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

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**Minutes for Release – Official Report  
CTPF Executive Session  
June 21, 2018**

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The following minutes, releasing either the remainder, portions, or all of the minutes from the listed meetings are submitted for review by the Board and for release pursuant to the Illinois Open Meetings Act. These minutes are being released pursuant to Section 2.06(d) of the Illinois Open Meetings Act (5 ILCS 120/) because the matters discussed no longer require confidential treatment.

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**JUNE 23, 2016 – REGULAR BOARD MEETING**

Members present: Ms. Lois W. Ashford, Mr. Jeffery Blackwell, Mr. Robert F. Bures, Ms. Bernice Eshoo, Mr. Mark F. Furlong, Dr. Walter E. Pilditch, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Ms. Gail D. Ward, Mr. Raymond Wohl – 10

Members absent: Ms. Tina Padilla, Mr. Jerry Travlos – 2

Mr. Blackwell, Mr. Bures, Mr. Furlong, and Dr. Pilditch left during executive session.

Also in attendance were Mr. Charles A. Burbidge (*Executive Director*), Mr. Robert Jurinek (*Internal Auditor*), and Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (*Legal Counsel*).

As part of Grant Thornton presenting an Internal Control Assessment and Review, the Board discussed forming an *ad hoc* Risk & Internal Controls committee, to be chaired by Trustee Furlong, to hear Grant Thornton's detailed, proposed implementation plan. The Board also discussed the relationship between and the respective roles of the committee and the Board.

Mr. Burns presented several litigation matters, including whether the Fund should jointly seek to be the lead plaintiff in securities litigation against the Lending Club, litigation regarding a deceased member's daughter cashing that member's pension checks after he passed way, and the court's finding in favor of the Fund in the Moody recoupment case. The Board and Mr. Burns discussed all three litigation matters.

Mr. Furlong and Ms. Ward presented to the Board regarding their meeting with UNO regarding UNO's outstanding delinquencies relating to late payroll record and pension contribution submissions. The Board and Mr. Burns discussed, including exploring whether multi-campus charter holders should be billed per charter

or per campus, if they have a single pay date schedule. The Board discussed potentially having further discussions through an *ad hoc* charter school committee.

Personnel Committee Chair Reilly and Director of Human Resources Elise Daughhetee presented to the Board regarding the Personnel Committee report and recommendation. More specifically, they presented regarding proposed pay bands and pay/performance management structure. The Board asked questions regarding and discussed the same with counsel and staff.

While the Board was waiting to go back into open session, Executive Director Burbridge provided a brief update regarding the water leak that occurred over Memorial Day weekend.

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## **JULY 14, 2016 – REGULAR BOARD MEETING**

Members present: Ms. Lois W. Ashford, Mr. Jeffery Blackwell, Mr. Robert F. Bures, Ms. Bernice Eshoo, Mr. Mark Furlong, Ms. Tina Padilla, Dr. Walter E. Pilditch, Ms. Mary Sharon Reilly, Mr. Raymond Wohl – 9

Members absent: Mr. Jay C. Rehak, Mr. Jerry Travlos, Ms. Gail Ward – 3

Also in attendance were Mr. Charles A. Burbridge (*Executive Director*), Ms. Tiffany Reeves (*Chief Legal Officer & Deputy Executive Director*), and Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (*Legal Counsel*).

Avi Josefson from Bernstein Litowitz Berger & Grossmann LLP presented to the Board regarding the preliminary settlement of the Northern Trust litigation, including regarding mediation and subsequent negotiations. Mr. Josefson also presented to the Board regarding the Lending Club securities litigation and regarding whether the Board should seek to become lead plaintiff.

Chief Legal Officer & Deputy Executive Director Reeves provided the Board with an update regarding the Lyondell leveraged buyout litigation.

The Board of Trustees discussed with consultants the results of assessments involving fund policies, delegation of authority, and Trustee fiduciary responsibilities.

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## **JULY 25, 2016 – RISK AND INTERNAL CONTROLS COMMITTEE MEETING**

Members present: Ms. Bernice Eshoo, Mr. Robert F. Bures, Mr. Mark F. Furlong, Ms. Mary Sharon Reilly, Ms. Tina Padilla – 5

Members absent: Ms. Lois W. Ashford, Mr. Jeffery Blackwell, Dr. Walter E. Pilditch, Mr. Jay C. Rehak, Mr. Jerry Travlos, Ms. Gail Ward, Mr. Raymond Wohl – 7

Also in attendance were Mr. Charles A. Burbridge (*Executive Director*), Mr. Robert Jurinek (*Internal Auditor*), and Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (*Legal Counsel*).

Grant Thornton presented to the Committee on its proposed statement of work, including job descriptions, an IT systems assessment, and policy review and development. The Committee, Board Counsel, counsel Keith Karlson, and Grant Thornton discussed the potential overlaps and division of labor between Karlson and Grant Thornton on policies and job descriptions, including the role of the Policy Committee.

Grant Thornton and the Committee discussed proposed internal audits for 2017 1Q and 2Q.

Executive Director Burbidge noted the demands on staff time that accompany audit work, estimated at 2 hours of staff time for every 1 hour of audit work.

The Committee and Board Counsel discussed next steps and timing.

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## **AUGUST 25, 2016 – PERSONNEL COMMITTEE MEETING**

Members present: Mr. Robert Bures, Ms. Bernice Eshoo, Ms. Tina Padilla, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Mr. Raymond Wohl – 6

Members absent: Ms. Lois W. Ashford, Mr. Jeffery Blackwell, Mr. Mark Furlong, Dr. Walter E. Pilditch, Mr. Jerry Travlos, Ms. Gail Ward – 6

Also in attendance were Mr. Charles A. Burbidge (*Executive Director*), Ms. Tiffany Reeves (*Deputy Executive Director and Chief Legal Officer*), Ms. Elise Daughhete (HR Director).

The Committee and staff discussed the respective roles of Deputy Executive Director and Chief Legal Officer, as well as feedback from Special Fiduciary Counsel Keith Karlson regarding the same. The Committee and staff discussed the role and authority of the Special Fiduciary Counsel.

The Committee and staff discussed establishing a Chief Financial Officer position. The Committee and staff discussed the structure of committees and the roles of non-committee members who attend committee meetings.

The Committee and staff discussed the internal audit function, evaluating the same, and conducting a search for an internal auditor. The Committee and staff discussed employee healthcare options, including moving from a percentage of income to a percentage of premium model.

Director of Human Resources Daughhete updated the Committee regarding the status of an employee who was on leave. Ms. Daughhete responded to questions from the Committee regarding the same.

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## **SEPTEMBER 15, 2016 – REGULAR BOARD MEETING**

Members present: Ms. Lois W. Ashford, 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, Ms. Gail Ward, Mr. Raymond Wohl – 8

Members absent: Mr. Mark Furlong – 1

Also in attendance were Mr. Charles A. Burbidge (*Executive Director*) and Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (*Legal Counsel*).

Newport Partners, the replacement General Partner for the DV Urban portfolio, presented regarding both the status of the liquidation process and the legal appeal by the previous General Partner filed in Delaware. .

Carol Gilden of Cohen Milstein presented regarding the Intuitive Surgical case relating to the da Vinci robotic surgical device and regarding the settlement of the same.

Mr. Burns discussed the Abbatiello case related to a member's death benefit and the strategy relating to the same.

The Board, staff, and counsel discussed conducting a pilot payroll audit program to be conducted by Grant Thornton and staying any decision on Noble's request for a delinquency reduction/waiver while the audit is pending.

Internal Auditor Jurinek discussed the Audit Committee charter and internal control audits relating to user access and benefit calculation. Mr. Burbridge provided an update regarding Grant Thornton's internal audit work. The Board, staff, and counsel discussed the appropriate size and structure of the Fund's internal audit function.

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## **OCTOBER 17, 2016 – RISK AND INTERNAL CONTROLS COMMITTEE MEETING**

Members present: Ms. Bernice Eshoo, Mr. Mark Furlong, Ms. Mary Sharon Reilly – 3

Members absent: Ms. Lois W. Ashford, Mr. Jeffery Blackwell, Mr. Robert Burns, Ms. Tina Padilla, Dr. Walter E. Pilditch, Mr. Jay C. Rehak, Mr. Jerry Travlos, Ms. Gail Ward, Mr. Raymond Wohl – 9

Also in attendance were Mr. Charles A. Burbridge (*Executive Director*) and, Ms. Tiffany Reeves (*Deputy Executive Director and Chief Legal Officer*)

Grant Thornton provided a general update regarding its internal audit work, including regarding policies and procedures, job descriptions, and accounting services, and the charter school internal payroll audit project.

Grant Thornton walked through its preliminary findings arising out of its IT assessment. As part of that discussion, the Board discussed data submission issues from CPS and charter schools, cyber insurance, and the prospects of commercial, off-the-shelf pension solutions.

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## **APRIL 21, 2017 – REGULAR BOARD MEETING**

Members present: Ms. Lois W. Ashford, Mr. Robert F. Bures, Ms. Bernice Eshoo, Mr. Mark F. Furlong, Ms. Tina Padilla, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Mr. Jerry Travlos, Mr. Raymond Wohl – 9

Members absent: Mr. Jeffery Blackwell, Dr. Walter E. Pilditch, Ms. Gail D. Ward – 3

Also in attendance were Mr. Charles A. Burbridge (*Executive Director*), Ms. Tiffany Reeves (*Deputy Executive Director and Chief Legal Officer*), and Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (*Legal Counsel*).

Lauren Bruce and Warren Stippich from Grant Thornton provided the Board with an update regarding their internal audit and pilot payroll audit work. The Board discussed, the internal audit process, prospective litigation, and an RFP to do a payroll audit of the remaining schools. As part of the discussion, the Board and counsel also discussed the status of subpoenaed records from a third-party payroll provider and costs relating to the same.

Staff presented duty and non-duty disability applications.

Ms. Reeves, as Chief Legal Officer, presented regarding recent litigation filed by other parties against a prospective investment fund. Ms. Reeves also presented regarding the Fund becoming a potential lead plaintiff in a securities class action against Teva Pharmaceuticals.

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## **MARCH 15, 2018 – REGULAR BOARD MEETING**

Members present: Ms. Lois W. Ashford, Mr. Jeffery Blackwell, Ms. Bernice Eshoo, Mr. Mark F. Furlong, Ms. Lois Nelson, Ms. Tina Padilla, Mr. Gregory Redfeairn, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Ms. Maria J. Rodriguez, Ms. Gail D. Ward – 11

Members absent: Mr. Jerry Travlos – 1

Also in attendance were Mr. Charles A. Burbridge (*Executive Director*), Ms. Mary Cavallaro (*Deputy Executive Director*), Mr. John F. Schomberg (*Chief Legal Officer*), Ms. Adriane McCoy (*Internal Audit Director*), and Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (*Board Counsel*).

Deputy Executive Director Cavallaro provided an update regarding Grant Thornton pilot payroll audits.

Chief Legal Officer Schomberg and Board Counsel Burns presented various litigation matters to the Board, including regarding the status of suits related to payroll record and pension contribution delinquencies against Urban Prep and Young Women's and of demand letters sent to Kwame, Intrinsic, Montessori (Englewood), L.E.A.R.N., and Concept/Horizon and regarding the status of a suit against Prologue, Inc. arising out of the payroll audit of the now-closed Joshua Johnston Charter School.

Chief Legal Officer Schomberg presented regarding draft executive session minutes covering meeting dates between August 2015 and September 2017. Mr. Schomberg discussed the process and due diligence that he went through in compiling the executive session minutes, including (as applicable), but not limited to: listening to the executive session tapes, reviewing the contemporaneous notes of executive session attendees, reviewing the applicable open session minutes and the votes coming out of executive session, and reviewing the applicable committee reports and recommendations.

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## **MARCH 19, 2018 – PERSONNEL COMMITTEE MEETING**

Members present: Ms. Bernie Eshoo, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Ms. Maria Rodriguez, and Ms. Gail Ward – 5

Members absent: Ms. Lois W. Ashford, Mr. Jeffrey Blackwell, Mr. Mark Furlong, Ms. Lois Nelson, Ms. Tina Padilla, Mr. Gregory Redfeairn, and Mr. Jerry Travlos – 7

Also in attendance were Mr. Charles A. Burbridge (*Executive Director*), Ms. Mary Cavallaro (*Deputy Executive Director*), Mr. John F. Schomberg (*Chief Legal Officer*), Ms. Adriane McCoy (*Internal Audit Director*), and Ms. Lauren Axel (*HR Manager*).

The Committee interviewed two candidates for the open Chief Benefits Officer position, including Rosemary Ihejirika who was later offered and accepted the position.

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**MARCH 22, 2018 – TECHNOLOGY COMMITTEE MEETING**

Members present: Ms. Lois W. Ashford, Mr. Jeffrey Blackwell, Ms. Lois Nelson, Ms. Tina Padilla, Mr. Gregory Redfeairn, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, and Ms. Maria Rodriguez – 8

Members absent: Ms. Berenice Eshoo, Mr. Mark Furlong, Mr. Jerry Travlos, and Ms. Gail Ward – 4

Also in attendance were Mr. Charles A. Burbidge (*Executive Director*), Ms. Mary Cavallaro (*Deputy Executive Director*), Mr. John F. Schomberg (*Chief Legal Officer*) Ms. Adriane McCoy (*Internal Audit Director*), and Vandana Vohra (*Chief Technology Officer*).

The Committee and staff discussed Grant Thornton's internal audit of IT security and addressed the findings. The Committee and staff discussed changes to and loss of IT personnel related to the same.

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**APRIL 2, 2018 – RETURN TO WORK COMMITTEE MEETING (MORNING SESSION)**

Members present: Ms. Bernie Eshoo, Ms. Mary Sharon Reilly, Ms. Maria Rodriguez – 3

Members absent: Ms. Lois W. Ashford, Mr. Jeffrey Blackwell, Mr. Mark Furlong, Ms. Lois Nelson, Ms. Tina Padilla, Mr. Gregory Redfeairn, Mr. Jay C. Rehak, Mr. Jerry Travlos, Ms. Gail Ward – 7

Also in attendance were Ms. Mary Cavallaro (*Deputy Executive Director*), Mr. John F. Schomberg (*Chief Legal Officer*), Ms. Adriane McCoy (*Internal Audit Director*), Ms. Jenn Pentangelo (*Benefits Manager*), and Judge Russell Hartigan (*Hearing Officer*).

The Trustees, the Hearing Officer, and staff discussed the individual cases after the Return to Work hearings for the following members: Stanley Stearns, Miriam Valcarcel, and Candace Butera.

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**APRIL 2, 2018 – RETURN TO WORK COMMITTEE MEETING (AFTERNOON SESSION)**

Members present: Ms. Bernie Eshoo, Ms. Mary Sharon Reilly, Ms. Maria Rodriguez – 3

Members absent: Ms. Lois W. Ashford, Mr. Jeffrey Blackwell, Mr. Mark Furlong, Ms. Lois Nelson, Ms. Tina Padilla, Mr. Gregory Redfeairn, Mr. Jay C. Rehak, Mr. Jerry Travlos, Ms. Gail Ward – 7

Also in attendance were Mr. John F. Schomberg (*Chief Legal Officer*), Ms. Adriane McCoy (*Internal Audit Director*), Ms. Jenn Pentangelo (*Benefits Manager*), and Judge Russell Hartigan (*Hearing Officer*).

The Trustees, the Hearing Officer, and staff discussed the individual cases after the Return to Work hearings for the following members: Dallas Shelton, Kevin Denton, Rose Hensle, and Christine Fair.

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**APRIL 5, 2018 – RETURN TO WORK COMMITTEE MEETING**

Members present: Ms. Maria Rodriguez – 1

Members absent: Ms. Lois W. Ashford, Mr. Jeffrey Blackwell, Ms. Bernie Eshoo, Mr. Mark Furlong, Ms. Lois Nelson, Ms. Tina Padilla, Mr. Gregory Redfeairn, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Mr. Jerry Travlos, Ms. Gail Ward – 11

Also in attendance were Ms. Mary Cavallaro (*Deputy Executive Director*), Mr. John F. Schomberg (*Chief Legal Officer*), Ms. Adriane McCoy (*Internal Audit Director*), Ms. Jenn Pentangelo (Benefits Manager), and Judge Russell Hartigan (*Hearing Officer*).

The Trustees, the Hearing Officer, and staff discussed the individual cases after the Return to Work hearings for the following members: Rosetta Tetteh and Robert Bastyr.

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**APRIL 13, 2018 – FINANCE & AUDIT COMMITTEE MEETING**

Members present: Mr. Jeffery Blackwell, Ms. Bernice Eshoo, Ms. Lois Nelson, Ms. Tina Padilla, Mr. Gregory Redfeairn, Ms. Mary Sharon Reilly, Ms. Maria Rodriguez – 7

Members absent: Ms. Lois W. Ashford, Mr. Mark F. Furlong, Mr. Jay C. Rehak, Mr. Jerry Travlos, Ms. Gail Ward – 5

Also in attendance were Mr. Charles A. Burbridge (*Executive Director*), Mary Cavallaro (*Deputy Executive Director*), Ms. Renee Schildgen (Associate Counsel), Ms. Alise White (*Chief Financial Officer*) and Mr. Joseph Burns (*Board Counsel*) of Jacobs, Burns, Orlove and Hernandez

The Trustees discussed a personnel relationship issue with staff.

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**APRIL 17, 2018 – REGULAR BOARD MEETING**

Members present: Ms. Lois W. Ashford, Ms. Bernice Eshoo, Ms. Lois Nelson, Ms. Tina Padilla, Mr. Gregory Redfeairn, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Ms. Maria J. Rodriguez – 8

Members absent: Mr. Jeffery Blackwell, Mr. Mark F. Furlong, Mr. Jerry Travlos, Ms. Gail D. Ward – 4

Also in attendance were Mr. Charles A. Burbridge (*Executive Director*), Ms. Mary Cavallaro (*Deputy Executive Director*), Mr. John F. Schomberg (*Chief Legal Officer*), Ms. Adriane McCoy (*Internal Audit Director*) and Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (*Board Counsel*).

The Board discussed consenting to the hire of Rosemary Ihejirika as Chief Benefits Officer.

The Board discussed the legal and Claims & Service Credits Committee recommendations regarding Mr. Luster Jackson's overpayment appeal.

Chief Legal Officer Schomberg presented regarding the status of delinquency and payroll audit litigation and pre-litigation. Mr. Schomberg also discussed payroll audit adjustment letters. The Board and counsel discussed providing authority to send payroll audit adjustment matters to outside counsel if either the neces-



sary adjustments and contributions were not made or if a reasonable extension was not requested within 30 days.

Staff presented a non-duty disability application to the Board.

Mr. Schomberg provided an update regarding the movement of the Fund's primary tax counsel to another law firm. The Board and counsel discussed options, including short-term retention and authorized going out for bid for tax counsel.

Mr. Schomberg presented draft executive session minutes to the Board.

The Trustees and the Internal Audit Director discussed internal control priorities and issues. The Trustees discussed various internal control priorities and issues with the Executive Director.

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## **MAY 1, 2018 – TECHNOLOGY COMMITTEE MEETING**

Members present: Mr. Gregory Redfeairn, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, and Ms. Maria Rodriguez – 4.

Members absent: Ms. Lois W. Ashford, Mr. Jeffrey Blackwell, Ms. Berenice Eshoo, Mr. Mark Furlong, Ms. Lois Nelson, Ms. Tina Padilla, Mr. Jerry Travlos, and Ms. Gail Ward – 8.

Also in attendance were Mr. Charles A. Burbridge (*Executive Director*), Ms. Mary Cavallaro (*Deputy Executive Director*), Mr. John F. Schomberg (*Chief Legal Officer*), Ms. Adriane McCoy (*Internal Audit Director*), Ms. Vandana Vohra (*Chief Technology Officer*), Ms. Lauren Axel (*HR Manager*), and Mr. Dan Oakes (*Infrastructure Manager*).

Chief Technology Officer Vohra and Infrastructure Manager Oakes presented to the Committee regarding IT Security Administration. The Board and staff discussed the same, including training and the role of the Internal Audit Director.

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## **MAY 9, 2018 – RETURN TO WORK COMMITTEE MEETING (MORNING SESSION)**

Members present: Ms. Bernice Eshoo, Ms. Lois Nelson, Ms. Mary Sharon Reilly, Ms. Maria J. Rodriguez – 4

Members absent: Mr. Jerry Travlos – 1

The Trustees, the Hearing Officer, and staff discussed the individual cases after the Return to Work hearings for the following members: Charlene Adams, Jerome Alexander, Calvin Heath, and Larry McLemore.  
May 9, 2018 – Return to Work Committee Meeting (afternoon session)

Members present: Ms. Bernice Eshoo, Ms. Lois Nelson, Ms. Mary Sharon Reilly, Ms. Maria J. Rodriguez – 4

Members absent: Mr. Jerry Travlos – 1



The Trustees, the Hearing Officer, and staff discussed the individual cases after the Return to Work hearings for the following members: Antonia Kentros, Marek Michalski, Ronald Ragsdale, and Shirley Roper.

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## **MAY 10, 2018 – FINANCE & AUDIT COMMITTEE MEETING**

Members present: Ms. Bernice Eshoo, Ms. Lois Nelson, Ms. Tina Padilla, Mr. Gregory Redfeairn, Ms. Mary Sharon Reilly, Ms. Maria Rodriguez – 6

Members absent: Ms. Lois W. Ashford, Mr. Blackwell, Mr. Mark F. Furlong, Mr. Jay C. Rehak, Mr. Jerry Travlos, Ms. Gail Ward – 6

Also in attendance for a portion of the meeting were Mr. Charles A. Burbridge (*Executive Director*), Ms. Mary Cavallaro (*Deputy Executive Director*), Mr. John F. Schomberg (*Chief Legal Officer*), Ms. Alise White (*Chief Financial Officer*), Ms. Adriane McCoy (*Internal Audit Director*), and Mr. Joseph Burns (*Board Counsel*) of Jacobs, Burns, Orlove and Hernandez.

Chief Legal Officer Schomberg presented regarding the status of pending delinquency and payroll audit litigation. The Trustees discussed various internal control issues, including separation of duties. The Internal Audit Director reported on the progress of certain projects. The Trustees discussed various issues relating to the role of the IAD and interactions with staff and with Trustees. The Trustees discussed the GT invoices and directed the IAD and Board Counsel to make a report and recommendation regarding any further action.