

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

Special Meeting – Official Report

Thursday, April 23, 2020

A Special Meeting of the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago was held Thursday, April 23, 2020.

The Vice President, Ms. Mary Sharon Reilly, called the meeting to order at 9:37 a.m.

PUBLIC PARTICIPATION

Mr. Nathaniel Dickson, a retired member, expressed his concern regarding a letter from CTPF dated February 28, 2020 in regards to his pension correction. He expressed his frustration with the timeliness of records received and the date that he was notified. Mr. Dickson stated that he received the letter without a signature and was unable to contact anyone at the Fund due to the COVID-19 pandemic shelter in place order. He stated he didn't receive his 1099R until March 2020 because his address was entered incorrectly. Mr. Dickson stated that he updated his address appropriately and would like these matters addressed.

Ms. Patricia Kubistal, a retired member, thanked the Board for continuing to meet through Zoom. Ms. Kubistal stated that she received a letter in February requesting her to change her tax withholding. She stated that she sent back her tax withholding and the Fund made the adjustment, but it was not correct. She stated that she filled it out according to the IRS schedule. Ms. Kubistal stated her opinion that the individual who entered the tax tables made an error and the matter should be reviewed further.

Board Meeting Audio/Video Conferencing During COVID-19

Ms. Reilly stated that due to the COVID-19 emergency, and in accordance with the temporary suspension of Open Meetings Act requirements, this meeting is being conducted via audio/video conferencing. She stated that call-in guidelines and instructions have been provided to the Trustees and were posted on the Fund's website for the public.

ROLL CALL

Members present: Ms. Gervaise Clay, Mr. Miguel del Valle, Ms. Lois Nelson, Ms. Tina Padilla, Mr. Gregory Redfeairn, Ms. Mary Sharon Reilly, Ms. Maria J. Rodriguez, Ms. Jacquelyn Price Ward – 8

Members absent: Mr. Jeffery Blackwell, Mr. James Cavallero, Mr. Jerry Travlos, Mr. Dwayne Truss – 4

Also in attendance were Mr. Charles A. Burbridge (*Executive Director*), Ms. Mary Cavallaro (*Deputy Executive Director*), Mr. Daniel J. Hurtado (*Chief Legal Officer*), Ms. Adriane McCoy (*Internal Audit Director*), Ms. Angela Miller-May (*Chief Investment Officer*), Mr. Joseph Burns, Mr. Charlie Burns and Marisel Hernandez of Jacobs, Burns, Orlove and Hernandez (*Board Counsel*), and various observers and staff members.

Teresa Konrath

Mr. Joseph Burns, Board Counsel, gave an overview of Ms. Teresa Konrath's appeal regarding her pension reduction. Mr. Burns stated that Ms. Konrath is waiting on the Board's decision.

The Board deferred discussion of Ms. Konrath's matter to Executive Session.

Motion to go into Executive Session, Approved

Ms. Padilla made a motion, seconded by Ms. Nelson, to go into Executive Session for the purpose of discussing litigation matters. The motion passed unanimously.

The Executive Session lasted from 10:11 a.m. to 11:43 a.m.

Motion to go into Open Session, Approved

Ms. Rodriguez made a motion, seconded by Ms. Padilla, to go into Open Session.

The motion passed unanimously.

REPORT OF THE COMMITTEE ON PENSION LAWS & ADMINISTRATIVE RULES

Legislative Update

Ms. Bukola Bello of Vision M.A.I Consulting reported that CTPF's 125th Anniversary resolution has been adopted by the Senate and House of Illinois. Ms. Bello updated the Board on CTPF's 2020 legislative agenda. She stated that the legislature has been focused on response to the COVID-19 pandemic and budget.

Mr. Steve Zahn of Zahn Governmental Solutions gave an overview of the Senate and House working group schedule. Ms. Bello and Mr. Zahn addressed questions raised by the Board.

Proposed Internal Revenue Code Policy

Mr. Burns presented and reviewed the proposed Internal Revenue Code (IRC) policy. Mr. Burns stated that the IRC policy was drafted in conjunction with Ice Miller and Jacobs, Burns, Orlove and Hernandez. Mr. Burns addressed questions raised by the Board.

Motion to Adopt Proposed Internal Revenue Code Policy, Approved

Ms. Nelson made a motion, seconded by Ms. Rodriguez, to adopt the proposed Internal Revenue Code policy as presented. The motion passed the following roll call vote:

Ayes: Ms. Clay, Mr. del Valle, Ms. Nelson, Ms. Padilla, Ms. Price Ward, Mr. Redfeairn, Ms. Reilly, Ms. Rodriguez – 8

Discussion of Potential Amendment to Return to Work Rules with Regard to Treatment of “In-Service” Workshop Days

Discussion ensued regarding amending the Return to Work Rules with regard to treatment of in-service days being counted as a day.

Motion to Defer the Proposed Return to Work Rules Amendment, Approved

Ms. Rodriguez made a motion, seconded by Ms. Nelson, to refer the proposed Return to Work Rules amendment to the Claims and Service Credits /Pension Laws and Administrative Rules for consideration of changes to the Return to Work Rules. The motion passed by the following roll call vote:

Ayes: Ms. Clay, Mr. del Valle, Ms. Nelson, Ms. Padilla, Ms. Price Ward, Mr. Redfeairn, Ms. Reilly, Ms. Rodriguez – 8

Tony Fisher Appeal and Proposed Amendment to the Disability Policy

Discussion ensued regarding Mr. Tony Fisher’s appeal. The Board decided to table the decision regarding Mr. Fisher’s appeal and proposed amendment to the Disability Policy for further consideration.

Travel Policy Discussion

Discussion ensued regarding the Fund’s Travel Policy.

Motion to Defer the Travel Policy to the Pension Laws and Administrative Rules Committee, Approved

Ms. Nelson made a motion, seconded by Ms. Rodriguez, to defer discussion of the Travel Policy to the Pension Laws and Administrative Rules Committee. The motion passed by the following roll call vote:

Ayes: Ms. Clay, Mr. del Valle, Ms. Nelson, Ms. Padilla, Ms. Price Ward, Mr. Redfeairn, Ms. Reilly, Ms. Rodriguez – 8

REPORT OF THE COMMITTEE ON FINANCE AND AUDIT**FY 2021 Budget Timeline**

Mr. Antoine Holmes, Interim Reporting Manager, reviewed the budget timeline for fiscal year 2021. Mr. Holmes addressed questions raised by the Board.

Discussion ensued regarding the budget timeline.

Motion to Provide FY 2021 Draft Budget to the Respective Committee Chairs, Approved

Ms. Clay made a motion, seconded by Ms. Rodriguez, that the fiscal year 2021 draft budget be provided to the respective committee chairs, and that the Board be provided with the budget spend of year-to-date for fiscal year 2020. The motion passed by the following roll call vote:

Ayes: Ms. Clay, Mr. del Valle, Ms. Nelson, Ms. Padilla, Ms. Price Ward, Mr. Redfeairn, Ms. Reilly, Ms. Rodriguez – 8

FY 2020 Agreed Upon Procedure Engagement

Ms. Mary Cavallaro, Deputy Executive Director, gave an update on the FY 2020 Agreed Upon Procedure timeline. Ms. Cavallaro addressed questions raised by the Board.

Weekly CPS/CTPF Data Meeting Notes

Ms. Rosemary Ihejirika, Chief Benefits Director, presented and reviewed the meeting notes and highlighted important activity that has taken place. Ms. Ihejirika reported that staff continues meeting with CPS Payroll and IT Departments regarding payroll reporting. Ms. Ihejirika reported that they are working through codification, unused sick day reporting, part-time reporting issues, snow day pay dates for FY19 and FY20, possible strike impact, and daily rates for substitutes and administrators. Ms. Ihejirika addressed questions raised by the Board.

Member 1099R Standard Operating Procedure Overview

Mr. David Sevier, Manager of Accounting Operations, presented and reviewed the member 1099R standard operating procedure. Mr. Sevier addressed questions raised by the Board.

Charter Schools Audit Program Update

Ms. Amy Anderson, Employer Audit Manager, reported that she continues working with Bansley & Kiener and Calibre. Ms. Anderson addressed questions raised by the Board.

Report on Employer Delinquencies and Payroll Audit Adjustments

Mr. Roshan Muringothu, Operations Jr. Accountant, presented and reviewed the Monthly Aging Report for employer payroll delinquencies and payroll audit adjustments. Mr. Muringothu addressed questions raised by the Board.

Dr. Pedro Albizu Campus Puerto Rican High School (Dr. Pedro) Audit Report

Ms. Anderson reported that Dr. Pedro underwent an employer payroll audit. The audit found that contributions to the Fund were underreported. She reported that staff worked with Calibre to complete the audit review and resulting report. Based on the results, staff recommends that outside counsel present the audit report to Dr. Pedro and request that the school make the adjustments to contributions reporting as described in the audit report. Ms. Anderson addressed questions raised by the Board.

The Board directed staff to send a letter to Dr. Pedro requesting that the school make the adjustments to contributions reporting as described in the audit report.

Kwame Nkrumah Academy Audit Report

Ms. Anderson reported that Kwame Nkrumah Academy was a charter school that underwent an employer payroll audit. She stated that the audit found that contributions to the Fund were, in net, under-reported. She reported that staff worked with Calibre to complete the audit review and resulting audit report. Ms. Anderson stated that Kwame Nkrumah Academy was closed after the 2018 school year and declared bankruptcy on January 8, 2020. Due to the school closure, CTPF and Calibre were unable to obtain all the pay-

roll records for June 12, 2012, through September 17, 2012. The procedures performed during this review were in compliance with Schedule A of the agreement with Calibre. Ms. Anderson stated that, in light of the Kwame Nkrumah Academy's current bankruptcy filing, staff recommends that the Board approve the audit report for the Kwame Nkrumah Academy to be considered issued so that legal action can be taken by outside counsel to register the amount with the bankruptcy court. Ms. Anderson addressed questions raised by the Board.

Mr. del Valle left the meeting.

Motion to Accept Staff Recommendation to Approve the Audit Report for Kwame Nkrumah Academy, Approved

Mr. Redfeairn made a motion, seconded by Ms. Padilla, to accept staff recommendation to approve the audit report for the Kwame Nkrumah Academy so legal action can be taken by outside counsel to register the amount with the bankruptcy court. The motion passed by the following roll call vote:

Ayes: Ms. Clay, Ms. Nelson, Ms. Padilla, Ms. Price Ward, Mr. Redfeairn, Ms. Reilly, Ms. Rodriguez – 7

Henry Ford Power House High School Late Fees

Ms. Anderson reported that Henry Ford Power House High School (Henry Ford) was a charter school that last reported to the Fund in June 2015, and was closed that year. She stated that Henry Ford was operated by HFLI Academies of Illinois (HFLI), a non-profit that dissolved in October 2018. She reported that as of May 2018, Henry Ford owed the Fund \$45,218.10 in statutory penalties, liquidated damages and interest on contribution (Late Fees). Ms. Anderson stated that because there is no known source of HFLI assets from which to collect the late fees or other delinquencies that may have been uncovered, staff and Fund counsel recommend the Fund write off the late fees of \$45,218.10. Staff and Fund counsel also recommend the issuance of a subpoena to CPS for its Henry Ford records. Ms. Anderson addressed questions raised by the Board.

Motion to Write off Henry Ford's Late Fees and Issue Subpoena to CPS for Henry Ford Records, Approved

Mr. Redfeairn made a motion, seconded by Ms. Price Ward, to accept staff recommendation to write off late fees of \$45,218.10 as uncollectible, per Board Counsel, and issue a subpoena to CPS for its Henry Ford records. The motion passed by the following roll call vote:

Ayes: Ms. Clay, Ms. Nelson, Ms. Padilla, Ms. Price Ward, Mr. Redfeairn, Ms. Reilly, Ms. Rodriguez – 7

Administrative Rules-Delinquency

Ms. Cavallaro reported that Kwame Nkrumah Academy, Inc. and Young Women's Leadership Charter School closed at the end of fiscal year 2019 with outstanding contributions still to report to CTPF. Ms. Cavallaro reported that CTPF has continued billing both Kwame and Young Women's Leadership weekly for their outstanding contributions. Currently, interest and liquidated damages are being accrued weekly and will continue to accrue until CTPF receives the contribution from the schools. She stated that Finance is seeking direction as to whether CTPF should continue to bill the delinquent but closed schools, whether legal action should be initiated, and what effect the bankruptcy of Kwame would have on the answers to those questions. She reviewed the Fund's delinquency rules.

Mr. Burns stated that no action can be taken or notification sent when an entity has filed for bankruptcy.

Ms. Cavallaro recommends updating the Fund's Delinquency Rules to include how to proceed on late fees when a charter school files for bankruptcy.

Service Credit for Union Leaves of Absence

Ms. Clay and Board Counsel recused themselves from the meeting.

Ms. Cavallaro stated that Public Act 97-651 (the “Act”), effective 1.5.2012, modified Section 17-134 of the Illinois Pension Code by providing that members could no longer receive service credit for union leaves of absence. She stated that on November 29, 2018, the Illinois Supreme Court issued an opinion holding that eliminating union leave service credit for members hired prior to the effective date of the statute violated the Illinois Constitution’s Pension Protection Clause. Ms. Cavallaro reported that prior to the Illinois Supreme Court’s decision, in compliance with the Act, the Chicago Teachers Union (“CTU”) and the Illinois Federation of Teachers (“IFT”) had not been making contributions to CTPF for members on union leave after the effective date of the Act. IFT has not, since the Illinois Supreme Court’s decision, made retroactive contributions on behalf of eligible members on union leave hired prior to the effective date of the Act. CTPF staff has worked with CTU and IFT with regard to retroactive payment of the contributions or the purchase of service credit for the union leaves of absence. CTU, which was a party to the court case, has been making contributions into court administered escrow. IFT, which was NOT a party to the court case, has not been contributing to an escrow account. Ms. Cavallaro reported that there are three members who have been on leave to work with IFT who are affected by the ruling, and for which IFT may choose to report retroactive contributions.

Ms. Cavallaro reported that the IFT Pension Officer contacted CTPF seeking direction on how to proceed with submitting contributions for impacted members. Ms. Cavallaro stated that staff is seeking guidance from the Board for impacted members.

Discussion ensued regarding service credit for impacted members.

Motion that the Fund Begin Calculating Interest for Retroactive Contributions for IFT Employees Effective December 1, 2018, Approved

Mr. Redfeairn made a motion, seconded by Ms. Padilla, that in light of the Illinois Supreme Court’s opinion issued on November 29, 2018, the Fund begin calculating interest for retroactive contributions for IFT employees that are CTPF members starting December 1, 2018, and assess that interest to the extent that those members elect to participate in the Fund for time that they were on leave from a CTPF employer to work for the union. The motion passed by the following roll call vote:

Ayes: Ms. Padilla, Ms. Price Ward, Mr. Redfeairn, Ms. Reilly, Ms. Rodriguez – 5

Abstentions: Ms. Nelson – 1

Ms. Clay and Board Counsel returned to the meeting.

REPORT OF THE COMMITTEE ON CLAIMS AND SERVICE CREDITS

Ms. Ihejirika reviewed the Trending Pensions Audit Reports Summary and the Member Services Activity Report. Ms. Ihejirika addressed questions raised by the Board.

Motion to Provide Monthly Reports, Approved

Ms. Rodriguez made a motion, seconded by Ms. Nelson, to provide monthly reports along with the summarized reports for Trending Pensions Audits and the Member Services Activity Report. The motion passed by the following roll call vote:

Ayes: Ms. Nelson, Ms. Padilla, Ms. Price Ward, Mr. Redfeairn, Ms. Reilly, Ms. Rodriguez – 6

Ms. Clay was not present during the vote.

Motion to Offer Theresa Konrath the Opportunity to Work for CTPF Accrue Additional Service Credit, Approved

Ms. Clay made a motion, seconded by Ms. Nelson, to offer Ms. Theresa Konrath the opportunity to work for CTPF for the necessary number of days to enable her to accrue the necessary service credit and to deduct from her pension the appropriate amount as calculated by the Fund to correct the overpayment. The motion passed by the following roll call vote:

Ayes: Ms. Clay, Ms. Nelson, Ms. Padilla, Ms. Price Ward, Mr. Redfeairn, Ms. Reilly, Ms. Rodriguez – 7

Motion to Adjourn, Approved

Ms. Rodriguez made a motion, seconded by Ms. Price Ward, to adjourn the meeting. The meeting adjourned at 5:46 p.m.

Respectfully submitted,



Jacqueline Price Ward
Recording Secretary

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

Executive Session – Official Report

Thursday, April 23, 2020

An Executive Session of the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago was held Thursday, April 23, 2020.

The Vice President, Ms. Mary Sharon Reilly, called the meeting to order at 10:11 a.m.

ROLL CALL

Members present: Ms. Gervaise Clay, Mr. Miguel del Valle, Ms. Lois Nelson, Ms. Tina Padilla, Mr. Gregory Redfeaim, Ms. Mary Sharon Reilly, Ms. Maria J. Rodriguez, Ms. Jacquelyn Price Ward – 8

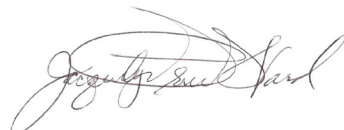
Members absent: Mr. Jeffery Blackwell, Mr. James Cavallero, Mr. Jerry Travlos, Mr. Dwayne Truss – 4

Also in attendance for all or part of the Executive Session were Mr. Charles A. Burbridge (*Executive Director*), Ms. Mary Cavallaro (*Deputy Executive Director*), Mr. Daniel J. Hurtado (*Chief Legal Officer*), Ms. Adriane McCoy (*Internal Audit Director*), and Ms. Marisel Hernandez, Mr. Charles Burns and Mr. Joseph Burns of Jacobs, Burns, Orlove and Hernandez (*Board Counsel*).

Discussion ensued regarding litigation matters. No action was taken.

There being no further business, the Executive Session adjourned at 11:43 a.m.

Respectfully submitted,



Jacqueline Price Ward
Recording Secretary