

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

Investment Committee Meeting – Official Report

Tuesday, October 24, 2023

An Investment Committee meeting of the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago was held on Tuesday, October 24, 2023.

The Chair, Mr. Philip Weiss, called the meeting to order at 9:58 a.m.

PUBLIC PARTICIPATION

Presentation by Gail Davis

Ms. Gail Davis, Director of Administrative Services, addressed the Board stating that she is celebrating 39 years of employment with CTPF. Ms. Davis stated that she has held several positions throughout her tenure, but that she is most passionate about the work she does in support of the Board of Trustees.

Ms. Davis thanked the Board, Administrative Services team, and Executive Director Carlton W. Lenoir, Sr., for their support and stated she is proud to work at CTPF.

Presentation by Tina Padilla

Ms. Tina Padilla, a retired member and former Trustee, thanked Trustees Philip Weiss and Tammie F. Vinson for attending the Pension Advocacy Group Forum. Ms. Padilla expressed concerns regarding the way Public Participation is reflected in meeting minutes and asked if meeting transcripts could be provided.

ROLL CALL

Trustees present: Mr. Jeffery Blackwell, Mr. Victor Ochoa, Ms. Jacquelyn Price Ward, Ms. Mary Sharon Reilly, Ms. Tammie F. Vinson, Mr. Quentin S. Washington, Mr. Philip Weiss – 7

Trustees absent: Ms. Lois Nelson, Ms. Tanya D. Woods, Dr. Jerry Travlos – 3

Also in attendance were Mr. Carlton W. Lenoir, Sr. (Executive Director), Mr. Daniel J. Hurtado (Chief Legal Officer), Mr. Joseph Miller of Ottosen DiNolfo Hasenbalg & Castaldo, Ltd. (Board Counsel), Mr. Fernando Vinzons (Chief Investment Officer), Ms. Brianne Weymouth, Mr. Angel Haddad, Callan (Investment Consultants), and various observers and staff members.

Motion to Approve Trustee Remote Attendance and Full Participation, Approved

Chairperson Weiss stated that Trustees are expected to attend in person, but in accordance with Section 7(a) of the Open Meetings Act, if a quorum of the members of the Board is physically present, then the Board may allow other trustees to attend by other means (video or audio conference) when prevented from attending in-person for one or more of the reasons outlined below:

- (i) personal illness or disability;
- (ii) employment purposes or the business of the public body;
- (iii) a family or other emergency; or
- (iv) unexpected childcare obligations.

Ms. Maria J. Rodriguez stated her remote attendance was due to a doctor's appointment.

Mr. Joseph Miller, Board Counsel, advised that her reason was sufficient under the Open Meetings Act.

Ms. Reilly made a motion, seconded by Ms. Vinson, to approve trustee remote attendance and full participation.

The motion passed by the following roll call vote:

AYES: Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Vinson,
Mr. Washington, Mr. Weiss – 7

NAYS: None

ABSENT: Ms. Nelson, Ms. Woods, Dr. Travlos – 3

Motion to Approve Minutes of the Investment Committee Meeting on May 23, 2023, Approved

Ms. Reilly made a motion, seconded by Mr. Washington, to approve the minutes of the Investment Committee meeting on May 23, 2023, as presented.

The motion passed by the following roll call vote:

AYES: Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Vinson, Mr. Washington,
Mr. Weiss – 7

NAYS: Ms. Rodriguez – 1

ABSENT: Ms. Nelson, Ms. Woods, Dr. Travlos – 3

Mr. Weiss noted an error in the spelling of Ms. Vinson's name on the first page of the minutes.

Motion to Approve Minutes of the Investment Committee Meeting on August 22, 2023, Approved

Ms. Vinson made a motion, seconded by Mr. Ochoa, to approve the minutes of the Investment Committee meeting on August 22, 2023, as presented.

The motion passed by the following roll call vote:

AYES: Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Vinson, Mr. Washington,
Mr. Weiss – 7

NAYS: Ms. Rodriguez – 1

ABSENT: Ms. Nelson, Ms. Woods, Dr. Travlos – 3

Fixed Income Structure and Implementation

Ms. Brianna Weymouth and Mr. Angel Haddad presented Callan's Fixed Income Structure study. Ms. Weymouth stated that the Board approved an increase from 23% to 26.5% allocation for Fixed Income in February 2023. As of June 30, 2023, the actual allocation to Fixed Income was 18.6%. After the structure study and affiliated searches \$900 million will be re-allocated to Fixed Income. A key objective to the structural evaluation is to remove the passive allocation and be 100% active, which requires \$400 million to be moved, resulting in a total of \$1.3 billion reallocation to active fixed income managers. Ms. Weymouth reviewed Callan's philosophical tenets, Core and Core Plus fixed income strategies, and active manager performance. Callan recommends moving to an "all active" portfolio.

Discussion ensued regarding fee structure.

Mr. Haddad reviewed fixed income structure objectives and steps for implementation. He summarized by stating that the goal is to optimize the portfolio and be compensated for the risks and fees. The plan is to 1) review the split between Core and Core Plus; 2) remove all passive investment dollars; 3) manage the number of active managers in the portfolio and help meet desired MWDBE goals; 4) limit the maximum allocation to managers to less than 20% of strategy assets at time of allocation; 5) increase the usage of MWDBE managers where possible; and 6) negotiate fees given higher economies of scale.

Questions raised by the Board were addressed throughout the presentation.

Motion to Approve Proposed Fixed Income Structure Plan, Approved

Ms. Vinson made a motion, seconded by Mr. Washington, to approve Callan's proposed Fixed Income Structure Plan as presented.

The motion passed by the following roll call vote:

AYES: Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Vinson, Mr. Washington,
Mr. Weiss – 7

NAYS: Ms. Rodriguez – 1

ABSENT: Ms. Nelson, Ms. Woods, Dr. Travlos – 3

International Equity Search Update

Mr. Fernando Vinzons, Chief Investment Officer, gave an update on the International Equity RFP. Mr. Vinzons reported that the RFP released on August 3, 2023, invited core, growth, and value managers to respond. A total of 66 firms submitted proposals by the September 1, 2023, deadline. Several firms offered multiple products for consideration, resulting in a total of 72 funds for review. Mr. Vinzons stated that Fund staff reviewed the responses for minimum compliance requirements and as next steps, Callan will review the responses to narrow the list for further due diligence and present 9 finalists to the Board at future meetings.

Questions and concerns raised by the Board were addressed.

UNFINISHED BUSINESS

Mr. Blackwell, Ms. Price Ward, and Ms. Reilly congratulated and thanked Gail Davis for her 39 years of service to CTPF.

ADJOURNMENT

Motion to Adjourn the Meeting, Approved

Ms. Reilly made a motion, seconded by Ms. Rodriguez, to adjourn the meeting.

The motion passed by the following roll call vote:

AYES: Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Rodriguez, Ms. Vinson,
Mr. Washington, Mr. Weiss – 8

NAYS: None

ABSENT: Ms. Nelson, Ms. Woods, Dr. Travlos – 3

The meeting adjourned at 11:21 a.m.

Respectfully submitted,

Philip Weiss
Committee Chairperson

*Minutes approved by the Board at a meeting held on February 27, 2024.
Minutes prepared by Danielle Smith, Executive Assistant, CTPF.*