



Pension Board Bylaws – Title II

Chapter A By-Laws

Article 1 Name

- II.A/101** This Board shall be known as the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago. ("Board") [Adopted: April 21, 2017]

Article 2 Office of the Board

- II.A/201** **General Office.** The general office of the Board shall be located within the City of Chicago. All accounts, records, files, books, reports, correspondence and other data or documents relating to the operations of the Fund shall be kept at the Board's office or at such other locations as the Board may determine. [Adopted: April 21, 2017]
- II.A/202** **Administration.** All administrative matters shall be processed under the direction and authority of the Executive Director pursuant to the Board's Delegation of Authority to the Executive Director. [Adopted: April 21, 2017]

Article 3 Members

- II.A/301** **Membership.** The membership of this Board shall consist of twelve (12) members.
- (a) Teacher Trustees (6)**
- (1) Teacher Trustees serve a three (3) year term. Each year two (2) seats come up for election.
 - (2) Candidates for Teacher Trustee must
 - (i) Be a Member of the Fund as defined in 40 ILCS 5/17-106, and
 - (ii) Have been assigned on a regular certificate for at least 10 years in the Chicago Public Schools or charter schools within

District 299.

- (3) A Teacher Trustee cannot serve as a Trustee upon becoming a Principal/Administrator.
- (4) The Teacher Trustee Election shall take place in the first week of November. The first week of November is defined as November 1st through the 7th.

(b) Principal/Administrator Trustee (1)

- (1) The Principal/Administrator Trustee serves a three (3) year term.
- (2) Candidates for Principal /Administrator Trustee must: be a principal/administrator as defined in 40 ILCS 5/17-106.1, in the Chicago Public Schools or charter schools within District 299.
- (3) The Principal/Administrator Election shall take place in the first week of November every three (3) years. The first week of November is defined as November 1st through the 7th.

(c) Pensioner Trustees (3)

- (1) Pensioner Trustees serve two (2) year terms that run concurrently.
- (2) Candidates for Pensioner Trustees must be service, reciprocal, or disability pensioners receiving monthly payments from the CTPF.
- (3) The Pensioner Trustee Election shall take place in the first week of November in odd numbered years. The first week of November is defined as November 1st through the 7th.

(d) Board of Education Appointees (2). At the first meeting of the Board of Education in November of each year, the Board of Education shall appoint one of its members to serve, while a member of the Board of Education, on the Board for a term of two (2) years.

[Adopted: April 21, 2017]

II.A/302 Election Policies and Procedures. Specific election procedures and policies for conducting Board member elections are contained in Chapter B of this Title. [Adopted: April 21, 2017]

II.A/303 Vacancies. When, in the judgment of the Board of Trustees, a Trustee has lost his or her status as a member of the group that Trustee represents, i.e., as a member of the Board of Education, as a principal, as a pensioner, or as a contributor other than a principal, the Trustee's position shall be considered vacant. Declared vacancies in the Board of Education appointed Trustee positions shall be filled at any regular meeting of the Board of Education in accordance with Sections 17-139(4) and 144 of the Code.

With respect to all other vacancies, the vacancy shall then be filled in accordance with this section, consistent with the Illinois Pension Code. At the Board of Trustees' meeting at

which the Trustees declare a vacancy, the President of the Board of Trustees shall appoint a committee of three Trustees, which shall meet prior to the next regular Board of Trustees' meeting and make recommendations of candidates to fill the vacancy. With the exception of a vacancy in the principal Trustee position, at least one member of the committee shall be a member of the group in which the vacancy exists, provided that there is at least one incumbent Trustee representing that group.

Within 48 hours of declaring a vacancy, the Board of Trustees shall cause a notice to be posted on the CTPF website advising of the vacancy and stating that any member of the eligible group may ask to be considered to fill the vacancy. The committee shall consider nominations from the Board of Trustees. In the case of a vacancy in the position of a Trustee representing retirees or principals, the committee shall consult with the Retired Teachers Association of Chicago and the Chicago Principals' Association, respectively, regarding candidates.

The committee shall present its recommendation(s) to the Board of Trustees at the next regular meeting occurring after the declaration of the vacancy. If the Board of Trustees votes to fill the vacancy with a recommended candidate or with another candidate, that individual, if present, shall be immediately sworn in and shall begin serving as a Trustee, and if not present the candidate shall be sworn in at the next regular Board of Trustees' meeting or at any earlier Committee of the Whole meeting. In the event that the Board does not fill the vacancy, the Board may request the committee to meet again and to recommend a new candidate(s) for consideration by the Board at the next regular Board of Trustees' meeting.

A Trustee filling any vacancy, or any Trustee serving as the result of that Trustee's successor not being elected, shall hold the position until the next annual election, at which time an election will be held to fill the remainder of the term of the Trustee whose position was declared vacant, or for the remainder of the term for which a successor was not elected.

Article 4 Officers and Their Duties

II.A/401 Elected Officers. At the November meeting, newly elected Board Members will be sworn in. The elected officers of the Board shall be President, Vice-President, Recording Secretary, and Financial Secretary.

II.A/402 Election of Officers and Standing Committee Chairs. Immediately following the nominations for each office, the balloting for each office shall take place

according to procedures determined by the Board. After the election of officers, there shall be an election of Standing Committee chairs according to procedures determined by the Board. Officers and Standing Committee chairs will serve for one (1) year or until their successors are elected.

II.A/403. President. The President shall be the chief executive officer of the Board and shall have the powers and responsibilities set forth in the Board's Administrative Rules; shall have the power to act on behalf of the Board on matters that arise between meetings; shall preside at all meetings; may be a member of any Standing Committee; shall appoint the chairs and members of all special committees; and shall be an ex-officio member of the special committees. The President and/or the Executive Director shall sign all contracts and agreement upon authorization of the Board.

II.A/404 Vice-President. The Vice-President shall serve as the presiding officer at all meetings in the absence of the President. If a vacancy occurs in the office of President, the Vice-President shall act as President until the election of a successor. In the absence of the President, the Vice-President shall appoint the chairs and members of all special committees. The Vice-President shall perform such other duties as the Board may assign.

II.A/405 Recording Secretary. The Recording Secretary shall ensure there is a record of the proceedings of each Board meeting and shall provide minutes to the Trustees. The Recording Secretary shall publish proper and timely notices of all Board meetings. The Recording Secretary shall authenticate any Board resolutions and shall perform such other duties as the Board may assign.

II.A/406 Financial Secretary. The Financial Secretary shall cause to be prepared periodic reports as requested by the Board concerning the receipts and expenditures of the Fund and shall distribute all such reports to the Trustees. The Financial Secretary shall perform such other duties as the Board may assign.

II.A/407 Voting. Each Trustee shall have one vote on any question coming before the Board at any meeting at which the Trustee is in attendance. The adoption of a motion, resolution, and any election-related vote shall require the concurring affirmative votes of a majority of those in attendance and voting; an abstention shall be considered a non-vote and Trustees abstaining shall not be counted when determining the majority required for adoption of any vote. A tie vote fails.

Article 5

Meetings

II.A/501 Regular Meetings.

- A. Regular Board of Trustees' meetings shall be held on the 3rd Thursday of January, March, May, August, September, November and December. [Amended: September 19, 2019]
- B. The Board of Trustees' August meeting shall be reserved for consideration of health insurance program issues, for such other matters as the Board may determine, and for a continuing education session. The Board of Trustees' December meeting shall be reserved for a continuing education session and for such other matters as the Board may determine. [Amended: September 19, 2019]
- C. Meetings of the Standing Committees on Finance and Audit, Investments, Claims and Service, Pension Laws and Administrative Rules, and meetings of the Personnel Committee, shall be held on the 3rd Thursday of February, April, June, and October, and on such other dates as the Board may determine. [Amended: September 19, 2019]

II.A.502

The Technology, Elections, Return to Work, and Communications Committees will meet as necessary as Committees or as part of any regular Board meeting. Return to Work, disability, or other administrative hearings need not be held during a Committee Meeting. [Amended: September 19, 2019]

The Board may set, or a Committee Chairperson or any two (2) Committee members may call, any meeting of a Committee as necessary. [Amended: September 19, 2019]

II.A.503

The Board will set the dates and times for Regular Meetings at the Annual Meeting. The Board shall publicize the meeting schedule to contributors and pensioners and shall give public notice of meetings in accordance with the Open Meetings Act.

II.A/504 Special Meetings. Special Meetings may be called at any time by the President or by three (3) Trustees provided public notice of the meeting is given in accordance with the Open Meetings Act. Written notice shall be sent to each Trustee with the date and time of each Special Meeting at least four (4) days prior to the date of such meeting, unless a majority of Trustees consent in advance to waive the four (4) day notice. Such notice shall contain information as to the subject matter(s) which will be under consideration at the proposed Special Meeting.

II.A/505 Annual Meeting. The November meeting shall be the annual meeting for the purpose of organizing the Board.

II.A/506 Investment Manager Due Diligence Meetings

The Investment Committee will conduct due diligence meetings for every investment manager approximately every 24 months to be scheduled for Investment Committee meetings and/or for First Friday meetings in February, May, and November. Additional First Friday meetings may also be used for due diligence reviews. The Board of Trustees will review investment managers on a watch list during the Investment Committee portion of a Regular Meeting. [Amended: September 19, 2019]

II.A/507 Meetings Open to Public. Board meetings and Committee meetings shall be open to the public in accordance with the Open Meetings Act. Pursuant to section 5 ILCS 120/1.05 of the Illinois Open Meetings Act, the Chief Legal Officer is designated as the Board's Open Meetings Act designee.

II.A/508 Place and Hour of Meetings. Board meetings shall be held at the Board's office, or at such other location as the Board may determine, at an hour fixed by the President, by motion, or by the three (3) Trustees calling a Special Meeting.

II.A/509 Quorum.

- (a) **Quorum.** A majority of the Trustees serving on the Board, or on a Standing Committee, shall constitute a quorum for the transaction of business at any Regular or Special Board Meeting or at any Standing Committee meeting. A quorum for any meeting of a committee consisting of five (5) Trustees shall be three (3) Trustees, except as may be provided herein, and a quorum for any meeting of a committee consisting of three (3) Trustees shall be two
 - (2) Trustees, provided that a committee other than a Committee of the Whole shall make only recommendations.
- (b) **Participation by Telephone or Video.** Upon a majority vote of Trustees present, a Trustee who is not physically present may participate in a meeting by telephone or video conferencing, provided the Trustee is prevented from physically attending due to: (i) personal illness or disability; (ii) employment purposes or the business of the public body; or
 - (iii) a family or other emergency. A Trustee who wishes to attend by telephone or video conferencing must notify the Executive Director or the Recording Secretary prior to the meeting unless advance notice is impractical. A Trustee who is allowed to participate by telephone or video conferencing shall not be considered present for purposes of a quorum, but shall be considered in attendance for all other purposes and allowed to vote on matters before the Board.

II.A/510 Roll Calls. On all motions or resolutions required by law or involving an expenditure of money or the creation of a liability greater than \$50,000, the vote of each Trustee on the motion or resolution shall be recorded in the minutes of the meeting. On any other motion or resolution, such record of the vote of each Trustee shall be made at the request of any Trustee.

II.A/511 Reconsideration. No motion for a reconsideration of any vote shall be in order unless such motion is made at the meeting at which the vote sought to be reconsidered was taken, or at the next Regular Meeting thereafter. Upon the request of any two Trustees who voted with the prevailing side upon any matter, a motion made at the same meeting to reconsider the vote thereon, or a notice given at the same meeting of the two Trustees' intent to move at the next Regular Meeting for a reconsideration of such vote, shall, unless sooner disposed of, suspend the operation of the original vote until the close of the next Regular Meeting

II.A/512 Minutes of Proceedings. The Board shall prepare and maintain minutes of all of its proceedings. Such minutes shall be prepared and maintained in accordance with the Open Meetings Act.

(a) **Approval of Minutes.** At least one (1) week before the date of the next Board meeting, the Secretary shall provide each Trustee with the draft minutes of the last Board meeting and shall include, if available, a report of all Standing or other Committee meetings since the last Regular Meeting. Upon approval by the Board, the minutes shall be regarded as the official record of proceedings.

(b) **Publication of Proceedings.** The minutes of all Board meetings shall be made available on the Fund's website.

(c) **Access to Minutes/Recordings.** A Trustee shall have the right to access executive session recordings and draft executive session minutes only at the Fund office. Requests for access shall be made to the Executive Director or Board President. Before making such request, the Trustee should disclose the fiduciary purpose of the review. A recording shall not be re-recorded, copied, or removed from the Fund office.

Article 6

Fiscal

Year

II.A./601 The Fiscal Year for the Fund is from July 1st to June 30th of the following year and shall be identified by the year in which the Fiscal Year ends, e.g. July 1, 2017, through June 30, 2018, shall be known as Fiscal Year 2018.

Article 7 Order of Business

II.A/701 Order of Business. The following order will govern the transaction of business at any Regular Meeting:

1. Public Participation
2. Roll Call
3. Minutes of Previous Meeting(s)
4. Report of the External Auditor
5. Report of the Investment Consultant and Investment Managers
6. Report of the Actuary
7. Reports of Committees (subject to the Rules establishing Committee reporting schedule)
8. Report of the President
9. Report of the Financial Secretary
10. Report of the Internal Auditor
11. Report of the Executive Director
12. Report of the Attorney
13. Unfinished Business
14. Communications
15. New Business
16. Adjournment

II.A/702 Consent Agenda or Omnibus. A Consent Agenda or Omnibus may be utilized when there are two or more similar or related motions or resolutions which have been placed together for voting purposes; any Trustee has a right to remove any item from the Consent Agenda in which case it shall be considered separately.

Consent Agenda items shall be unanimously moved, and approved *end bloc*, without discussion or amendment.

II.A/703 Agenda. The agenda and matters requiring Board action shall be posted on the Fund's website and at the Board's office at least 48 hours in advance of the meeting, in accordance with the Open Meetings Act. In order to accommodate priority agenda items, the President, Recording Secretary, or the Executive Director may establish a revised order of business and the Board shall be authorized to schedule an Executive Session during an extended lunch period. Any Trustee may place an item on the agenda in accordance with the Open Meeting.

Article 8

Article VIII. COMMITTEES

Section 1. **Standing Committees.** There shall be the following Standing Committees: Committee on Finance and Audit, Committee on Claims and Service Credits, Committee on Pension Laws and Administrative Rules, and Committee on Investments.

- A. Members of Standing Committees. Each Standing Committee shall be a Committee of the Whole. The Chairperson of each Standing Committee shall be elected immediately following the election of officers, except that the Financial Secretary shall be *ex officio* the Chairperson of the Committee on Finance and Audit.
- B. Secretary. The Executive Director or his or her designee shall serve as Secretary of each Standing Committee and shall maintain minutes of each meeting.

Section 2. **Committee on Finance and Audit.** The Committee on Finance and Audit shall be responsible, *inter alia*, for: recommending the appointment and retention of, and for the oversight of, any independent accountants engaged for the purpose of preparing or issuing an independent audit report or performing other independent audit or review services; implementing internal controls, and for the oversight of such controls, including oversight of the internal audit director; for reviewing the Fund's annual budget; and recommending the retention of the services of financial experts and specialists as necessary to fulfill the Committee's responsibilities.

The Committee shall operate in accordance with the Finance and Audit Committee Charter adopted by the Board. The Committee shall perform such other duties as the Board may assign.

Section 3. **Committee on Claims and Service Credits.** The Committee on Claims and Service Credits shall recommend action by the Board on a periodic basis on all applications for pensions, including disability, benefits, and refunds;; shall examine data evidencing claims for service credits and make appropriate recommendations concerning such credits. The Committee shall perform such other duties as the Board may assign.

Section 4. **Committee on Pension Laws and Administrative Rules.** The Committee on Pension Laws and Administrative Rules shall develop legislative proposals and shall make recommendations to the Board regarding legislative action. The Committee shall also review the Administrative Rules and shall recommend such changes as may be deemed advisable. The Committee shall review any changes to the Administrative Rules proposed by staff, vendors, or counsel not otherwise authorized by these administrative rules.

The Committee shall recommend to the Board goals for utilization of businesses owned by minorities, females and persons with disabilities for all non-investment contracts and services and for increasing the racial, ethnic, and gender diversity of the Fund's fiduciaries, including its consultants and senior staff, in conformity with the requirements of 40 ILCS 5/1-109.1. The Committee shall conduct the annual review of these policies required by 40 ILCS 5/1-109.1 and shall report to the Board on the results of this review.

The Committee shall perform such other duties as the Board may assign.

Section 5. Committee on Investments. The Committee on Investments shall review and evaluate the Board's investment policies and guidelines, review and evaluate the reports of and performance by the Investment Managers and Consultants, and shall perform such other duties as may be required to monitor and invest the Fund's assets. The Committee on Investments shall report to the Board on a bi-monthly basis the Fund's Investment Summary Reports.

The Committee shall recommend to the Board amendments to the Board's policy regarding goals for utilization of emerging investment advisers/managers and minority broker dealers in accordance with the requirements of 40 ILCS 5/1-109.1. The Committee shall recommend to the Board a procurement policy(ies) in conformity with 40 ILCS 5/1-109.1. The Committee shall oversee compliance with the investment adviser/manager and consultant agreement requirements of 40 ILCS 5/1-109.1.

The Committee shall perform such other duties as the Board may assign.

Section 6. Special and Ad Hoc Committees. The President or the Board may appoint Special or Ad Hoc Committees to carry out the work of the Board. The President shall appoint the Chairpersons and members of all Special or Ad Hoc Committees, and shall be an ex-officio member.

Trustees may attend and participate, other than in Committee votes, in any Special or Ad Hoc Committee meeting.

Article 9
Administrative Officer and Professional Services

II.A/901 Board Counsel. [RESERVED]

II.A/902 Actuary. The Actuary shall be an enrolled actuary as defined in 40 ILCS 5/1A- 110; shall provide information relating to the Fund's actuarial liabilities; shall recommend mortality, interest, and other actuarial assumptions and required tables; shall assist in the preparation of the annual report of the Board; shall prepare an annual valuation or statement of liabilities and reserves and periodic studies of the Fund's operating experience; shall assist in the preparation of any reports to the state actuary, and shall provide such other services as the Board may determine

II.A/903 External Auditor. The External Auditor shall be retained by the Board to audit and examine the books of account and supporting records, to verify the income and expenditures of the Fund, and to establish the assets and liabilities as of the close of each Fiscal Year. The External Auditor retained shall be a certified public accountant.

II.A/904 Internal Audit Director. The Internal Audit Director is responsible for: conducting internal audits in accordance with the Internal Audit Charter as periodically recommended by the applicable Board Committee and as approved by the Board. The role of the Internal Audit Director includes performing independent and objective assessments of the Fund's systems of risk management, internal controls, and operating efficiency; providing Fund management with analyses, appraisals, and recommendations concerning activities reviewed; and serving as a consultant to advise management on improving the organization's operations.

II.A/905 Investment Advisers/Managers. In accordance with the Illinois Pension Code and the Board's Rules, the Board may retain such Investment Managers as the Board deems appropriate. Each Investment Manager shall be responsible for the prudent investment of the portion of the Fund's assets which is under the Investment Manager's direction. Each Investment Manager managing a separate account shall be governed by the Fund's written investment guidelines and applicable Illinois and federal law. No assets shall be transferred to an Investment Manager until there is a written agreement with the Investment Manager outlining the Investment Manager's obligations as a fiduciary and which meets the requirements of the Illinois Pension Code.

II.A/906 Investment Consultant. The Investment Consultant(s) is (are) responsible for measuring/monitoring investment performance and evaluating the Investment Managers, and the Fund's overall investment program, on an ongoing basis. The Consultant(s) shall advise the Board on investment-related matters and recommend

modifications to the investment program policies, objectives, and guidelines as appropriate. No contract with the Investment Consultant shall exceed five (5) years in duration. The Investment Consultant shall acknowledge its fiduciary status in writing and shall comply fully with the requirements of the Illinois Pension Code.

II.A/907 Professional Services. The Board may retain such other consultants, professionals, and advisors as it deems appropriate.

Article X Fiduciary Duties and indemnification

II.A/1001 Code of Ethics. Trustees and employees shall abide by the Code of Conduct- Ethics Policy as set forth in Title IV, Chapter B hereto. [Adopted: April 21, 2017]

II.A/1002 Trustee Education.

- (a) **Trustee Orientation.** The Fund shall periodically provide an orientation program for Trustees with an emphasis on their fiduciary duties.
- (b) **Trustee Training.** Trustees must attend ethics/fiduciary training of at least eight (8) hours per calendar year, including training on ethics, fiduciary duty, investment issues and such additional curriculum as the Board deems important for the administration of the Fund. All Trustees must comply with the Illinois Open Meetings Act (OMA) training requirements. Educational sessions on ethics, fiduciary duty, OMA, investment education, and any sessions conducted by the International Foundation of Employee Benefit Plans (“IFEBC”), the National Conference on Public Employee Retirement Systems (“NCPERS”), and the National Council on Teacher Retirement (“NCTR”), or at such additional educational sessions certified by the Board or the Committee on Pension Laws and Administrative Rules, shall be considered approved ethics training. A certificate of attendance/completion, if available, from any such approved ethics/fiduciary training program shall be filed with the Fund.
- (c) **Former Trustee Conference Cancellation.** CTPF shall not incur any expense for a Trustee to attend an educational conference or reimburse a Trustee for any expense incurred by that Trustee after certification by the Election Committee that the Trustee has lost his or her re-election. In such event, CTPF shall cancel all reservations, including airline ticket, hotel reservation, and conference registration, unless the Trustee indicates in writing that the Trustee will attend the conference at the Trustee's own expense, and that the Trustee wishes to keep the ticket and preserve the reservation or registration. In that event CTPF may credit the Trustee's account with any cancellation fee that CTPF would have otherwise paid if

the airline ticket, hotel reservation, or registration had been cancelled. To qualify for a credit for any cancellation fee, the Trustee must submit to CTPF the certificate of attendance if such a certificate is provided by the sponsoring educational organization.

(d) Conference Compensation. No Fund employee or Trustee shall solicit, or accept unless authorized by the Board of Trustees, from any Provider or Prospective Provider, either directly or indirectly, any compensation or item of monetary value for speaking at or for attending a pension conference, or for lodging and/or travel expenses at such a conference.

(e) Disclosure of Reimbursement. Any reimbursement of expenses incurred for speaking at or for attending a pension conference received by a Fund employee or Trustee shall (A) be reported in writing to the Executive Director and Board President, (B) be reported to the Board at its next regular meeting, and (C) be published in the minutes of the next regular meeting.

II.A/1003 Contributions to Political Action Committees. No fiduciary of the Fund shall solicit, directly or indirectly, any contribution from any party in interest or fiduciary to the Fund, other than from a Trustee, for the purpose of making a contribution to any political action committee sponsored by any other fiduciary or party in interest to the Fund.

II.A/1004 Obligation to Report Fraud. Every Trustee is governed by the provisions of 40 ILCS 5/1-135. Section 1-135 provides that any reasonable suspicion by any Trustee of a false statement or falsified record being submitted or permitted by a person under the Illinois Pension Code shall be immediately referred to the Board or to the Cook County State's Attorney. The Board shall immediately notify the Cook County State's Attorney of any alleged fraudulent activity for investigation. For the purposes of this Section, "reasonable suspicion" means a belief, based upon specific and articulable facts, taken together with rational inferences from those facts that would lead a reasonable person to believe that fraud has been, or will be, committed. A reasonable suspicion is more than a non-particularized suspicion. A mere inconsistency, standing alone, does not give rise to a reasonable suspicion. Fund employees shall also be subject to the requirements of this provision.

II.A/1005 Indemnification of Trustees and Employees of the Fund. In accordance with ILCS 5/1-107, the Board shall indemnify the Trustees and employees of the Fund against all damage claims and suits, including defense thereof, when damages are sought for negligent or wrongful acts alleged to have been committed in the scope of their duties as Trustees or in the scope of their employment or under the direction of the Board. However, the Trustees and employees shall not be indemnified for willful misconduct or gross negligence. [Adopted: April 21, 2017]

II.A/1006 Indemnification Agreement. An indemnification agreement shall be executed by each Trustee upon first assuming office and returned to the Secretary of the Board for filing with the Board's records. [Adopted April 21, 2017]

II.A/1007 Trustee and Employee Personal Trading Policy

- (a) **Purpose and Scope.** Fund Trustees (which term shall include employees for purposes of this Rule) are prohibited from misusing material, nonpublic investment information acquired through their Trustee position in their day-to-day personal trading activity. This Policy sets restrictions related to personal trading, delineates roles and responsibilities for maintaining compliance, and establishes procedures for monitoring, reporting, and documentation of compliance.

This policy is intended to further define, rather than expand, the Trustees' fiduciary duties and obligations under the Illinois Pension Code in the context of personal trading activity. This policy demonstrates the intent of the Fund and the Trustees to avoid even the appearance of any impropriety with respect to the Trustees' personal trading activity, to the extent that such activity could be perceived to be inconsistent with their duties and obligations set forth in the Illinois Pension Code.

This policy applies to all current Trustees effective upon adoption and to each new Trustee upon the first day of the Trustee's term. The executive Director shall provide all Trustees with a copy of this Policy.

- (b) **Definitions.** The terms have the following meanings whenever used in this Rule:
- (1) **Blackout Period** means a period of time determined by the Chief Investment Officer, or designee, during which affected Trustees are prohibited from trading securities in an asset class, or in some cases specific indices, when significant trades are occurring for the System.
 - (2) **Investment** means: Corporate and government bonds, common stock, preferred stock, closed end funds, unit investment trusts, exchange traded funds (ETFs), convertible securities, warrants, options, financial futures, commodities and options and futures on commodities, private partnerships, and real estate interests (excluding principal residence and one other residence); but excludes: accounts or interests over which a Trustee has no discretionary investment control, certificates of deposit, open end

mutual funds (including money market funds), savings bonds, and annuities.

- (3) Personal means: (i) A Trustee's own account or interest; (ii) family accounts or interests including spouse, minor children, or other dependents; (iii) any accounts for which a Trustee has any discretionary investment authority; and (iv) other accounts or interests in which a Trustee has beneficial interest greater than 10 percent and any discretionary investment control. If a Trustee has trade execution responsibilities for an investment club or other partnership, the Trustee must follow all required compliance procedures notwithstanding the 10 percent interest exclusion.
 - (4) Questionable Trading Activity means personal trading activity that may not clearly fall within the guidelines of this Policy, but that may be in conflict with pending CTPF investment transactions, even if such information is already publicly available. "Front running" is an example of questionable trading activity. Front running is defined as trading on a security based on information from the investment department prior to the Fund's trade. The Committee on Investments has the authority to determine what constitutes Questionable Trading Activity.
 - (5) Trustee Restricted List means a restricted list of securities maintained by the Chief Investment Officer, in consultation with the Executive Director, Board Counsel, and the Chief Legal Officer, that covers publicly traded securities in an asset class, or in some cases specific indices, when significant trades are occurring for the Fund, or when potential non-public information is in the possession of the Fund. The Trustee Restricted List only applies to Trustees who, in the conduct of their responsibilities as a Trustee, would receive knowledge of significant trades occurring for the Fund.
 - (6) Security means: (i) An instrument of ownership (stock); (ii) Debt agreement (bond); or (iii) The rights to ownership (derivatives).
 - (7) Transaction means a purchase, sale, or exchange.
- (c) **Policy.** The Board recognizes its fiduciary responsibility to Members, annuitants, and beneficiaries. The Fund expects its Trustees to place the interest of Members, annuitants, and beneficiaries above their own when conducting personal trades, and to scrupulously avoid any actual or apparent conflict of interest when conducting personal investment transactions.
- (1) **Restrictions and Prohibitions.** A Trustee must conduct all personal investment transactions in strict compliance with the obligations, restrictions, and prohibitions set forth in this Policy.
 - (i) Personal Investment Transactions. A Trustee is prohibited from

engaging in a personal investment transaction when the security appears on the Trustee Restricted List if the Trustee, in the conduct of his or her responsibilities as a Trustee, would receive knowledge of significant trades occurring for the Fund, or when the Trustee has knowledge of a pending or actual trade before it appears on the Trustee Restricted List.

A Trustee may not engage in personal investment transactions based on Fund investment information if that information is not available to the public and was obtained by virtue of the Trustee's position.

A Trustee may not engage in questionable trading activity that may be in conflict with pending Fund investment transactions, such as front running, even if such information is already publicly available.

(ii) Initial Public Offerings (IPOs). A Trustee is prohibited from purchasing Initial Public Offerings (IPOs) except in the following scenarios: (1) the IPO is offered as a result of a prior equity position (stock dividend), or to a policyholder of a mutual company converting to stock form; or (2) the IPO is offered as a result of a family member's employment by the company offering the securities.

(2) **Violations.** Violations of this Policy will be referred to the Executive Director and to the Board, or to Board Counsel and the Chief Legal Officer, as appropriate in a given circumstance.

(d) **Compliance Procedures.** Trustees must comply with all compliance requirements and procedures set forth in this Policy. These procedures do not supersede requirements and obligations imposed by law, Rule, or the Fund's Bylaws.

[Adopted: March 16, 2017]

Article 11

Parliament Authority

II.A/1101 The current edition of ROBERT'S RULES OF ORDER NEWLY REVISED shall govern this Board to the extent that it is applicable and not inconsistent with these Bylaws and the terms of the Illinois Compiled Statutes. [Adopted: April 21, 2017]