

Meeting of the Retirement Plan for CTA Employees Board of Trustees

10 S. LaSalle Street
Suite 1100
Chicago, IL 60603

Approved Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on January 27, 2011 at One North Franklin Street, 24th Floor. The Chairman and the Executive Director were present.

A roll call was taken indicating that the following Trustees were present:

Theresa Mintle
Darrell Jefferson
Carlos Acevedo
John Burkard
Joseph Burke
Robert Kelly
Dennis Mondero
Paul Sidrys
Karen Walker
Michael Simmons as an alternate for Darryle West
Peter Xilas

Appearing on behalf of the Retirement Plan was Michael Virgil, of Burke, Warren, MacKay, & Serritella. Appearing on behalf of the Union Trustees was Anita Tanay, of Jacobs, Burns, Orlove & Hernandez, and appearing on behalf of the Regional Transit Authority appointed Trustee was Andrew Malahowski of Franczek Radelet, PC and John Doerrer of Kaizen, Inc. James Daley of K&L Gates, appeared on behalf of the CTA Trustees. Also present was Ivory Day of Gray & Company.

On a motion by Mr. Burkhard, seconded by Mr. Acevedo, the Board of Trustees approved the December 21, 2010 minutes.

On a motion by Ms. Mintle, seconded by Mr. Sidrys, the Board of Trustees elected Mr. Jefferson as the new Chair.

On a motion by Mr. Jefferson, seconded by Mr. Acevedo, the Board of Trustees elected Ms. Mintle as the new Vice Chair.

General Administration Subcommittee Items

On a motion by Mr. Acevedo, seconded by Mr. Burke, the Board of Trustees approved the General Administration Subcommittee items with the exception of 5(k), which was moved to New Business.

Investment Subcommittee Items

Mr. Sidrys informed the Board that the direct private equity RFP responses had been narrowed down to six finalists which will be brought in for interviews. He indicated that Mr. Kallianis would coordinate an Investment Subcommittee meeting with Gray and Company and notify all Trustees.

Mr. Day gave an overview of the 3rd Quarter, 2010 performance report.

Real Estate Subcommittee Items

Mr. Kallianis informed the Board that an issue on this subject would be discussed in executive session.

Old Business

Mr. Kelly made a motion that the Retirement Plan retain Pricewaterhouse to perform a payroll audit of the CTA, ATU 241, and ATU 308 for the pay periods beginning on or after June 1, 2009, through the pay period ending December 31, 2010, for the purpose of determining whether there's been delinquencies in contributions to the Retirement Fund, and certifying the correct pension continuous service and compensation credit to participants. The motion was seconded by Mr. Simmons. After some discussion about whether or not an rfp for auditing was required, Mr. Kelly withdrew his motion.

Mr. Kelly made a motion that the Retirement Plan and the RHCT establish a joint committee of four Trustees - two CTA Trustees and two Union Trustees – to meet with the Fund staff and the Funds' professionals and with representatives of the CTA to establish agreed upon procedures for timely and proper remittance of employer and employee contributions to the Funds. The Committee would examine the timing of the process for the remittances of contributions pursuant to collective bargaining agreements and the Illinois Pension Code; sharing the employer data necessary to verify the accuracy and completeness of contributions; and the best practices with regard to monitoring employer / employee contributions. The committee would issue its preliminary report by June 1, 2011. After some discussion, Mr. Kelly amended his motion to include five Trustees – two CTA, two Union and the RTA Trustee. He also amended the motion to require the report be done by June 1, 2011, or as soon as practical. On a voice vote, the motion carried.

Mr. Kelly made a motion that the interest rate on delinquent employer contributions shall be the Fund's assumed rate of return as determined by the Fund's actuary, and accepted by the Board of Trustees in effect on the due date of the contributions. Further, after a grace period of seven calendar days, interest on the delinquency would occur prorated for the month compounded monthly until the date of payment. The motion was seconded by Mr. Acevedo. After some discussion, there was a roll-call vote: Mintle-no, Jefferson-yes,

Acevedo-yes, Burkard-yes, Burke-yes, Kelly-yes, Mondero-no, Sidrys-present, Walker-no, Simmons-yes, Xilas-no. The motion carried.

Mr. Kallianis informed the Trustees that they are still waiting for information regarding the prescription drug rebates, and that's the final piece for the audit to be completed.

New Business

Mr. Kallianis informed the Trustees that Allsup representatives were present to give a joint presentation to the Health Care Trustees, as well.

Joint Session with the RHCT

The Trustees for the Retirement Plan and the RHCT held a joint session to hear a presentation from Allsup, Inc. Jennifer Nagel, from Allsup, provided the Trustees an update on the amount of Medicare recoveries they had obtained for the Trust(s) and the number of retirees that Allsup had converted to Medicare Primary.

Executive Session

On a motion by Mr. Kelly, seconded by Mr. Sidrys the Committee approved moving into Executive Session for the purpose of discussing the litigation and the sale or purchase of investments.

Joint Executive Session with RHCT

There was a joint executive session with the RHCT Board to discuss personnel matters.

Joint Session with RHCT Board of Trustees

There was a joint session held during the Retirement Plan Board of Trustees' meeting to hear presentations from Allsup, Inc. and Mesirow Insurance. Allsup provided the Boards with an update on Medicare Recoveries collected on behalf of the Trusts. Mesirow Insurance provided the Boards with information regarding Fiduciary Liability Insurance.

After discussion regarding the offer of employment to James O'Connell, there was a motion made by Mr. Acevedo, seconded by Mr. Kelly, amending the offer letter to reflect the changes read by Mr. Pass. There was a roll call vote: (RHCT) Mintle-no, Pass-yes, Burke-yes, Kasmer-yes, Kelly-yes, Sidrys-no, Volpe-no. (RP) Mintle-no, Pass-yes, Acevedo-yes, Burke-yes, Burkard-yes, Kelly-yes, Mondero-no, Sidrys-no, Walker-no, Simmons-yes, Xilas-no. The motion carried.

Open Session

The Board of Trustees discussed the Restated Plan prepared by Michael Virgil, of Burke, Warren, MacKay, & Serritella. It was noted by Counsels for the Union and CTA Trustees that there were outstanding issues regarding Sections 4.4 and 4.5 of the Restated Plan which remained to be resolved; however, adoption of the Plan was not being delayed so that a timely request for a determination letter could be submitted to the IRS by January 31, 2011, and the unresolved issues regarding Sections 4.4 and 4.5 were to be resolved by future amendment to the Plan. On a motion by Mr. Acevedo, seconded by Mr. Burkard, the Board of Trustees approved the revised Plan Document to be submitted to the IRS by January 31, 2011.

On a motion by Mr. Sidrys, seconded by Mr. Xilas, the Board of Trustees approved the Townsend proposal.

On a motion by Mr. Kelly, the Committee approved adjournment of the meeting.