

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

**Minutes for Release – Official Report
CTPF Executive Session
May 17, 2018**

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.

APRIL 28, 2016 – REGULAR BOARD MEETING

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

Members absent: Ms. Lois W. Ashford, Mr. Mark F. Furlong, Dr. Walter Pilditch – 3

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

Ms. Schildgen presented and the Board discussed the return to work cases of Kenneth Denton and Kathleen Nied.

The Trustees, staff, and counsel discussed issues related to the Employee Handbook, including CTPF's holiday schedule, personal days, and the accrual of sick time and unused vacation time.

The Trustees and counsel discussed internal control issues related to the preservation of and access to emails, as well as the applicability of the Open Meetings Act and the Freedom of Information Act to Trustee communications.

The Trustees discussed Statements of Economic Interest.

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 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. Burbridge (*Executive Director*), Mr. Robert Jurinek (*Internal Auditor*), and Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (*Legal Counsel*).

Grant Thornton presented its Internal Control Assessment and Review, including action items. Discussion included Fund governance, data, business continuity, disaster recovery, and pension benefit calculations.

AUGUST 18, 2016 – SPECIAL BOARD MEETING**9:50 a.m. – 10:30 a.m.**

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

Members absent: Ms. Bernice Eshoo, Mr. Jerry Travlos, Ms. Gail D. Ward – 3.

Mr. Furlong left during executive session.

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

The Trustees, counsel, and staff discussed the retention of Grant Thornton for further internal audit work as well as the role of the in-house internal auditor, both generally and in relation to any further Grant Thornton work.

11:20 a.m. – 11:59 a.m. and 3:03 p.m. – 3:21 p.m.

Members present: Ms. Lois W. Ashford, Mr. Jeffery Blackwell, Mr. Robert F. Bures, Ms. Tina Padilla, Dr. Walter Pilditch, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Mr. Raymond Wohl – 8

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

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

11:20 a.m. – 11:59 a.m.

The Trustees discussed the performance and a salary increase for the Executive Director.

3:03 p.m. – 3:21 p.m.

The Trustees and counsel discussed potential litigation relating to a pension overpayment to a former Fund employee.

DECEMBER 8, 2016 – REGULAR BOARD MEETING

Members present: Ms. Lois W. Ashford, Mr. Jeffery Blackwell, Ms. Bernice Eshoo, Mr. Mark F. Furlong, Ms. Tina Padilla, Dr. Walter Pilditch, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Mr. Jerry Travlos, Ms. Gail D. Ward, Mr. Raymond Wohl – 11

Members absent: Mr. Robert F. Bures – 1

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

Avi Josefson of Bernstein Litowitz Berger & Grossman LLP presented regarding the Fund potentially joining a shareholder derivative suit against Wells Fargo's senior management for its fraudulent cross-selling to customers, including creating more than two million false accounts. The Board and counsel discussed the same with Mr. Josefson. At the time, the Fund held more than \$40 million, totaling more than 850,000 shares of stock.

Mr. Josefson also presented to the Fund regarding potentially joining a securities class action against Alexion Pharmaceuticals related to its sale of Solaris, including in foreign countries. The Board and counsel discussed the same with Mr. Josefson. The Fund's projected losses were \$1.7 million.

SEPTEMBER 12, 2017 – PERSONNEL COMMITTEE MEETING

Members present: Mr. Jay C. Rehak, Ms. Mary Sharon Reilly – 2

Members absent: Ms. Lois W. Ashford, Mr. Jeffery Blackwell, Mr. Robert F. Bures, Ms. Bernice Eshoo, Mr. Mark F. Furlong, Ms. Tina Padilla, Dr. Walter Pilditch, Mr. Gregory Redfeairn, Mr. Jerry Travlos, Ms. Gail D. Ward – 10

Also in attendance were Mr. Charles A. Burbidge (*Executive Director*), Ms. Mary Cavallaro (*Deputy Executive Director*), Ms. Renee Schildgen (*Associate Legal Counsel*), Ms. Lauren Axel (*Human Resources Manager*).

The Trustees, Associate Counsel Schildgen, and HR Manager Axel discussed the timing, steps, and format for the Executive Director's annual evaluation.

NOVEMBER 13, 2017 – POLICY COMMITTEE MEETING

Members present: Ms. Lois W. Ashford, Mr. Gregory Redfeairn, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly – 4

Members absent: Mr. Jeffery Blackwell, Mr. Robert F. Bures, Ms. Bernice Eshoo, Mr. Mark F. Furlong, Ms. Tina Padilla, Dr. Walter Pilditch, Mr. Jerry Travlos, Ms. Gail D. Ward – 8

Also in attendance were Ms. Mary Cavallaro (*Deputy Executive Director*), Mr. John Schomberg (*Chief Legal Officer*), Ms. Renee Schildgen (*Associate General Counsel*), and Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (*Board Counsel*).

The Trustees and staff, including Chief Technology Officer Vandana Vohra, discussed the Acceptable Encryption policy.

NOVEMBER 14, 2017 – FINANCE AND AUDIT COMMITTEE MEETING

Members present: Ms. Lois W. Ashford, Ms. Bernice Eshoo, Ms. Tina Padilla, Mr. Gregory Redfeairn, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly – 6

Members absent: Mr. Jeffery Blackwell, Mr. Robert F. Bures, Mr. Mark F. Furlong, Dr. Walter E. Pilditch, Mr. Jerry Travlos, Ms. Ward – 6

Also in attendance were Mr. Charles A. Burbridge (*Executive Director*), Mary Cavallaro (*Deputy Executive Director*), Mr. John F. Schomberg (*Chief Legal Officer*), and Mr. Joseph Burns of Jacobs, Burns, Orlove & Hernandez, Ms. Alise White (*Chief Financial Officer*), Ms. Saron Tegegne (*Director of Finance*), Vandana Vohra (*Chief Technology Officer*).

Grant Thornton reported on its internal audit risk assessment and IT Security Internal Audit and answered Board and staff questions regarding the same.

NOVEMBER 16, 2017 – REGULAR BOARD MEETING

Members present: Ms. Lois W. Ashford, Mr. Jeffery Blackwell, Ms. Bernice Eshoo, Mr. Mark F. Furlong, Ms. Tina Padilla, Dr. Walter Pilditch, Mr. Gregory Redfeairn, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Ms. Maria J. Rodriguez, Mr. Jerry Travlos, Ms. Gail D. Ward – 12.

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

The Trustees, counsel, and staff discussed a potential litigation matter involving a Fund vendor.

The Trustees, counsel, and staff discussed resolving litigation and timing issues related to the pension contribution tax levy and CPS's contributions.

Grant Thornton presented regarding the pilot payroll audit program, including providing staff with the authority to finalize the CYDI and Academy for Global Citizenship reports, an additional statement of work, and regarding internal audit.

The Trustees and staff, led by Chief Technology Officer Vandana Vohra, discussed the Acceptable Encryption policy.

The Trustees, staff, and counsel discussed payroll record submission and pension contribution delinquencies and referring the same to outside counsel for demand letters and, if necessary, lawsuits. The Trustees, staff, and counsel also discussed recalculating delinquency fees on a per charter holder basis and using pay date instead of pay period end date, and providing charter holders with revised invoices, based on the same.

DECEMBER 5, 2017 – PERSONNEL COMMITTEE MEETING

Members present: Ms. Mary Sharon Reilly, Ms. Bernie Eshoo, Mr. Jay C. Rehak, and Ms. Gail D. Ward – 4

Other Trustees present: Ms. Lois W. Ashford, Ms. Tina Padilla, and Ms. Maria J. Rodriguez – 3

Also in attendance were Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (*Board Counsel*).

The Board and staff discussed approving additional head count for the Fund's Contract and Procurement Administrator to move from part-time to full-time status.

DECEMBER 14, 2017 – REGULAR BOARD MEETING

Members present: Ms. Lois W. Ashford, Mr. Jeffery Blackwell, Ms. Bernice Eshoo, Ms. Tina Padilla, Dr. Walter E. Pilditch (via conference call) Mr. Gregory Redfeairn, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Mr. Jerry Travlos, Ms. Gail D. Ward – 11

Members absent: Mr. Mark Furlong – 1

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

The Board and staff discussed a disability pension matter.

The Board and staff discussed approving additional head count for the Fund's Contract and Procurement Administrator to move from part-time to full-time status.

The Trustees and staff discussed resolving litigation and timing issues related to the pension contribution tax levy and CPS's contributions.

The Board, staff, and counsel discussed potential litigation involving a Fund vendor.

Grant Thornton presented regarding the pilot payroll audit program. Board and staff asked questions and discussed the same, including authorizing staff to finalize the payroll audit for Academy for Global Citizenship, the retention of two payroll audit firms to expand the pilot program to all charter schools, authorizing staff to refer Ace Tech and Academy for Global Citizenship to outside counsel for demand letter and, if necessary, lawsuits.

The Internal Audit Director advised the Board of a hotline report related to a personnel matter. The Board directed further investigation.

JANUARY 5, 2018 – FINANCE AND AUDIT COMMITTEE MEETING

Members present: Mr. Jeffery Blackwell, Ms. Bernice Eshoo, Mr. Gregory Redfeairn, Ms. Mary Sharon Reilly – 4

Members absent: Ms. Lois W. Ashford, Mr. Mark F. Furlong, Ms. Tina Padilla, Mr. Jay C. Rehak, Ms. Maria J. Rodriguez, Mr. Jerry Travlos, Ms. Gail D. Ward – 7

Also in attendance were Mr. Charles A. Burbridge (*Executive Director*), Mary Cavallaro (*Deputy Executive Director*), Mr. John F. Schomberg (*Chief Legal Officer*), Ms. Alise White (*Chief Financial Officer*).

The Board, staff, and counsel discussed both potential and actual demand letters and litigation related to payroll record submission and pension contribution delinquencies.

JANUARY 18, 2018 – REGULAR BOARD MEETING

Members present: Ms. Lois W. Ashford, Mr. Jeffery Blackwell, Ms. Bernice Eshoo, Mr. Mark F. Furlong, Ms. Tina Padilla, Mr. Gregory Redfeairn, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Ms. Maria J. Rodriguez, Ms. Gail D. Ward – 10

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 Ms. Sherrie Voyles of Jacobs, Burns, Orlove and Hernandez (*Board Counsel*).

Grant Thornton presented regarding the pilot payroll audits and discussed the same with the Board and staff. The Board and staff discussed delegating to staff to finalize the payroll audit for Horizon Science Academy. The Board and staff discussed providing open schools with finalized payroll audits 30 days, absent a request for a reasonable extension, to make the adjustments and to make the underpayments contained in the audit reports.

The Board, staff, and counsel discussed schools' delinquencies in submitting payroll records and making pension contributions and their obligation to pay the statutory penalties, liquidated damages, and interest relating to the same. The Board, staff, and counsel discussed referring schools owing more than \$25,000 in statutory penalties, liquidated damages, and interest to outside counsel for demand letters and, if necessary, lawsuits.

The Board, staff, and counsel discussed entering into a Memorandum of Understanding with the Chicago Board of Education relating to the timing of tax levy payments as well as options if an agreement on an MOU could not be reached.

The Board, staff, and counsel discussed the pension overpayment appeal of Loretta Young-Wright and the return to work on a permanent or annual basis appeal of Stanley Buford.

The Board and staff discussed a non-duty disability pension appeal.

The Internal Audit Director updated the Board of the personnel matter stemming from the earlier hotline report.

JANUARY 25, 2018 – PERSONNEL COMMITTEE MEETING

Members present: Ms. Bernice Eshoo, Mary Sharon Reilly, Mr. Jay C. Rehak, Ms. Gail D. Ward – 4

Other Trustees present: Ms. Lois W. Ashford and Mr. Gregory Redfeairn – 2

Also in attendance were Ms. Adriane McCoy, (*Internal Auditor Director*), and Ms. Sherrie Voyles of Jacobs, Burns, Orlove and Hernandez (*Board Counsel*).

The Internal Audit Director reported on the conclusion of the investigation of the personnel matter first discussed on 12/14/17 and the matter has been closed.

FEBRUARY 8, 2018 – FINANCE AND AUDIT COMMITTEE MEETING

Members present: Mr. Jeffery Blackwell, Ms. Bernice Eshoo, Mr. Gregory Redfeairn, Ms. Mary Sharon Reilly – 4

Members absent: Ms. Lois W. Ashford, Mr. Mark F. Furlong, Ms. Tina Padilla, Mr. Jay C. Rehak, Ms. Maria J. Rodriguez, Mr. Jerry Travlos, Ms. Gail D. Ward – 7

Also in attendance were Mary Cavallaro (*Deputy Executive Director*), Mr. John F. Schomberg (*Chief Legal Officer*), Ms. Alise White (*Chief Financial Officer*) and Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (*Board Counsel*).

The Committee, staff, and counsel discussed the status of current and likely litigation and demand letters relating to delinquencies in payroll record submissions and pension contributions.

The Committee, staff, and counsel discussed the pilot payroll audits conducted by Grant Thornton and the short-term and long-term transition to other payroll auditors.

FEBRUARY 13, 2018 – RETURN TO WORK COMMITTEE MEETING

Members present: Mr. Jeffery Blackwell, Ms. Bernice Eshoo, Mr. Gregory Redfeairn, Ms. Mary Sharon Reilly – 4

Members absent: Ms. Lois W. Ashford, Mr. Mark F. Furlong, Ms. Tina Padilla, Mr. Jay C. Rehak, Ms. Maria J. Rodriguez, Mr. Jerry Travlos, Ms. Gail D. Ward – 7

Also in attendance were Mary Cavallaro (*Deputy Executive Director*), Mr. John F. Schomberg (*Chief Legal Officer*), Ms. Alise White (*Chief Financial Officer*) and Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (*Board Counsel*).

The Committee, staff, and counsel discussed the Administrative Law Judge's/hearing officer's recommendations related to the return to work hearings for Barbara Whitmore for the 2014-2015 school year and for the following members for the 2015-2016 school year: Alita Abell, Zeinab Abubaker, Alicia Badillo, Shirley Boyd, Linda Casey, Harry Davis, Diana Haywood, Scherrelle Jeffries, Lizzie Jones, Silvia Lopez, Joyce Lowe, Demetra Makris, Jeanette O'Neal, Violet Payne, Barbara Peck, Kathleen Penson, Janice Savitt, Arthur Slater, Fred Thomas, Gloria Thompson, Steven Yannias, and Fathyeh Yessin.

FEBRUARY 15, 2018 – REGULAR BOARD MEETING

Members present: Ms. Lois W. Ashford, Mr. Jeffery Blackwell, Ms. Bernice Eshoo, Ms. Tina Padilla, Mr. Gregory Redfeairn, Mr. Jay C. Rehak, Ms. Mary Sharon Reilly, Ms. Maria J. Rodriguez, Mr. Jerry Travlos, Ms. Gail D. Ward – 10

Members absent: Mr. Furlong – 1

Also in attendance were Mary Cavallaro (*Deputy Executive Director*), Mr. John F. Schomberg (*Chief Legal Officer*), Ms. Adriane McCoy (*Internal Audit Director*), Ms. Alise White (*Chief Financial Officer*), Ms. Lauren Axel (*HR Manager*), Renee Schildgen (*Associate General Counsel*), and Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (*Board Counsel*).

Grant Thornton presented regarding the status of their payroll audit pilot program and the plan for them to wrap up their work, completing all audits, subject to any management responses for one school and leaving a portion open, for which management responses and follow-up were still outstanding, for another. There was discussion amongst the Trustees and staff regarding the short-term, middle-term, and long-term plans for conducting payroll audits of all Chicago charter schools, including the RFP for long-term coverage. There was further discussion regarding Grant Thornton needing an additional \$25,000 in order to complete the agreed-upon work, regarding payments to Grant Thornton, to date, and regarding delegating to staff the power to finalize the YCCS payroll audit report.

The Trustees, the Chief Legal Officer, Board Counsel, and staff discussed currently filed litigation against Prologue (related to Joshua Johnston Charter School) and against Urban Prep.

Ms. McCoy presented regarding internal audit matters, including Grant Thornton following up on its observations from its FY2016 to FY2018 audit work. Ms. McCoy also discussed the current Procurement & Contracting Business Process audit and the current RFP out for External and Internal Penetration Testing. Fund staff and the Trustees discussed the termination of an employee for performance-based issues and how the department would be affected.

Chair Rodriguez and Mr. Schomberg discussed the recommendations of the hearing officer and the Return to Work Committee relating to the 2014-2015 school year and 2015-2016 school year Return to Work hearings detailed in the Committee's report. The Trustees discussed and asked questions regarding the same.

FEBRUARY 27, 2018 – VACANCY COMMITTEE MEETING

Members present: Mr. Jeffery Blackwell, Ms. Mary Sharon Reilly, and Ms. Gail D. Ward – 3

Other Trustees present: Ms. Bernice Eshoo, Mr. Gregory Redfeairn, and Ms. Maria J. Rodriguez – 3

Also in attendance were Mr. Charles A. Burbridge (*Executive Director*), Mr. John F. Schomberg (*Chief Legal Officer*), and Ms. Adriane McCoy (*Internal Audit Director*).

The Trustees discussed the vacancy process and policy and the previous processes. The Trustees interviewed the Committee's finalists, Lois Nelson and Carlos Azcoitia, for the Pensioner Trustee vacancy created by the death of Dr. Walter Pilditch. The Trustees both asked and solicited questions from the candidates. Trustee Redfeairn joined the interviews at 4:44 p.m.

The Trustees discussed and deliberated regarding the candidates and their qualifications.