

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 28, 2013 at One North Franklin Street, 27th Floor. The Chair and the Executive Director were present.

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

Joan Coogan, Chair
Javier Perez, Vice-Chair
John Burkard
Carlos Acevedo as an alternate for Joseph Pass
Joseph J. Burke
Marcellus Barnes
Robert Kelly
Celia Meza
Paul Sidrys
Karen Walker
Marjorie Espina as an alternate for Larry Owens

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 Radalet, PC, and John Doerrer of John A. Doerrer and Associates, PC. James Daley of Schuyler Roche & Crisham appeared on behalf of the CTA Trustees.

Also present was Ivory Day of Gray & Company.

On motion by Ms. Coogan, seconded by Mr. Barnes, the Trustees appointed John Burkard as Chair of the General Administration Subcommittee, and Celia Meza as the Vice Chair.

On motion by Ms. Coogan, seconded by Mr. Perez, the Trustees appointed Paul Sidrys as Chair of the Investment Subcommittee and Bob Kelly as Vice Chair.

On motion by Ms. Coogan, seconded by Mr. Barnes, the Trustees appointed Karen Walker as Chair of the Real Estate Subcommittee and Joseph Burke as Vice Chair.

On motion by Mr. Perez, seconded by Mr. Acevedo, the proposed minutes for the January regular meeting were approved.

General Administration Subcommittee Items

On motion by Mr. Burkard, seconded by Mr. Burke, the Board voted to approve items 5(a) through 5(j) under the General Administration committee agenda.

Investment Subcommittee Items

Mr. Kallianis reported that Chris Kuhn of Gray & Company had suggested an investment subcommittee meeting to discuss alternatives. Mr. Kallianis indicated he would schedule a meeting.

Mr. Day advised the Trustees that a news report in February reported that a trustee of one of Gray & Company's fund clients had indicated that she either had filed or intended to file a complaint with the SEC, claiming that Gray & Company had not adequately disclosed that it owned one of the investment vehicles the fund had selected. Mr. Day advised that the fund's attorney had reviewed the minutes and reported that there had been adequate disclosure. Finally, Mr. Day advised that the client fund had told Gray & Company that the trustee had been admonished and no further action would be forthcoming.

Mr. Day provided the investment performance report for the Plan, with information to date. Without alternatives, the Plan earned 12.84% on its investments for the year, which would give the Plan an 8.74% return over the past 10 years. Mr. Day cautioned that the reports on alternative investments are not in yet, and these could cause the total return to go either up or down. Mr. Kelly asked Mr. Day about the performance of Friess, and Mr. Day indicated he planned to review it and provide an analysis to the Investment Subcommittee. Mr. Day reported that as of February 25, 2013, the Plan had \$1,734,675,685.89 in assets.

The Trustees discussed a potential amendment to the Plan's investment policy concerning assault weapons manufacturers. On motion by Mr. Burke, seconded by Mr. Burkard, the Trustees voted to amend the Plan's investment policy by adding the language in the draft Mr. Kallianis circulated at the meeting.

Old Business

Mr. Kallianis provided an update on the Legacy payroll audit.

Mr. Kallianis indicated that the discussion of items 8(b) and (c) may be for executive session.

Mr. Kallianis reviewed the participant education initiatives he had organized, and advised that he had tentatively scheduled March 29 for sending out a benefits statement, but that depended upon getting a final payroll file with necessary information in it for 2012 from the CTA.

At the suggestion of Mr. Perez, Mr. Burke and Mr. Perez volunteered to constitute an ad hoc subcommittee to discuss participant education.

New Business

Mr. Kallianis referred the Trustees to a memorandum concerning potential securities litigation, and suggested executive session might be appropriate.

Executive Session

On motion by Mr. Burke, seconded by Mr. Kelly, the Trustees voted unanimously to move to executive session, to discuss potential litigation, and personnel matters.

Open Session

On motion by Mr. Burke, seconded by Mr. Kelly, the Trustees voted to ratify the actions outlined in the memorandum entitled “Confidential Memorandum – Personnel Issue,” which Mr. Kallianis passed out at the meeting, with the additional direction to have the General Counsel’s contract amended to reflect the adjustment, and to review it every year.

Mr. O’Connell noted that the Trustees did not take action on the other items discussed, pending discussion between counsel on procedure, and noted that he anticipated that he might talk with a local firm to help outline options for the Plan procedurally.

On a motion by Mr. Perez, seconded by Mr. Acevedo, the Board approved adjournment of the meeting.