

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

Regular Session – Official Report

Thursday, December 11, 2014

A regular meeting of the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago was held Thursday, December 11, 2014.

The President, Mr. Jay C. Rehak, called the meeting to order at 9:14 a.m.

ROLL CALL

Members present: Mr. Jeffery Blackwell, Mr. Robert F. Bures, Ms. Bernice Eshoo, Ms. Tina Padilla, Dr. Walter E. Pilditch, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Mr. Jerry Travlos, Mr. Raymond Wohl – 9.

Members absent: Ms. Lois W. Ashford, Dr. Carlos M. Azcoitia, Ms. Andrea L. Zopp – 3.

Ms. Zopp subsequently arrived during the report of the Committee on Investments. Ms. Ashford subsequently arrived during the Public Participation presentation by Ms. Lucille Russell.

Also in attendance were Mr. Peter Driscoll (*Interim Executive Director*), Ms. Tiffany Reeves (*Chief Legal Officer*); Ms. Mary Cavallaro, (*Senior Director of Benefits*), Dr. Kasthuri Henry, (*Chief Financial Officer*), Mr. Joseph Burns of Jacobs, Burns, Orlove & Hernandez (*Legal Counsel*), Mr. Matthew Shirilla of Callan Associates (*Investment Consultant*), and various observers and staff members.

PUBLIC PARTICIPATION

Presentation by Louis Pyster

Mr. Louis Pyster, a retired member, commented on the Fund's record of strong commitment to investment opportunities for local, minority, and women managers over the past years. Mr. Pyster urged the current Board to keep the record intact.

REPORT OF THE COMMITTEE ON INVESTMENTS

DuPont Termination and Transition

Mr. Matthew Shirilla, of Callan Associates, reported that at the November 20, 2014, Board Meeting the Board voted to terminate DuPont and reallocate a portion of their assets to Earnest Partners, and the remainder to the Northern Trust International Index Fund. Mr. Shirilla stated that upon subsequent discussion with CTPF staff, Callan is recommending the Board reconsider the motion related to how the assets from DuPont would be allocated and consider an alternative motion.

Motion to Reconsider Motion to Terminate DuPont and Reallocate Assets to Earnest Partners and Northern Trust International Index Fund, Approved

A motion was made by Mr. Bures, seconded by Mr. Travlos, and unanimously passed, to reconsider the motion made at the November 20, 2014, Board Meeting to terminate DuPont and reallocate a portion of their assets to Earnest Partners and the remainder to the Northern Trust International Index Fund.

Ms. Gissel Gomez, CTPF Portfolio Manager, commented that staff is in agreement with Callan's recommendation of reallocating 100% of DuPont's assets to Earnest Partners to meet the long-term objectives of maintaining exposure that's in-line with the previously approved asset allocation and manager structure, which include reducing managers and fees, and increasing the Fund's exposure to MWDBE managers. Mr. Shirilla stated that given the departure of DuPont's lead portfolio manager and the magnitude of their underperformance the Board should move quickly to transfer the assets from DuPont.

Motion to Transfer 100% of DuPont's Assets to Earnest Partners

A motion was made by Ms. Padilla, seconded by Ms. Zopp, and unanimously passed, to move 100% of DuPont's assets to Earnest Partners.

CONTINUATION OF PUBLIC PARTICIPATION

Presentation by Lucille Russell

Ms. Lucille Russell, a retired member, stated that she believes she is owed additional pension credit. The Trustees asked staff to speak with Ms. Russell and investigate her claim and report back.

REPORT OF THE PRESIDENT

Trustee Rescinds Request to Attend Conference

Ms. Reilly withdrew her request to attend the Callan Associates 35th National Conference in San Francisco, in January 2015.

Conference Requests

Mr. Bures and Ms. Zopp requested approval to attend the Opal Public Funds Summit in Scottsdale, Ariz., in January 2015.

Motion to Authorize Trustee Travel, Approved

A motion was made by Ms. Eshoo, seconded by Ms. Ashford, and unanimously passed, to approve the conference requests as listed above.

REPORT OF THE COMMITTEE ON FINANCE AND AUDIT

Fiscal Year 2014 Audit Presentation

Ms. Irene Davis, Mr. Shawn Carter, and Mr. Kenneth Yu of Mitchell & Titus presented the results of the 2014 audit of the Fund in accordance with the generally accepted accounting principles. They reported that the 2014 audit is complete and after obtaining the Board approval of the required audit presentation and audit findings they will issue an unmodified opinion for FY 2014 and related financial statements. They stated that the management's analysis of significant accounting matters is appropriate, confirmed that no uncorrected misstatements or corrected misstatements were identified, confirmed that outstanding cooperation and communication occurred between the Fund and Mitchell & Titus, and appropriate and complete disclosures are included in the notes to the Fund's financial statements. They also reported that the Fiscal Year 2014 Certified Annual Financial Report (CAFR) was reviewed to ensure no significant variances and none were found. They noted no unusual practices and no significant disagreements with management.

Mitchell & Titus reviewed the Management Letter and reported that during their audit they confirmed the management identified risks involving internal control over financial reporting and its operations that they consider to be significant deficiencies, which include overpayment of pension benefits (which staff are correcting); segregation of duties, and complete and accurate member data. They reviewed the potential risks and their recommendations, and reviewed management's response and advised that the management's response needed to be supported and implemented to mitigate future risks.

Motion to Accept Fiscal Year 2014 Audit, Approved

A motion was made by Ms. Reilly, seconded by Ms. Eshoo, and unanimously passed, to accept the Fiscal Year 2014 Audit as presented.

Motion to Accept Fiscal Year Annual Report, Approved

A motion was made by Ms. Reilly, seconded by Mr. Blackwell, and unanimously passed to approve Fiscal Year 2014 Certified Annual Financial Report (CAFR) and to proceed with both the GFOA and DOI filings.

EXECUTIVE SESSION**Motion to Go Into Executive Session, Approved**

A motion was made by Ms. Reilly, seconded by Mr. Blackwell, and unanimously passed, to go into executive session for the purpose of discussing personnel matters.

The executive session lasted from 10:40 a.m. to 12:34 p.m.

Motion to Return to Open Session, Approved

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

Motion to Reschedule January 2015 Board Meeting, Approved

A motion was made by Ms. Reilly, seconded by Mr. Wohl, and unanimously passed, to reschedule the January 2015 Board Meeting to January 29, 2015.

Motion to Authorize Treasury and Cash Services Agreement with BNY Mellon, Approved

A motion was made by Ms. Zopp, seconded by Ms. Reilly, and unanimously passed, to authorize the interim executive director to execute the treasury and cash services agreement with BNY Mellon, subject to final contract negotiations.

ADJOURNMENT

The meeting adjourned at 12:37 p.m.

Respectfully submitted,



Raymond Wohl
Recording Secretary

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

Executive Session – Official Report

Thursday, December 11, 2014

An executive session of the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago was held Thursday, December 11, 2014.

The President, Mr. Jay C. Rehak, called the meeting to order at 10:40 a.m.

ROLL CALL

Members present: Ms. Lois Ashford, Mr. Jeffery Blackwell, Mr. Robert F. Bures, Ms. Bernice Eshoo, Ms. Tina Padilla, Dr. Walter Pilditch, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Mr. Jerry Travlos, Mr. Raymond Wohl, Ms. Andrea Zopp – 11.


Members absent: Dr. Carlos M. Azcoitia – 1.

Also in attendance were Mr. Peter A. Driscoll (*Interim Executive Director*), Ms. Tiffany Reeves (*Chief Legal Officer*), Mr. Robert Jurinek (*Internal Auditor*), Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (**Legal Counsel**), and Mr. Dan Cummings of EFL Associates.

Discussion ensued regarding contract negotiations and personnel matters. No action was taken.

There being no further business, the executive session adjourned at 12:34 p.m.

Respectfully submitted,



Raymond Wohl
Recording Secretary