

Meeting of the Retirement Plan for CTA Employees Board of Trustees

10 S. LaSalle Street
Suite 1100
Chicago, IL 60603

Draft Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on May 24, 2012 at One North Franklin Street, 27th Floor. The Vice-Chair and the Executive Director were present.

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

Joan Coogan, Vice-Chair
Christopher Kasmer as an alternate for John Burkard
Joseph J. Burke
Robert Kelly
Ronald Puskarits
Paul Sidrys
Karen Walker
Paul Volpe

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 Schuyler Roche & Crisham appeared on behalf of the CTA Trustees. Also present were Ivory Day of Gray & Company.

Mr. Kelly requested deferral of consideration of the draft minutes for April 26, 2012. There being no objection, consideration of the draft minutes was deferred.

General Administration Subcommittee Items

On motion by Mr. Burke, seconded by Mr. Kelly, the Board voted to approve the items under the General Administration committee agenda.

Investment Subcommittee Items

Mr. Day provided the Trustees with a report on market performance through the first quarter, noting that these returns have been very good, and that as of May 23, 2012 the Plan had assets of \$1,659,279,257.46. Mr. Gray provided a comparison of the Plan's results, as compared with other public funds that are clients of Gray & Company. Mr. Day advised that, based on the Trustees' directions as discussed at the last Board meeting, he planned

to work on a reduction of the number of equity managers for the Plan, in order to increase efficiency.

Old Business

Mr. Kallianis summarized progress made on the payroll audit, indicating field work had been completed, and Legacy was now in the process of analyzing the files to create an exceptions report.

Mr. O'Connell provided an update on the transition audit. He indicated he had met with CTA representatives in early April, along with Aaron Stanton, outside counsel for the Plan. The Plan representatives followed up with some questions addressed to the legal issues, and asked for a target date to receive a response.

On the question of interest on late contributions, Mr. O'Connell reported that he was not able to arrange a meeting after the last Board meeting and before this meeting. He indicated he planned to send the CTA a demand letter on behalf of the Plan, and draft a memorandum for the Trustees to consider in the event payment is not received.

New Business

On motion by Mr. Kelly, seconded by Mr. Burke, the Board approved splitting with the RCHT the expenses of Mr. Kasmer attending the International Foundation of Employee Benefit Plans annual conference.

Mr. Kallianis directed the Trustees' attention to a package containing the recommendation of the Plan's broker for a renewal of fiduciary liability insurance coverage. He noted that the recommended coverage would remain at \$10 million, but that the premium cost would decline from \$77,569 to \$74,312, and that the policy would renew for a second year if there are no claims in the interim. On motion by Mr. Kelly, seconded by Mr. Burke, the Board approved the renewal recommended by the Plan's broker.

Mr. Barnes joined the meeting at this point.

Mr. Kallianis advised the Trustees that the IRS had issued a determination letter with respect to the Plan, conditioned on the clarification of two items. He indicated that he anticipated circulating the clarifications required before the next Board meeting.

Mr. O'Connell reported that the Matthews case had been continued to June 27, 2012, at which time the Court indicated it anticipated ruling on the Plan's motion to dismiss the case.

Mr. O'Connell reported with respect to the DV Urban matter that Mr. Kallianis had received a request to consent to a \$200,000 payment on a partnership loan which is in default,

pursuant to the terms of the Status Quo order in the Delaware litigation. Townsend recommended that consent be given, and Mr. Kallianis gave consent on behalf of the Retirement Plan. Mr. Kallianis noted that, in view of the Plan's minority status in the partnership, the expense translated into about \$8,000 from the Plan's perspective.

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