

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

Regular Meeting – Official Report
Thursday, December 14, 2023

A regular meeting of the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago was held on Thursday, December 14, 2023.

The President, Mr. Jeffery Blackwell, called the meeting to order at 9:39 a.m.

PUBLIC PARTICIPATION

Presentation by Tina Padilla

Ms. Tina Padilla, a retired member and former Trustee, thanked the Board members for their commitment to the Fund. She also referenced information from a previous meeting and asked for certain information to be posted on the CTPF website.

Presentation by Michael Klein

Mr. Michael Klein, a CPS teacher, expressed his concerns regarding structuring of the Tier 1 and Tier 2 pension groups.

Presentation by Erika Meza

Ms. Erika Meza, a CPS teacher, expressed her concerns regarding the current state of funding for CTPF, and asked Board members to explore investment opportunities in index funds.

ROLL CALL

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

Trustees absent: Ms. Lois Nelson, Ms. Maria J. Rodriguez, Dr. Jerry Travlos, Ms. Tanya D. Woods – 4

Also in attendance were Mr. Carlton W. Lenoir, Sr., (*Executive Director*), Mr. Daniel J. Hurtado (*Chief Legal Officer*), Ms. Carolyn Clifford of Ottosen DiNolfo Hasenbalg & Castaldo, Ltd. (*Board Counsel*), and various observers and staff members.

Trustee Remote Attendance and Full Participation

President Blackwell stated that the Open Meetings Act allows for remote participation by a Trustee if a quorum is present, which for our Board is seven members, and a member cannot physically attend due to one of four exceptions: personal illness or disability, employment purposes or the business of the public body, family or other emergencies, or unexpected childcare obligations.

There was no request made for remote participation.

VOTE AGENDA

Motion to Approve Today's Timed Agenda and Fixed Time for Adjournment, Approved

Mr. Washington made a motion, seconded by Ms. Price Ward, to approve today's timed agenda and fixed time for adjournment.

The motion passed by the following roll call vote:

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

NAYS: None

ABSENT: Ms. Nelson, Ms. Rodriguez, Dr. Travlos, Ms. Woods – 4

REPORT OF THE PRESIDENT

Trustee Recognition

President Blackwell presented a distinguished service award to former CTPF Trustee, Mr. Philip Weiss, who was not in attendance. Mr. Blackwell read the inscription on the plaque and thanked Mr. Weiss for his service.

TRUSTEE AND STAFF RECOGNITION

CTPF Trustee and Staff Milestone Recognition Program

Mr. Lenoir recognized CTPF Trustees and staff for their individual years of service and commitment to the Fund and members. Mr. Lenoir noted that employee service will be recognized with special milestone awards which come with special pins and certificates – starting with one-year awards and moving up by increments of five years.

Mr. Lenoir read the following names into the record.

Trustee Milestones Recognized

Tammie F. Vinson (1 year), Jacquelyn Price Ward (5 years), Lois Nelson (10 years)

1 Year Milestone Employees

LaToya Bibbs, Rebecca Cheers, Wanda Coleman, Alex Elizondo, Juvenal Estrada, Amna Farrukh, William Hornsberger, Jasmine Jackson, Lonnell Jolly, Younes Klaleche, Alexander Kramer, Timothy Mack, Marisol Madrid, Deonte Nute, Monica Pacheco, Donna Palafox, Adriana Sanchez, Tommie Self, Mayra Velazquez, Fernando Vinzons, Bianca Watson, Renita Watts

5 Year Milestone Employees

Nubia Alfaro, James Binsfeld, Jeffery Dong, Dudley Elvery III, Daniel Hurtado, Belisa Jackson, Pedro Juarez, Agnes Otap, Greta Perez, Faizon Qadeer, Kathy Salgado, Ashwin Sharma

10 Year Milestone Employees

Tonirose Medina, Gidget Carr, Brenda Jimenez, Maria Lopez, Kelly Paulk

15 Year Milestone Employee

Sharlean Brooks

25 Year Milestone Employee

Irish Sager

At 10:07 a.m., Ms. Carolyn Clifford, Board Counsel, stated that Trustee Maria J. Rodriguez was in attendance via Zoom and is seeking full remote participation. Ms. Rodriguez stated her reason for remote attendance was personal illness.

Motion to Approve Trustee Remote Attendance and Full Participation, Approved

Ms. Reilly made a motion, seconded by Ms. Vinson, to approve Trustee Rodriguez's remote attendance and full participation.

The motion passed by the following roll call vote:

AYES: Ms. Barajas, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Vinson – 5
NAYS: Mr. Blackwell, Mr. Washington – 2
ABSENT: Ms. Nelson, Dr. Travlos, Ms. Woods – 3

VOTE AGENDA CONTINUED**Motion to Approve Minutes of the Regular Board Meeting on November 16, 2023, Approved**

Ms. Price Ward made a motion, seconded by Ms. Reilly, to approve the minutes of the Regular Board meeting held on November 16, 2023, as presented.

Discussion ensued regarding a request to amend the motion to approve minutes. The motion was not amended.

The motion passed by the following roll call vote:

AYES: Ms. Barajas, Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Vinson,
Mr. Washington – 7
NAYS: Ms. Rodriguez – 1
ABSENT: Ms. Nelson, Dr. Travlos, Ms. Woods – 3

Motion to Approve the State of Illinois Actuary Report, Approved

Ms. Reilly made a motion, seconded by Mr. Washington, to the State of Illinois Actuary Report on the Public School Teachers' Pension and Retirement Fund of Chicago Pursuant to the Illinois Public Act 100-0465.

Ms. Alise White, Chief Financial Officer, reviewed a Board Action Request and presented the report of the Illinois Auditor General's office related to the Public School Teachers' Pension and Retirement Fund actuarial report as of FY2023. Ms. White stated that the actuarial valuation audit was clean with no issues with the assumptions or calculations in the report. Ms. White reported that there are two ongoing recommendations: (1) to continue stress-testing a review of assumptions related to the State of Illinois contributions and potential reductions in the discount rate; and (2) to continue monitoring economic assumptions as it relates to interest rates and inflation annually. Ms. White asked that the Board approve the State of Illinois Actuary Report.

The motion passed by the following roll call vote:

AYES: Ms. Barajas, Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Vinson,
Mr. Washington – 7
NAYS: Ms. Rodriguez – 1
ABSENT: Ms. Nelson, Dr. Travlos, Ms. Woods – 3

Motion to Approve Revision to Travel and Expense Policy, Approved

Ms. Price Ward made a motion, seconded by Ms. Reilly, to approve the proposed revisions to the Travel and Expense Policy to remove the requirement that each of the three permitted educational seminars be approved by the Board of Trustees.

Mr. Dan Hurtado, Chief Legal Officer, reviewed a Board Action Request to revise the Travel and Expense policy. Mr. Hurtado explained that the way the policy is written, the rule itself approves the three educational seminars/conferences and does not require further approval by the Board. He stated the purpose of the amendment to the policy is to make clear that there does not need to be approval for the first three educational conferences per fiscal year.

Discussion ensued. Questions and concerns raised by the Board were addressed.

The motion passed by the following roll call vote:

AYES: Ms. Barajas, Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Vinson,
Mr. Washington – 7
NAYS: Ms. Rodriguez – 1
ABSENT: Ms. Nelson, Dr. Travlos, Ms. Woods – 3

Motion to Approve Recommendation of Farol Fund III Follow-On Investment, Approved

Ms. Reilly made a motion, seconded by Ms. Vinson, to approve the Investment staff recommendation that CTPF invest \$10 million with Farol Asset Management Fund III as presented.

Ms. Summer Qiu, Senior Investment Portfolio Analyst, reviewed a Board Action Request regarding Farol Asset Management Fund III. Ms. Qiu noted that at the February 28, 2023, Investment Committee meeting, Callan presented a Private Equity pacing study which outlined five potential re-up investment opportunities with incumbent managers for 2023, including Turning Rock III, Farol III, KKR XIV, Mesirow IX-B, and NMS V.

Ms. Qui reported that staff recently conducted additional due diligence on Farol Fund III for Board consideration.

Ms. Qui reported that Farol Asset Management, a MWBE firm, formed Farol Asset Management III to continue its strategy of making equity co-investments alongside next-generation diverse managers. She noted that of the 29 investments Farol has made, 27 were led by MWBE firms. With a specific focus on lower middle-market companies in niche industries with sustainable competitive advantages, Farol's top 3 invested industries are in business services, manufacturing, and software. Ms. Qui stated that Farol Asset Management is a key component in CTPF's Private Equity MWDBE Mandate and enhances diversification in CTPF's Private Equity portfolio. She reported that CTPF previously committed \$12.5 million to Farol Fund II in 2018, Fund II has returned 1.67x TVPI and 21.0% IRR on a net basis, as of June 30, 2023.

Ms. Qui reported that Farol Asset Management III is targeting \$225 million with plans to make 8 to 12 platform investments. Ms. Qui stated that the investment staff recommends that CTPF invest \$10M with Farol Asset Management III. Ms. Qui addressed questions raised by the Board.

The motion passed by the following roll call vote:

AYES: Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Vinson, Mr. Washington – 6

NAYS: Ms. Barajas, Ms. Rodriguez – 2

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

Motion to Approve Watch List and 3Q23 Total Fund Performance Summary, Approved

Ms. Reilly made a motion, seconded by Mr. Washington, to approve the watch list and 3Q23 total fund performance summary.

Callan Associates**3rd Quarter Fund Performance Report**

Ms. Brienne Weymouth of Callan Associates reviewed the third quarter performance report ending September 30, 2023. Ms. Weymouth reported that the Fund was valued at \$11.26 billion at the end of the third quarter, representing a decrease of approximately \$642 million from June 30, 2023. Ms. Weymouth also reported that investors and the Fed expect interest rates to be higher for longer than anticipated at the start of 2024. She stated that the economy has been resilient in the face of rising rates and while inflation has come down, it remains above the Fed's targeted rate of 2%. Regarding select market returns, Ms. Weymouth reported that the S&P was down 3.3% in the quarter. She stated the top largest companies in the index, referred to as the Magnificent Seven, are outperforming everyone else and represent 87% of the S&P. Ms. Weymouth reviewed asset allocation, total fund performance, net of fees return, and the watch list, and she addressed questions raised by the Board.

The motion passed by the following roll call vote:

AYES: Ms. Barajas, Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Vinson,
Mr. Washington – 7
NAYS: Ms. Rodriguez – 1
ABSENT: Ms. Nelson, Dr. Travlos, Ms. Woods – 3

Trustee Training Hours

Ms. Gail Davis, Director of Administrative Services, presented the Trustee training hours for approval.

Motion to Approve Trustee Training Hours, Approved

Ms. Reilly made a motion, seconded by Ms. Vinson, to approve Trustee training hours as presented.

The motion passed by the following roll call vote:

AYES: Ms. Barajas, Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Vinson,
Mr. Washington – 7
NAYS: Ms. Rodriguez – 1
ABSENT: Ms. Nelson, Dr. Travlos, Ms. Woods – 3

Ms. Davis reminded Trustees that the due date for compliance in completing mandatory annual training is December 31, 2023.

Trustee Conference Requests

Mr. Blackwell and Ms. Vinson requested approval to attend the Opal Group Investment Education Symposium 2024 in conjunction with the Louisiana Trustee Education Council (LATEC) in New Orleans, La., February 7-9, 2024.

Ms. Price Ward notified staff of her intent to attend the Opal Group conference.

Discussion ensued regarding proper protocol for local conference attendance. Mr. Hurtado addressed questions raised by the Board.

Motion to Approve Trustee Conferences, Approved

Ms. Reilly made a motion, seconded by Ms. Price Ward, to approve conference requests as listed above.

The motion passed by the following roll call vote:

AYES: Ms. Barajas, Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Vinson,
Mr. Washington – 7
NAYS: Ms. Rodriguez – 1
ABSENT: Ms. Nelson, Dr. Travlos, Ms. Woods – 3

Security Awareness Training

Mr. Dan Oakes, Interim Director of IT Infrastructure, conducted an IT Refresher Training on Security Awareness which included Cybersecurity, Security Awareness, Acceptable Use Policy (AUP), and Traveling with Fund issued iPad/Laptop. Mr. Oakes addressed questions raised by the Board.

Crisis Communication Training

Ms. Michelle Holleman, Director of Communications, conducted educational training on Crisis Communication. Ms. Holleman's presentation, "Reflections and lessons learned from the Highland Park, Ill., parade shooting," included information on "Preparing, Recognizing, Responding, Regrouping and Resilience" in the event of a crisis.

EXECUTIVE SESSION**Motion to go into Executive Session, Approved**

Mr. Washington made a motion, seconded by Ms. Price Ward, to go into Executive Session, for the purpose of discussing draft executive session minutes and conducting the semi-annual review of executive session minutes under Section 2(c)(21) of the Open Meetings Act.

The motion passed by the following roll call vote:

AYES: Ms. Barajas, Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Rodriguez,
Ms. Vinson, Mr. Washington, – 8
NAYS: None
ABSENT: Ms. Nelson, Dr. Travlos, Ms. Woods – 3

The Executive Session lasted from 11:57 a.m. to 12:18 p.m.

Motion to go into Open Session, Approved

Mr. Washington made a motion, seconded by Ms. Vinson, to return to Open Session.

The motion passed by the following roll call vote:

AYES: Ms. Barajas, Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Rodriguez,
Ms. Vinson, Mr. Washington – 8
NAYS: None
ABSENT: Ms. Nelson, Dr. Travlos, Ms. Woods – 3

ROLL CALL

Trustees present: Ms. Paula S. Barajas, Mr. Jeffery Blackwell, Mr. Victor Ochoa, Ms. Jacquelyn Price Ward, Ms. Mary Sharon Reilly, Ms. Maria J. Rodriguez, Ms. Tammie F. Vinson, Mr. Quentin S. Washington – 8

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

VOTE AGENDA CONTINUED**Motion to Approve Executive Session Minutes, Approved**

Mr. Washington made a motion, seconded by Ms. Reilly, to approve Executive Session Minutes for Regular Board Meetings on October 19, 2023, and November 16, 2023.

The motion passed by the following roll call vote:

AYES: Ms. Barajas, Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Vinson,
Mr. Washington – 7
NAYS: Ms. Rodriguez – 1
ABSENT: Ms. Nelson, Dr. Travlos, Ms. Woods – 3

Motion to Approve Release of Certain Executive Session Minutes, Approved

Ms. Price Ward made a motion, seconded by Mr. Washington, to approve release of Executive Session Minutes from February 4, 2020, and April 23, 2020.

The motion passed by the following roll call vote:

AYES: Ms. Barajas, Mr. Blackwell, Mr. Ochoa, Ms. Price Ward, Ms. Reilly, Ms. Vinson,
Mr. Washington – 7
NAYS: Ms. Rodriguez – 1
ABSENT: Ms. Nelson, Dr. Travlos, Ms. Woods – 3

ADJOURNMENT**Motion to Adjourn the Meeting, Approved**

Mr. Washington made a motion, seconded by Ms. Price Ward, to adjourn the meeting.

The motion passed by the following roll call vote:

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

NAYS: None

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

The meeting adjourned at 12:25 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Lois Nelson". The signature is written in a dark ink and is positioned above the printed name.

Lois Nelson
Recording Secretary

Minutes approved by the Board at a meeting held on January 18, 2024.

Minutes prepared by Danielle Smith (Executive Assistant, CTPF).