

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 October 23, 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.
Troy Brown
Omar Brown
Chris Kasmer as an alternate for 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 Anita Tanay, 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 Miguel Zarate and Kweku Obed of Marquette Associates.

On motion by Mr. Perez, seconded by Mr. Kasmer, the Trustees voted to approve the proposed minutes for the regular and executive sessions for August 2014 and the regular session for September 2014.

General Administration Subcommittee Items

On motion by Mr. Perez, seconded by Mr. Burke, 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 October 22, 2014, the market value of the Plan's assets was \$1,831,994,937.68.

Mr. Obed directed the Trustees' attention to of the recommendations in the Marquette report. He reviewed the elements of the asset allocation recommendation, and answered Trustee questions. On motion by Mr. Sidrys, seconded by Mr. Burke, the Trustees voted to approve Marquette's "Portfolio C" recommendation, with Mr. Kelly abstaining.

Mr. Obed summarized the recommendation of Marquette that the Trustees seek proposals for a long-term index provider for the S & P 500 and for the MSCI ACWI ex-U.S. On the motion by Mr. Sidrys, seconded by Mr. Burke, the Trustees voted to seek the proposals recommended by Marquette, subject to research by the Executive Director regarding whether one RFP should be issued or two.

Mr. Obed reviewed for the Trustees Marquette's recommendation that they terminate Ativo, and reallocate its assets evenly between Invesco and Edgar Lomax, both existing managers for the Plan. After review of underperformance indications, and discussion, the Trustees voted to accept Marquette's recommendation, on motion by Mr. Burke, seconded by Mr. Kasmer.

Mr. Obed summarized Marquette's recommendation that the benchmark for Morgan Stanley be changed from the MSCI EAFE to the MSCI EM index, to conform more closely to the new asset allocation approved by the Trustees. On motion by Mr. Burke, seconded by Mr. Sidrys, the Trustees voted to change the benchmark for Morgan Stanley as recommended by Marquette.

Mr. Obed noted that the Plan is currently under its target allocation to real estate, and referred the Trustees to Marquette's memorandum recommending that the Plan allocate \$25 million to the Mesirow Financial Real Estate Value Fund II, as a follow-on investment to the Plan's current investment in the Mesirow Financial Real Estate Value Fund, L.P. On motion by Mr. Burke, seconded by Mr. Kelly, the Trustees voted to invest as recommended by Marquette in the Mesirow Financial Real Estate Value Fund II.

Mr. Obed referred the Trustees to Marquette's memorandum recommending termination of the Plan's Stable Value managers, to conform to the new target asset allocation adopted by the Trustees. On motion by Mr. Kasmer, seconded by Mr. Perez, the Trustees voted to accept Marquette's recommendation to terminate the Plan's Stable Value managers, with Mr. Kelly voting no.

The Trustees discussed adoption of a new Investment Policy Statement, and deferred action. It was suggested that Marquette add the new target allocations to the draft Policy.

Old Business

On motion by Mr. DeNard, seconded by Mr. Burke, the Trustees voted to approve the amendment consolidating the Real Estate Investment Sub-Committee into the Finance and Investment Sub-Committee, and making it a five-member Sub-Committee, as indicated on page three of the draft By-Laws distributed at the meeting. On motion by Mr. Kelly, seconded by Mr. Burke, the Trustees approved John Burkard, as the fifth member, to the existing members DeNard, Kelly, Burke, and Sidrys.

The Trustees discussed the scheduling of an ethics training session indicating that the mechanics of the meeting would be worked out in the near future.

Executive Session

On motion by Mr. Kelly, seconded by Mr. Kasmer, the Trustees voted to go to executive session to discuss litigation.

Open Session

On motion by Mr. Kasmer, seconded by Mr. Kelly, the Trustees voted to adjourn.