

January 24, 2018

APPROVE ENTERING INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE BOARD OF TRUSTEES OF THE PUBLIC SCHOOL TEACHERS' PENSION AND RETIREMENT FUND OF CHICAGO RELATING TO CONTRIBUTIONS TO THE PUBLIC SCHOOL TEACHERS' PENSION AND RETIREMENT FUND OF CHICAGO

THE ACTING CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an Intergovernmental Agreement with the Board of Trustees (Board of Trustees) of the Public School Teachers' Pension and Retirement Fund of Chicago (Fund) to provide an appropriate mechanism for addressing the timing of contribution payments made to the Fund in the form of interest paid to the Fund and credits to be received by the Board of Education. A written agreement is currently being negotiated. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this agreement is stated below.

AGENCY: Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago
203 North LaSalle Drive, Suite 2600
Chicago, Illinois 60601
Charles A. Burbridge, Executive Director
312-641-4464

USER: City of Chicago Board of Education
42 West Madison Street
Ronald DeNard, Senior Vice President of Finance
(773) 553-1561

DESCRIPTION: For FY17, new legislation allowed Chicago Public Schools to levy \$250 million in property taxes and take credit for these revenues against the annual pension payment due on June 30th. The levy's proceeds are annually paid directly to the Fund between March and August; however, the legislation is silent as to which fiscal year these revenues should be credited. In addition, in August 2017, the State passed legislation increasing the State's contribution, which will likely be paid monthly to the Fund, causing the Fund to receive a large portion of the pension payment annually before June 30th. Chicago Public Schools and the Board of Trustees worked together to come to an agreement to provide a mechanism for calculating interest payments and actuarial adjustments related to the timing of contributions.

TERM: The term of the agreement shall commence on June 30, 2017 and end upon written notice by either party.

AUTHORIZATION: Authorize the Acting General Counsel to include other relevant terms and conditions in the written agreement. Authorize the President and Secretary to execute the agreement. Authorize the Senior Vice President of Finance to execute all ancillary documents required to administer or effectuate this agreement.

AFFIRMATIVE ACTION: Exempt

LSC REVIEW: Local School Council approval is not applicable to this report.

FINANCIAL: Charge to Pension and Liability Insurance
Budget Classification: 12470 115 57105 119004 2018 Source of Funds: General Funds

GENERAL CONDITIONS:

Inspector General – Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their terms of office.

Indebtedness – The Board's Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

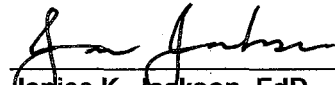
Ethics – The Board's Ethics Code adopted May 25, 2011 (11-0525-PO2), as amended from time to time, shall be incorporated into and made a part of the agreement.

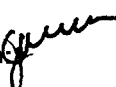
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:


Jennie Huang Bennett
Chief Financial Officer

Approved:


Janice K. Jackson, EdD
Acting Chief Executive Officer

Approved as to legal form 


Douglas A. Henning
Acting General Counsel