

PROCEEDINGS
OF THE
Board of Trustees
OF THE
**Public School Teachers' Pension and
Retirement Fund of Chicago**

Special Meeting – Official Report
Thursday, September 15, 2022

A Special Meeting of the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago was held on Thursday, September 15, 2022.

The President, Mr. Jeffery Blackwell, called the meeting to order at 5:04 p.m.

Board Meeting Audio/Video Conferencing during COVID-19

President Blackwell stated due to the COVID-19 pandemic and in accordance with the temporary suspension of Open Meetings Act requirements, this meeting is being conducted via audio/video conferencing.

ROLL CALL

Trustees present: Mr. Jeffery Blackwell, Mr. Miguel del Valle, Mr. Victor Ochoa, Ms. Tina Padilla, Ms. Jacquelyn Price Ward, Ms. Maria J. Rodriguez, Dr. Jerry Travlos, Mr. Quentin S. Washington, Mr. Philip Weiss – 9

Trustees absent: Ms. Lois Nelson, Ms. Mary Sharon Reilly – 2

Ms. Nelson and Ms. Reilly subsequently joined the meeting during the Vote Agenda.

Also in attendance were Mr. Carlton W. Lenoir, Sr. (*Executive Director*), Mr. Daniel J. Hurtado (*Chief Legal Officer*), Carolyn Clifford and Joseph Miller of Ottosen DiNolfo Hasenbalg & Castaldo, Ltd., (*Board Counsel*), and various observers and staff members.

VOTE AGENDA**Motion to Approve the Minutes of the July 7, 2022, Special Board Meeting, Approved**

Ms. Price Ward made a motion, seconded by Mr. Weiss, to approve the Minutes of the July 7, 2022, Special Board Meeting, as amended.

The motion passed by the following roll call vote:

Ayes: Mr. Blackwell, Mr. del Valle, Mr. Ochoa, Ms. Price Ward, Ms. Rodriguez, Dr. Travlos, Mr. Washington, Mr. Weiss – 8

Abstentions: Ms. Padilla – 1

Ms. Reilly joined the meeting.

Motion to Approve Hearing Officer's Recommended Findings in Return to Work Matter, Approved

Ms. Rodriguez made a motion, seconded by Ms. Price Ward, to approve the Hearing Officer's Recommended Findings in the Return to Work matter regarding Ms. Johnetta Jackson-Crockett.

Mr. Daniel Hurtado, Chief Legal Officer, reported on the Return to Work matter. He stated that the Fund's Hearing Officer conducted an administrative hearing on February 18, 2022, regarding member, Johnetta Jackson-Crockett's Return to Work appeal. Ms. Jackson-Crockett submitted documentation to CPS who issued a correction, and the Hearing Officer has issued the attached Recommended Findings finding that Ms. Jackson-Crockett has not exceeded the Return to Work limitations. It is recommended that the Board adopt the Hearing Officer's recommended finding that Ms. Johnetta Jackson-Crockett did not exceed the Return to Work limitations.

Mr. Carlton W. Lenoir, Sr., Executive Director, reported that the Fund's new reporting system will provide more timely reporting for Return to Work members. Mr. Lenoir also noted that the case of Ms. Johnetta Jackson-Crockett was rare in the fact that she was able to find documentation to confirm that she did not exceed the Return to Work limitations. He also informed the Board that the new pension administration system will provide warnings to those who may be exceeding the Return to Work limitations.

The motion passed by the following roll call vote:

Ayes: Mr. Blackwell, Mr. del Valle, Mr. Ochoa, Ms. Padilla, Ms. Price Ward, Ms. Reilly, Ms. Rodriguez, Dr. Travlos, Mr. Washington, Mr. Weiss – 10

Motion to Approve Revised Payroll Audit Policy, Approved

Ms. Price Ward made a motion, seconded by Ms. Reilly, to Approve the Revised Payroll Audit Policy.

Mr. Hurtado reported that Fund staff and counsel have been working for several months to make proposed revisions to the Fund's Payroll Audit and Collection Policy. This is part of the process of streamlining the audit process so that audits can be conducted more expeditiously and ultimately with greater frequency. The Board amended the Eligibility Policy to remove the need to subpoena staffing agencies against third-party vendors, and the delays caused by the difficulty in enforcing the subpoenas. Staff have consulted with other

pension systems about audit methodologies that can expedite the process. In addition, it is anticipated that staff will augment the internal employer audit team with qualified auditors. As part of that effort, staff have also developed proposed revisions of the Payroll Audit and Collection Policy. Mr. Hurtado discussed in detail the proposed revisions of the Payroll Audit and Collection Policy and addressed questions raised by the Board.

The motion passed by the following roll call vote:

Ayes: Mr. Blackwell, Mr. del Valle, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Rodriguez, Dr. Travlos, Mr. Washington, Mr. Weiss – 9

Abstentions: Ms. Padilla – 1

Motion to Approve Amendment to Eligibility Policy, Approved

Ms. Price Ward made a motion seconded by Ms. Reilly, to approve the amendments to the eligibility policy to cover Physical Therapists and Occupational Therapist.

The motion passed by the following roll call vote:

Ayes: Mr. Blackwell, Mr. del Valle, Mr. Ochoa, Ms. Padilla, Ms. Price Ward, Ms. Reilly, Ms. Rodriguez, Dr. Travlos, Mr. Washington, Mr. Weiss – 10

Motion to Join Securities Fraud Class Action in Sweden, Approved

Ms. Reilly made a motion, seconded by Ms. Price Ward, to join a securities fraud class action in Sweden. Ms. Rebecca Gonzales, Deputy General Counsel, reported on the securities fraud case. She stated that Labaton Sucharow (Labaton), one of the law firms in the Fund's securities litigation pool, has recommended based on investigation and assessment, that we join an opt-in securities fraud action in Sweden against Telefonaktiebolaget LM Ericsson (Ericsson) to seek recovery of our losses. The Fund's eligibility has been verified and our losses are believed to be approximately \$198,509. Labaton's attached Non-U.S. Securities Case Report provides relevant details about the case. There was a hard deadline of September 15, 2022, to join the action and a wet-signed original of a certain case document was due in Sweden no later than that date. For this reason, the internal legal team, in collaboration with Executive Director Lenoir, took necessary action on this matter by obtaining President Blackwell's approval to join the action between Board Meetings. CTPF first learned of the opportunity after the August 17, 2022, meeting so obtaining approval of the Board President between meetings was the only option available. CTPF staff are now asking that the full Board vote to ratify President Blackwell's approval.

Ms. Gonzales addressed questions raised by the Board.

The motion passed by the following roll call vote:

Ayes: Mr. Blackwell, Mr. del Valle, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Rodriguez, Dr. Travlos, Mr. Washington, Mr. Weiss – 9

Abstentions: Ms. Padilla – 1

Ms. Nelson joined the meeting.

Motion to Approve Disability Applicants, Approved

Ms. Reilly made a motion, seconded by Mr. Weiss, to approve disability applicants as presented at the September 15, 2022, Special Board Meeting.

The motion passed by the following roll call vote:

Ayes: Mr. Blackwell, Mr. del Valle, Ms. Nelson, Mr. Ochoa, Ms. Padilla, Ms. Price Ward, Ms. Reilly, Ms. Rodriguez, Dr. Travlos, Mr. Washington, Mr. Weiss – 11

Motion to Approve Trustee Conferences, Approved

Mr. Blackwell requested approval to attend the NCPERS Conference, October 22-24, 2022, in Nashville, Tenn.

Ms. Reilly and Ms. Padilla noted that they did not attend the 6Th Annual Midwest Institutional Real Estate Forum in Chicago on September 14, 2022.

Ms. Reilly made a motion, seconded by Ms. Price Ward, to approve Trustee conferences as listed above.

The motion passed by the following roll call vote:

Ayes: Mr. Blackwell, Mr. del Valle, Ms. Nelson, Mr. Ochoa, Ms. Padilla, Ms. Price Ward, Ms. Reilly, Ms. Rodriguez, Dr. Travlos, Mr. Washington, Mr. Weiss – 11

Motion to Approve Trustee Training Hours, Approved

Ms. Rodriguez attended the 2022 National Round Table Conference on September 8, 2022, in Lake Geneva, Wis. Ms. Rodriguez requested that the 8.33 hours received be applied to her educational training hours for fiscal year 2023.

Ms. Reilly made a motion, seconded by Mr. Weiss, to approve Trustee Rodriguez training hours.

The motion passed by the following roll call vote:

Ayes: Mr. Blackwell, Mr. del Valle, Ms. Nelson, Mr. Ochoa, Ms. Padilla, Ms. Price Ward, Ms. Reilly, Ms. Rodriguez, Dr. Travlos, Mr. Washington, Mr. Weiss – 11

REPORT OF THE COMMITTEE ON FINANCE**Pension Funding 101**

Actuarial Consultants Mr. Lance Weiss, Ms. Amy Williams, Ms. Cassie Rapoport, and Ms. Kristen Brundirks of Gabriel, Roeder, Smith & Company (GRS), presented the Pension Funding 101 training to the Board. They discussed the actuarial valuation process and the current CTPF Funding Policy. They each addressed questions raised by the Board.

Ms. Padilla and Mr. Washington left the meeting.

2022 Actuarial Assumptions Study

Mr. Lance Weiss of Gabriel, Roeder, Smith & Company (GRS), presented the results of the 2022 Actuarial Assumptions Study. The purpose of this review is to determine the continued appropriateness of select actuarial assumptions used in the annual actuarial valuation by comparing actual experience to expected experience. The study includes a review of the experience and expectations associated with price inflation, investment returns, retirements, and projected future active members.

At the request of CTPF, the purpose of the Annual Actuarial Assumptions Study is to comply with this recommendation of the State Actuary and best practices to continue to monitor a number of key actuarial assumptions on an annual basis. The full experience study which monitors all actuarial assumptions will be conducted in the fall of 2022.

Price Inflation-Based on GRS analysis of price inflation, a reasonable long-term inflation assumption will fall in the range of 2.00 to 3.00 percent. GRS recommends maintaining the current inflation assumption of 2.25 percent. The inflation assumption was last changed from 2.50 percent to 2.25 percent for the June 30, 2020, actuarial valuation.

Investment Return-Based on GRS analysis of the Fund's (1) expected investment returns (2) the current inflation assumption of 2.25 percent, (3) the current target asset allocation, and (4) the investment consultant (Callan's) 10-year expected geometric return of 6.98 percent, GRS recommends maintaining the current 6.50 percent investment return assumption.

Retirement Assumption-The number of retirements was lower than assumed during FY 2019, 2020, and 2021 which supports CPS' belief that the number of retirements going forward will converge to normal levels. The number of retirements was higher than assumed during FY 2022. There were only three years of reduced retirement experience (2019, 2020, and 2021), and retirements during 2021 were likely lower due to the timing of June retirement applications being completed, and more retirements occurred in 2022. GRS believes that it is reasonable to maintain the current retirement rates for the June 30, 2022, actuarial valuation, but will review the rates with the next full experience study.

Projection of Future active Members-The number of active members increased in FY 2018 (albeit by less than one percent) and increased again in 2019, 2020, 2021, and 2022 by 1.2 percent, 2.7 percent, 3.7 percent, and 0.2 percent, respectively. GRS believes that it is reasonable to maintain the current level of the future active member population assumption based on these five years of experience. They will continue to annually monitor the number of new active members in the coming years.

Mr. Weiss, Ms. Williams, Ms. Rapoport, and Ms. Brundirks addressed questions raised by the Board.

Discussion ensued.

Motion to Approve GRS Assumptions and Recommendations for the FY 2022 Actuarial Valuation, Approved

Ms. Reilly made a motion, seconded by Ms. Price Ward, to approve GRS' Assumptions and Recommendations for the FY 2022 Actuarial Valuation.

The motion passed by the following roll call vote:

Ayes: Mr. Blackwell, Mr. del Valle, Ms. Nelson, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Rodriguez, Dr. Travlos, Mr. Weiss – 9

New Business

Ms. Rodriguez requested information regarding the transition of the Board's former legal counsel, Jacobs, Burns, Orlove & Hernandez, to the Board's newly hired legal counsel, Ottosen DiNolfo Hasenbalg & Castaldo.

Executive Director Lenoir reported that the transition is moving as planned. He stated that some legal cases have been transitioned, however it will take a couple of months to fully transition.

Mr. Lenoir also reported that the Fund will be meeting with both JBOH and Ottosen in the coming weeks. Ms. Rodriguez also inquired about which members of the JBOH team will be working on the transition. She stated that Mr. Joseph Burns worked with the Fund for over 32 years and she thinks he would take the lead in the transition. She asked if there is a reason why Mr. Burns has not been involved in the transition.

Mr. Lenoir stated that Mr. Burns was scheduled to attend some meetings, but the Fund has not worked directly with him on the transition.

Motion to Adjourn

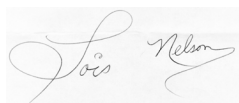
Ms. Rodriguez made a motion, seconded by Ms. Reilly, to adjourn the meeting.

The motion passed by the following roll call vote:

Ayes: Mr. Blackwell, Mr. del Valle, Ms. Nelson, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Rodriguez, Mr. Truss, Mr. Weiss – 9

The meeting was adjourned at 7:06 p.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Lois Nelson". The signature is written in black ink on a light-colored background.

Lois Nelson
Recording Secretary