



## BYLAWS

Drafted by: Board Counsel; Chief Legal Officer

Reviewed by: Board Counsel; Chief Legal Officer and Staff

Presented to Board: August 17, 2023

Approved by Board: August 17, 2023

Effective Date: This version is effective August 17, 2023

Date of Initial Rule Adoption: Initial rule adoption date is unknown;  
earliest revision located was effective September 16, 1997

Dates of Prior Amendments: Amended June 19, 2014;  
Various article/section adoption dates are cited throughout  
including: March 16, 2017, April 21, 2017, and September  
19, 2019;  
Amended November 19, 2020;  
Amended December 17, 2020  
Amended May 20 2021; January 20, 2022; June 16, 2022;  
November 17, 2022

# **PENSION BOARD**

## BYLAWS

**Article I - Name.** 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 II -- Office of the Board**

- A. 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]
- B. 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 III – Members**

**A. 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. Candidates for Pensioner Trustees must be service, reciprocal, or disability

pensioners receiving monthly payments from the CTPF.2. 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 1<sup>st</sup> through the 7th.

d. Board of Education Appointees (2).

1. 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]

**B. 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]

**C. 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 17139(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 IV - Officers and Their Duties**

##### **A. 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.

##### **B. Election of Officers, Standing Committee Chairs, and Non-Chair Member of the Executive Committee.**

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 and the non-Chair member of the Executive Committee according to procedures determined by the Board. Officers, the at-large member of the Executive Committee, and the Standing Committee chairs will serve for one (1) year or until their successors are elected, provided that the non-Chair member of the Executive Committee may not serve more than two successive terms.

##### **C. 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 and cannot wait until the next regularly scheduled Board meeting, provided that the President notifies the Board of the action as soon as practicable; 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.

##### **D. 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.

##### **E. 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.

**F. 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.

**G. 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 V - Meetings**

**A. Regular Meetings.** [Amended 11/17/2022]

1. Regular Board of Trustees' meetings shall be held on the 3rd Thursday of each month except July, provided that the Board may modify that schedule to accommodate Trustee scheduling conflicts.
2. The agenda of the Regular Board of Trustees' meetings in February, April, June, October, and such other dates as the Board may determine, shall include the reports and recommendations of the Standing Committees on Finance and Audit, Investments, Claims and Service, Pension Laws and Administrative Rules, and Personnel and for such other matters as the Board may determine. Trustee training which helps meet the required 8 hours annually may be incorporated into meetings throughout the year.
3. The Board of Trustees' November meeting shall be the annual meeting for the purpose of organizing the Board.
4. The Board of Trustees' October and December meetings shall include a Trustee continuing education session.
5. The Technology, Elections, Return to Work, and Communications Committees will meet as necessary as Committees or as part of any regular Board meeting.

## **B. Special Board Meetings.**

1. Special Board 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.
2. Written notice shall be sent to each Trustee with the date and time of each Special Board Meeting at least forty-eight hours prior to the date of such meeting, unless a majority of Trustees consent in advance to waive the forty-eight hours notice. Such notice shall contain the proposed agenda for the meeting.

## **C. Call for a Committee Meeting.**

The Board may schedule any Committee meeting, or a Committee Chairperson or any three (3) Committee members may schedule a meeting of a Committee of which they are a member, as necessary. Special Committees will meet as necessary and shall report to the Board of Trustees at a Regular Board meeting.

## **D. Investment Manager Due Diligence Meetings.**

The Investment Committee will conduct due diligence meetings for investment managers to be scheduled for Investment Committee meetings or for First Friday meetings in February, June, and December. Additional First Friday meetings may also be used for due diligence reviews. Upon approval by the Board of Trustees at a Regular Board meeting, due diligence presentations may also be scheduled for a later Regular Board meeting. The Board of Trustees will review investment managers on a watch list during the Investment Committee portion of a regular Board meeting.

## **E. 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.

## **F. 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.

## **G. Quorum.**

1. 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 Board Meeting, Special Board Meeting, or Standing Committee meeting.
2. For special or *ad hoc* committees, a quorum shall consist of two Trustees, a majority of the 3-member committee. A special or *ad hoc* committee shall take no official action other than making recommendations to the Board. Votes on

recommendations to the Board will be determined solely by the members of the Committee.

3. A Trustee may attend any Committee meeting, including *ad hoc* and special committee meetings, and speak during debate but, for the avoidance of doubt, a Trustee who is not a member of a Committee shall not be counted for purposes of a quorum or in the determination of whether any motion passed.  
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.

#### **H. Roll Calls.**

On all motions or resolutions required by law, including a motion to move the meeting into executive session or to adjourn from executive session, 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.

#### **I. 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

#### **J. 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. The minutes shall reflect a summary of the issues discussed, the motions made, and the vote on such motions; minutes do not require a narrative of the discussion, unless the context requires additional detail in order to provide a fair and complete summary.

#### **K. Approval of Minutes.**

1. At least one (1) week before the date of the next Regular Board meeting, the Secretary, with the assistance of Fund staff, shall provide each Trustee by e-mail

with the draft minutes of the last Regular Board meeting and shall include, if available, a report of all Standing or other Committee meetings since the last Regular Board Meeting. Trustees shall submit any proposed edits or questions to the designated staff member no later than noon of the second day before the meeting at which the minutes will be presented for approval. Staff shall research the proposed edits or questions raised and provide an amended draft, if appropriate, no later than noon of the day before the meeting. Upon approval by the Board, the minutes shall be regarded as the official record of proceedings.

2. With regard to draft Committee meeting minutes, at least one (1) week before the date of the next Regular Board meeting, or, if the Committee meeting took place less than two (2) weeks before the next Regular Board meeting, one (1) week before the subsequent Regular Board meeting, the Secretary shall, with the assistance of Fund staff, provide every Trustee with the draft minutes of the Committee meeting. Trustees must submit proposed edits or questions to the designated staff member no later than noon of the second day before the meeting at which the minutes will be presented for approval, and staff shall research the proposed edit or question raised and provide an amended draft if appropriate no later than noon of the day before the meeting. Upon approval by the Board, the Committee meeting minutes shall be regarded as the official record of proceedings.

3. At the request of a Trustee, the Secretary or Fund staff shall provide a paper copy of draft minutes, other than executive session minutes, to the Trustee's preferred mailing address via U.S. mail or messenger service.

**L. Executive Session Minutes.** Contemporaneously with the preparation of Regular Board meeting minutes or Committee meeting minutes, Board Counsel or the Chief Legal Officer or his/her attorney designee, at the discretion of the Board President, shall prepare minutes of any executive session that transpired during the meeting. The executive session minutes shall not be executive session minutes, or any portion thereof, no longer require confidential treatment and should be available for public inspection.

**M. Publication of Proceedings.** The minutes of all Board meetings shall be made available on the Fund's website after approval by the Board.

**N. Access to Minutes/Recordings.** A Trustee or the Internal Audit Director shall have the right to access executive session recordings only at the Fund office or via secure access to the Fund's digital files. No such digital files shall be printed or downloaded onto a non-Fund computer or device. Requests for access shall be made to the Executive Director or Board President, both of whom shall have access to the executive session recordings. 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. Board Counsel, the Chief Legal Officer and other Fund internal counsel shall have the right to access executive session recordings for preparing executive session minutes or for other purposes as directed by the Board President or by the Executive Director.



**Article VI- Fiscal Year.** 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 VII - Order of Business**

**A. Order of Business.**

The following order will govern the transaction of business at any Regular Meeting:

1. Public Participation
2. Roll Call
3. Approval of 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. New Business
15. Adjournment

**B. Omnibus or Consent Agenda.**

The Board may use an Omnibus or a Consent Agenda to address routine uncontested matters such as Committee Reports or minutes or when there are two or more similar or related motions or resolutions, which have been placed together for voting purposes. To avoid repetitious discussion of Committee proceedings, a Committee's report shall be considered for approval only as a record of the Committee's discussions and actions taken, and will be placed on the Consent Agenda. If a Committee was authorized to take final action, the same issues and materials presented to and acted on by the Committee shall not be reviewed at a Board meeting, unless a majority of the Committee earlier recommended further debate.

A Trustee may move any matter to the Consent Agenda, without a second. A Trustee may, by noting an objection, remove any item from the Omnibus, in which case the motion on that matter shall be considered separately. Approval of the Omnibus or Consent Agenda requires a motion and second, the motion may not be debated or amended, and requires a majority vote.

### **C. 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 Meetings Act.

To ensure agendas are clear, understood, and agreed upon, the agenda and supporting materials for regular board meetings shall be sent to each Trustee via BoardDocs at least one week before the scheduled meeting. If requested by a Trustee, Staff shall also send the agenda and supporting material to the Trustee via messenger service at least 6 days before the meeting. Staff will provide updates and additional materials by email as soon as practicable before the meeting. The Executive Director will contact each Trustee in advance of a Board meeting to brief each Trustee on the agenda and to address any questions about the meeting materials.

## **Article VIII - Committees**

### **A. 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, Committee on Personnel, and Committee on Investments.

**1. Members of Standing Committees.** The Committee on Finance and Audit, the Personnel Committee, the Committee on Pension Laws and Rules, and the Committee on Claims and Service Credits shall consist of five (5) Trustees each. The Committee on Investments shall be a Committee of the Whole. The President, with advice from the Board, shall appoint members, other than the Chairperson, of any Standing Committee that is not a Committee of the Whole.

**2. Election of Standing Committee Chairs.** 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.

**3. Secretary.** The Executive Director or his or her designee shall serve as Secretary of each Standing Committee and shall maintain minutes of each meeting.

### **B. 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.

Notwithstanding any other Administrative Rule, the Committee shall have the authority to grant or deny in whole or in part all Employer requests for waivers of late fees, to authorize a payroll audit of an Employer, to resolve any disputed payroll audit findings, to enter into a settlement agreement with a delinquent Employer, and to authorize a lawsuit to collect any delinquent contributions or late fees owed by an Employer. Any vote pursuant to this delegation of authority shall require the unanimous vote of the Committee members constituting a quorum of the Committee.

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.

**C. 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; and shall examine data evidencing claims for service credits and make appropriate recommendations concerning such credits.

The Committee shall have the authority in accordance with Administrative Rules to enter into a settlement agreement or payment plan with any person relating to the recovery of an overpayment or to authorize a lawsuit to collect an overpayment. Any vote pursuant to this delegation of authority shall require the unanimous vote of the Committee members constituting a quorum of the Committee.

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

**D. 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 Board may establish a sub-committee to review the current and proposed Administrative Rules and Fund policies and the Committee shall recommend such changes to the Board of Trustees as may be deemed advisable.

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.

**E. 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, conduct investment manager due diligence reviews, direct the First Friday investment manager program, and shall perform such other duties as maybe required to monitor and invest the Fund's assets. The Committee on Investments shall report to the Board on a bimonthly 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.

**F. Committee on Personnel.**

The Committee on Personnel shall review and evaluate, and make recommendations to the Board relating to the staff compensation program, employee benefits, and the Board's Employee Handbook. The Committee shall perform such other duties as the Board may assign.

**G. Executive Committee.**

There shall be an Executive Committee consisting of the President, the Financial Secretary, the Chairperson of the Personnel Committee, and one Trustee elected by the Trustees. The President serves as chair of the committee. The Executive Committee shall be responsible, in accordance with the Employee Handbook and the Fund's Policies, for monitoring all complaints and grievances investigated by the Human Resources Director or by the Internal Audit Director and for considering all employee grievance appeals filed with the Executive Committee. The Executive Committee shall perform such other duties as the Board may assign. Any Executive Committee member involved in a matter before the Executive Committee shall be recused and the Board shall designate another Trustee to serve on the Executive Committee during consideration of that matter. The Executive Committee shall report at each Regular Board meeting on the status of all matters presented to the Executive Committee.

**H. Special and *Ad Hoc* Committees.**

The President or the Board may establish special or ad hoc committees consisting of three (3) Trustees 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. A special or ad hoc committee shall take no official action other than making recommendations to the Board.

## **Article IX - Administrative Officer and Professional Services**

### **A. Board Counsel.**

The Board shall be authorized to engage Board Counsel to advise the Board regarding compliance with its fiduciary duties, the Open Meetings Act, and these Bylaws, among other matters. Board Counsel shall report to the Board President, the Executive Director, and the Chief Legal Officer. Direct communications between individual trustees and Board Counsel outside of Board meetings or Committee meetings shall require the approval of the Board President. Direct communications between staff members and Board Counsel outside of Board meetings or Committee meetings, where the staff member's regular duties do not require it, shall require the approval of the Executive Director or the Chief Legal Officer.

### **B. 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.

### **C. 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.

### **D. 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.

### **E. 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.

**F. 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.

**G. Professional Services.**

The Board may retain such other consultants, professionals, and advisors as it deems appropriate.

**Article X - Fiduciary Duties and indemnification**

**A. 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]

**B. Trustee Education.**

1. Trustee Orientation. The Fund shall periodically provide an orientation program for Trustees with an emphasis on their fiduciary duties.
  
2. 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 (“IFEBP”), 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.
  
3. 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 reelection. 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.

4. 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.

5. 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.

**C. 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.

**D. 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.

**E. 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]

**F. 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]

**Article XI - 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.

a. 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.

- b. 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.
- c. 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.
- d. 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 XII - Parliament Authority.** 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]