

Meeting of the Retirement Plan for CTA Employees Board of Trustees

55 West Monroe Street
Suite 1950
Chicago, IL 60603

Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on September 25, 2014 at One North Franklin Street, ^{27th} Floor. The Chair and the Executive Director were present.

The following Trustees were present:

Joan Coogan, Chair
Javier Perez, Jr.
Marcellus Barnes
Troy Brown
Omar Brown
John Burkard
Joseph J. Burke
Ronald DeNard
Robert Kelly
Paul Sidrys
Ronald Ester

James O'Connell was present as General Counsel for the Retirement Plan. Appearing on behalf of the ATU-appointed Trustees was Joseph Burns, of Jacobs, Burns, Orlove and Hernandez. Appearing on behalf of the CTA-appointed Trustees was James Daley, of Jackson Lewis, LLP. Appearing on behalf of the Regional Transit Authority-appointed Trustee was Daniel Salemi of Franczek Radelet, PC.

Also present were Brian Wrubel, Miguel Zarate and Kweku Obed of Marquette Associates, Larry Langer of Buck Consultants, and Kenneth Yu and Krunal Shah of Mitchell & Titus.

On motion by Mr. Kelly, seconded by Mr. Burkard, the Trustees voted to defer consideration of the proposed minutes.

General Administration Subcommittee Items

On motion by Mr. Burke, seconded by Mr. DeNard, the Board voted to approve items 4(a) through 4(i) under the General Administration committee agenda.

Investment Subcommittee Items

Mr. Obed presented a performance summary, and advised that as of September 24, 2014, the market value of the Plan's assets was \$1,877,168,490.63. He provided comments on the Plan's investment allocation, and then directed the Trustees' attention to Exhibit 2 of the Marquette report, a recommendation to move to a flat fee arrangement with BlackRock Partners, in order to save on fees. On motion by Mr. Sidrys, seconded by Mr. Burkard, the Trustees voted to accept Marquette's recommendation and move to a revised fee structure with BlackRock Partners.

Mr. Obed also directed the Trustees' attention to Exhibits 4 and 5 to the Marquette report, recommending termination of WellsCap and SIT Investment Advisors. He explained that WellsCap has experienced subpar performance, and that Marquette believed there were stronger managers available than WellsCap and SIT Investment Advisors. For the proceeds from the termination of WellsCap, Marquette recommended purchase of an emerging markets index fund, until a full search can be completed. Mr. Obed explained that for the proceeds of the termination of SIT, Marquette also recommended an index fund. In order to act in the best interests of the Plan, Marquette advised termination now, and the temporary purchase of an index fund with the proceeds. Mr. O'Connell advised that the Trustees were permitted to take such an action on an emergency basis, to protect the assets of the Plan. On motion by Mr. Burke, seconded by Mr. Sidrys, the Trustees voted to accept Marquette's recommendations of termination of WellsCap and SIT, and the movement of the funds to an index fund on an emergency basis until a search can be completed.

Old Business

Mr. Langer presented the results of the January 1, 2014 actuarial valuation to the Trustees, and answered Trustee questions. On motion by Mr. Burke, seconded by Mr. Burkard, the Trustees voted to accept the report of the Plan's actuary, and the proposed certified rates for employer and employee contributions for January 1, 2015 contained therein, and to determine the estimated funded ratios of the Plan as indicated in the report.

Mr. O'Connell noted that the Trustees had voted in May to send the dispute under Plan paragraph 3.9 to an independent arbitrator if the matter was not resolved by the end of this month. On motion by Mr. Kelly, seconded by Mr. Perez, the Trustees voted to delegate the selection of an arbitrator to Ms. Coogan and Mr. Perez, with the involvement of counsel for the ATU unions, the CTA and the RTA, within 7 days.

New Business

Mr. Yu presented the Plan's audited financial statements for 2013, and answered Trustee questions.

Mr. O'Connell directed the Trustees to the request of Burke, Warren, MacKay and Serritella for a rate increase of \$10 per hour. Mr. O'Connell recommended that the increase be granted, noting that the hourly rates currently charged are very low, and that the requested increase was reasonable. On motion by Mr. Burke, seconded by Mr. Omar Brown, the Trustees approved the increase.

Mr. O'Connell updated the Trustees on the Matthews case.

On motion by Mr. DeNard, seconded by Mr. Sidrys, the Board approved adjournment.