

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 May 26, 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:

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

James O'Connell was present as General Counsel for the Retirement Plan. Appearing on behalf of the Union Trustees were Joseph Pass, of Jubelirer, Pass, and Intieri, PC, and Joseph Burns, of Jacobs, Burns, Orlove & Hernandez. 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. Kelly, seconded by Mr. Sidrys, the Board approved the draft minutes of April 25, 2011.

General Administration Subcommittee Items

On motion by Mr. Acevedo, seconded by Mr. Burke, the Board of Trustees approved the General Administration report.

Investment Subcommittee Items

Mr. Day provided the Trustees with a review of performance, including the returns from alternative investments. He noted that the total return for two years is 10.5%, better than the actuarial return assumption of 8.75%. He noted return for the last 20 years is 9.24%. In response to a question, he advised that Northern Trust has not been implicated in the foreign exchange transaction issue that has received some press lately.

Mr. Kallianis reviewed with the Trustees the request by four of the Mesirov private equity funds for permission to replace a key person. Mr. Tyree, the Chairman and CEO of Mesirov Financial, had passed away, leaving a "key person" vacancy on four funds. Approval was sought to replace him with Marc Sacks on Funds 2 and 8, and Dan Howell on Funds 5 and 10. Mr. Kallianis recommended approval. On motion by Mr. Burke, seconded by Mr. Kelly, the Board approved the replacement request.

Real Estate Subcommittee Items

Mr. Kallianis reported that a real estate investment request for proposal had been drafted and would be circulated shortly.

Old Business

Mr. Kallianis reported simultaneously on the Old Business item regarding Part-Time Union Officers, and on the New Business item on the Payroll Audit Committee. The Committee anticipated interviewing four candidates for the project at its next meeting, and selecting a candidate to recommend to the full Board. Mr. Kallianis noted that audits of the contributions from the CTA, and Locals 241 and 308 were all anticipated to be performed, with an audit of the contributions for part-time union officials to be a 100% audit back to July 1, 2008. Mr. O'Connell commented that the two locals and the CTA might suggest issues that the auditor should be asked to examine. Mr. Burke noted that the scope of the audit would also include recommendations for procedures going forward, and for periodic reconciliations of reports through the system. Mr. Burns asked Mr. Kallianis to have the coding on contributions submitted by the Unions taken out to 8.345%, noting that an error had been made by some of the Locals in transmission.

With respect to the health care transition audit, Mr. Kallianis reported that he had met with Mr. Burke to provide him with background on the issues, and that he expected to have some additional information on prescription rebates from the CTA relatively soon.

New Business

Mr. Kallianis reported that Mesirov Financial Services as broker had obtained quotes for fiduciary liability insurance for both the Retirement Plan and Health Care Trust, and that he expected to have the policies in place by May 31, 2011.

The Trustees discussed the Religious Freedom Protection and Civil Union Act. On motion of Mr. Burke, seconded by Mr. West, the Board adopted a Resolution providing for compliance with the Act. Mr. Kallianis pointed out that the law is effective June 1, 2011, and that its application is prospective.

Executive Session

An Executive Session was held to discuss litigation.

Open Session

On a motion by Mr. Kelly, seconded by Mr. Burkard, the Board approved adjournment of the meeting.