

Meeting of the Retirement Plan for CTA Employees Board of Trustees

10 S. LaSalle Street
Suite 1100
Chicago, IL 60603

Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on February 23, 2012 at One North Franklin Street, 24th Floor. The Chairman and Executive Director were present.

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

Javier M. Perez, Jr., Chairman
Joan Coogan
Marcellus Barnes
John Burkard
Joseph Pass
Joseph J. Burke
Robert Kelly
Ronald Puskarits
Paul Sidrys
Karen Walker
Erin Kleist as an alternate for Peter Xilas

James O'Connell was present as General Counsel for the Retirement Plan. Appearing on behalf of the Union Trustees was Joseph Burns, of Jacobs, Burns, Orlove and Hernandez. Appearing on behalf of the Regional Transit Authority appointed Trustee were Andrew Malahowski of Franczek Radelet, PC and John Doerrer. 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 Ms. Coogan, the Board approved the draft minutes, as amended, for January, 2011.

General Administration Subcommittee Items

A motion was made by Mr. Kelly, seconded by Mr. Burke, to approve the items under the General Administration committee agenda

Investment Subcommittee Items

Mr. Day provided the Trustees with a report, advising that as of February 21, 2012, the Plan had \$1,740,983,872.04 in assets. The Trustees and Mr. Day discussed considerations related to the potential use of index funds as investments for the Plan.

The Trustees discussed the Equity Rotation proposal received from Enhanced Investment Partners (“EIP”). Mr. O’Connell was asked to follow up to obtain additional information on certain questions and subjects of concern to the Trustees. Mr. Day advised that, since he receives the updates from EIP, he can continue to follow what the updates would have meant for the Plan’s investments, so that information will be available if the Trustees return to consideration of the potential retention of EIP. The consensus of the Trustees was to table consideration of EIP, and to ask Mr. O’Connell and Mr. Day to convey their questions and concerns to Mr. Rowe.

Real Estate Subcommittee Items

Mr. Kallianis provided an update on the Core Real Estate RFP. He indicated that a recommendation from the subcommittee is anticipated for the March Board meeting.

Mr. Kallianis reported that the Mesirow Value Fund had requested a two-month extension of the fund raising period, and that Townsend had recommended that the Trustees approve the extension request. On motion by Mr. Sidrys, seconded by Mr. Burke, the Trustees approved the request for extension.

Old Business

Mr. Kallianis provided a report regarding the payroll audit, including dates for site visits to the CTA, and Locals 241 and 308.

Mr. Kallianis summarized additional Plan communications anticipated for participants, and the Trustees provided additional suggestions.

New Business

Mr. O’Connell referred the Trustees to a letter from Burke, Warren, MacKay & Serritella, P.C. requesting an increase in hourly fees. On motion by Mr. Kelly, seconded by Mr. Puskarits, the Trustees approved the requested increase, including a \$10 per hour increase for attorneys, effective April 1, 2012.

Mr. O’Connell noted that the Burke, Warren letter suggested ways in which legal fees might be reduced. Mr. O’Connell referred the Trustees to a memorandum he had drafted seeking authority to retain one or more professional service firms, in order to hire a paralegal or other professional on a contract basis, to do work currently performed by lawyers at Burke Warren

or Vedder Price. On motion by Mr. Pass, seconded by Mr. Burke, the Trustees authorized Mr. O'Connell to proceed, and asked him to continue to monitor legal bills.

Mr. O'Connell reminded the Trustees that they had asked whether the new electronic training required by the Open Meetings Act (OMA) could be counted towards the 8 hours of training they are required to obtain each year. The answer is that it could be counted, if the Trustees determined that the OMA curriculum is important for the administration of the Plan. On motion by Mr. Kelly, seconded by Mr. Sidrys, the Board determined that the OMA curriculum is important for the administration of the Plan.

On motion by Mr. Burke, seconded by Mr. Pass, the Trustees approved for Mr. Kelly and Mr. Dixon expenses for travel and educational sessions associated with the International Foundation of Employee Benefit Plans annual meeting, anticipated to be split between the Retirement Plan and RHCT.

Executive Session

On motion by Mr. Kelly, seconded by Ms. Coogan, the Board voted unanimously to conduct an executive session, under the litigation exception (5 ILCS 120/2(c)(11)).

Open Session

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