Approval of Minutes.

Also in attendance were Mr. Kevin B. Huber (Executive Director), Ms. Patricia Hambrick (Chief Operating Officer), Mr. Joseph Burns of Jacobs, Burns, Orlove, Stanton and Hernandez (Legal Counsel), Ms. Kristin Finney-Cooke, Mr. Douglas Kryscio, and Mr. Patrick Silvestri of Mercer Investment Consulting, Inc. (Investment Consultant), and various observers and staff members.

PUBLIC PARTICIPATION

Presentation by Hoi T. Huynh

Ms. Hoi T. Huynh, a CTPF member, asked the Trustees to consider her request made at the November 20, 2007 Board meeting to borrow from her pension. Ms. Huynh was advised that Fund staff sent a letter to her denying her request in accordance with the Illinois statute.
Additional Time Allowed for Presentation
A motion was made by Mr. Ward, seconded by Mr. Carrero, and unanimously passed, to allow Ms. Huynh to speak for an additional three minutes.

Continuation of Presentation
Ms. Huynh also asked for assistance in seeking employment opportunities. The Trustees commented that Ms. Huynh may wish to consider returning to work as a substitute. They also advised her of her right to request a refund of her contributions in order to meet her financial responsibilities.

APPROVAL OF MINUTES
Minutes of Regular Board Meeting on November 20, 2007 Approved as Amended
A motion was made by Mr. Ward, seconded by Ms. Rodriguez, and unanimously passed, to approve the minutes of the Regular Board Meeting on November 20, 2007 as amended.

REPORT OF THE INVESTMENT CONSULTANT
Ms. Kristin Finney-Cooke, Mr. Douglas Kryscio, and Mr. Patrick Silvestri reported that infrastructure fund candidates will make presentations to the Trustees today followed by discussion on the number of managers to be selected and asset allocation.

Presentations by Infrastructure Fund Managers
Representatives from Alinda Capital Partners, JPMorgan Asset Management, Macquarie Securities, Morgan Stanley Investment Management, and UBS Global Asset Management made presentations to the Board of Trustees on their respective infrastructure funds. The managers addressed questions raised by the Trustees and Fund counsel.

Infrastructure Search Discussion
Mr. Doug Kryscio and Ms. Kristin Finney-Cook reviewed with the Trustees the presentations of Alinda Capital Partners, JP Morgan, Macquarie, Morgan Stanley, and UBS. Mr. Kryscio and Ms. Finney-Cooke discussed with the Trustees their recommendations. They addressed questions raised by the Trustees. Mercer discussed with the Trustees the infrastructure asset size of $300 million.

Mercer will provide the Trustees with a memorandum at the next Board meeting discussing their recommendations.

Mesirow and Adams Street Partners Private Equity
Additional Allocation Approved
At a previous meeting, the Trustees approved to allocate $30 million to a private equity co-investment opportunity with Mesirow ($10 million) and Adams Street Partners ($20 million) contingent upon due diligence. Mercer completed its due diligence and revised their recommendation to allocate $20 million to Mesirow and $10 million to Adams Street Partners.
A motion was made by Mr. Carrero, seconded by Ms. Rodriguez, to allocate $20 million to Mesirow and $10 million to Adams Street Partners. The motion passed by the following vote:

Ayes: Mr. Carrero, Ms. Goff, Mr. Kotis, Ms. Nelson, Mr. O’Brill, Ms. Otero, Dr. Pilditch, Ms. Rodriguez, Mr. Ward-9.

Nays: None.

Abstentions: None.

**Securities Lending Program Update**

Mr. Pat Silvestri informed the Trustees that the securities lending program has performed well prior to the recent unrealized losses in August and November. A 50% allocation to the more aggressive collateral pool should aid performance over the longer time periods, but as with any added return, some additional risk is taken which increases the likeliness of short term variances, such as those experienced in the second half of this year. Mr. Silvestri stated Mercer remains confident in Northern Trust’s ability in running a securities lending program for the Plan. Mercer does not recommend any change in the current program. Mercer will continue to monitor closely.

Mr. Carrero left the meeting.

**REPORT OF THE COMMITTEE ON INVESTMENTS**

**December 7, 2007 First Friday Manager Meeting Report Presented**

Chairperson O’Brill presented the report of the First Friday Meeting on December 7, 2007 (see Exhibit A).

**REPORT OF THE DISABILITY COMMITTEE**

**Disability Matter**

The Trustees instructed staff to request copies of a disability applicant’s tax returns with supporting documentation for 2004, 2005, and 2006. Fund counsel recommended if the tax returns show teaching employment, the applicant should go through the medical process again.

**REPORT OF THE PRESIDENT**

**December 2008 Special Board of Trustees’ Meeting Date Change Approved**

A motion was made by Ms. Otero, seconded by Dr. Pilditch, and unanimously passed, to change the December 2008 meeting date to Tuesday, December 16, 2008.

**December 13, 2007 Trustee Education Workshop Report Presented**

Chairperson O’Brill presented the report of the Trustee Education Workshop on December 13, 2007 (see Exhibit B).
REPORT OF THE EXECUTIVE DIRECTOR

Summary on Payroll Data from CPS

Mr. Kevin B. Huber, Executive Director, informed the Trustees that CTPF sent a letter to Mr. Rufus Williams, Board President of the Chicago Public Schools, of a summary of the data issues and the effects to resolve them by CTPF and CPS. Mr. Huber addressed questions raised by Trustees. Mr. Huber also presented a packet that outlined the current status of the CPS payroll data.

CTPF Office Closes for Christmas Eve and New Year’s Eve as Staff Appreciation Days Approved

A motion was made by Dr. Pilditch, seconded by Ms. Nelson, and unanimously passed, to close the CTPF Office on Christmas Eve and New Year’s Eve as staff appreciation days.

EXECUTIVE SESSION

A motion was made by Ms. Rodriguez, seconded by Ms. Otero, and unanimously passed, to go into closed session for the purpose of consideration of litigation matters. The executive session lasted from 2:40 p.m. to 3:23 p.m.

Mr. Ward did not participate in the meeting.

A motion was made by Ms. Rodriguez, seconded by Ms. Nelson, and unanimously passed, to return to open session.

ADJOURNMENT

On a motion by Ms. Rodriguez, seconded by Ms. Otero, and by unanimous vote, the meeting adjourned at 3:25 p.m.

Respectfully submitted,

John F. O’Brill
President
An executive session of the Board of Trustees of the Public School Teachers’ Pension and Retirement Fund of Chicago was held on Thursday, December 20, 2007.

The President Mr. O’Brill, called the meeting to order at 2:40 p.m. with the following members present: Ms. Goff, Mr. Kotis, Ms. Nelson, Mr. O’Brill, Ms. Otero, Dr. Pilditch, Ms. Rodriguez- 7.

Members absent: Mr. Carrero, Ms. Davis, Ms. Reilly, Mr. Ward, Ms. Williams- 5.

Also in attendance were Mr. Kevin B. Huber, (Executive Director), Mr. Joseph Burns of Jacobs, Burns, Orlove, Stanton and Hernandez, (Legal Counsel).

Discussion ensued regarding litigation matters. No action was taken.

There being no further business, the executive session adjourned at 3:23 p.m.

Respectfully submitted,

John F. O’Brill
President
At the June 20, 2006 Board meeting, Trustees were encouraged to attend Management and Mercer’s “first Friday” of every month meetings with investment managers and service providers. These meetings provide access to ANY investment service provider that would like to meet with management and Mercer and have a product that is potentially beneficial to the Fund. The attendees met with the following investment service providers on December 7, 2007:

9:30 Logan Capital- $1.6B large cap growth manager that uses 3 factors to determine investments: macro-economic assessment, financial/business strengths through company financials, and technical chart analysis of price, trends, and patterns at both the macro and micro level.

10:15 Franklin Portfolio- Educational presentation about the concept of 130/30 investing.

11:00 Hamilton Lane Partners- A private equity fund that presented its Co-Investment II fund for consideration. It is a buyout focus with growth equity opportunities. It will invest 60% US, 25% Western Europe, and 15% in other countries. They will get deal flow from the underlying managers in their fund of fund vehicle. They will invest in various sized deals- 25% in mega $ deals (greater than $15B), 35% in large $ deals ($5-$15B), 20% in mid size deals ($1-$5B), and 20% in deals less than $1B.

11:45 Light Green Advisors- Investment manager that focuses on investing in environmental leaders in all sectors of the economy. They exploit material information on corporation performance trends (environmental) as a significant financial factor. Their thesis is that environmental leadership conserves capital, improves cash flow, and reduces litigation, regulatory, and reputational risk. Thus these companies are better investments.

12:30 Citigroup Alternative Investments - Presented their Asia Real Estate Fund 50% investment in China, 25% in India, and 25% in Japan and the rest of Asia. It will be diversified across all asset types- office, retail, residential, hospitality, and industrial. Citigroup parent will be investing 10% of its capital so it will be heavily aligned. The target return is low 20% net.

The attendees listened to the respective presentations and asked questions of each service provider.
EXHIBIT B

Trustee Education Workshop
December 13, 2007 9:40 a.m.- 4:18 p.m.

Attendees: Trustees- Board President Mr. John F. O’Brill, Ms. Linda S. Goff, Mr. Chris N. Kotis, Ms. Lois Nelson, Ms. Reina Otero, Ms. Mary Sharon Reilly, Ms. Maria J. Rodriguez, Ms. Nancy Williams—8.

Staff and Consultants: Mr. Kevin Huber, Executive Director, Mr. Mitch Bramstaedt and Mr. Christopher Heppner of The Segal Company, Mr. Sandor Goldstein and Mr. Carl Smedinghoff of Goldstein and Associates, Mr. Joseph Burns of Jacobs, Burns, Orlove, Stanton & Hernandez, Ms. Kristin Finney-Cooke and Mr. Patrick Silvestri of Mercer Investment Consulting.

Fund consultants from The Segal Company, Goldstein and Associates, Jacobs, Burns, Orlove, Stanton & Hernandez, and Mercer Investment Consulting made presentations to the Trustees which covered health insurance, actuarial, legal, and investment education respectively. Mr. Kevin Huber also covered real estate investments and other matters related to the pension fund. Mr. Huber and the consultants addressed questions raised by the Trustees.

The meeting adjourned at 4:18 p.m.