

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 March 26, 2015 at One North Franklin Street, 27th floor.

The following Trustees were present:

John Burkard, Chair
Joan Coogan, Vice Chair
Omar Brown
Bill Lachman as an alternate for Joseph J. Burke
Carlos Acevedo
Ronald DeNard
Ronald Ester
Kenneth Franklin
Tommy Sams
Paul Sidrys
Marquel Williams as an alternate for Valerie Matthews-Wilson

The Executive Director was present. James O'Connell was present as General Counsel for the Retirement Plan. Appearing on behalf of the ATU Local 308 appointed Trustee was Joseph Burns, of Jacobs, Burns, Orlove and Hernandez. Appearing on behalf of the ATU Local 241 appointed Trustees was Justin Lannoye of Dowd, Block, Bennett & Cervone. 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 Kweku Obed, Miguel Zarate and Brian Wrubel of Marquette Associates.

On a motion by Mr. Lachman, seconded by Mr. DeNard, the Trustees elected Mr. Burkard as Chairman of the Board of Trustees. Mr. Burkard fills the vacancy left by the departure of Mr. Perez.

On motion by Ms. Coogan, seconded by Mr. Sidrys, the Trustees approved the March 26, 2015 Regular Board minutes. On motion by Mr. Sidrys, seconded by Mr. Ester, the Trustees approved the March 26, 2015 Executive Session minutes.

General Administration Subcommittee Items

Mr. Burkard presented items 5a through 5j on the agenda for approval. Mr. Acevedo made a motion to approve items 5a through 5j. Mr. Sidrys asked for some additional information on item 5j. After some discussion, on a motion by Ms. Coogan, seconded by Mr. DeNard, the Trustees approved Items 5a through 5i.

Mr. DeNard and Mr. Sidrys asked that Mr. Kallianis gather information from other public plans about educational opportunities for Trustees. On motion by Ms. Coogan, seconded by Mr. DeNard, the Board approved a motion to defer item 5j. The roll-call vote went as follows: Burkard-no, Coogan-yes, Acevedo-no, Brown-yes, Lachman-yes, DeNard-yes, Ester-Yes, Franklin-no, Williams-no, Sams-no, Sidrys-yes.

Investment Subcommittee Items

Mr. Sidrys reported that the Investment Subcommittee met on March 19th to interview investment managers related to the two RFPs the Board had issued and that the consensus of the Subcommittee was consistent with the recommendations that Marquette would be making today.

Mr. Obed started by reviewing the status of the transition from the previous asset allocation to the recently-adopted asset allocation. He also went over the Flash Report for the Plan for February of 2015.

Mr. Obed then reviewed the recommendation by Marquette to move the assets that the Plan had invested in LSV's Non-US Large Cap Fund to its Non-US Small Cap Fund. Mr. Obed explained that the new asset allocation included a dedicated exposure to Non-US Small Cap equities. He further explained that LSV's Non-US Small Cap Fund was closed to new investors, but they recently had a temporary opening due to another investor rebalancing and noted the performance of LSV's Non-US Small Cap Fund was very good, compared to peers.

On a motion by Mr. Sidrys, seconded by Mr. DeNard, the Board approved Marquette's recommendation to reallocate its investment in LSV's Non-US Large Cap Fund to LSV's Non-US Small Cap Fund.

Mr. Obed then reviewed the recommendation to hire Franklin Templeton as a Global Fixed Income manager. On a motion by Mr. Acevedo, seconded by Mr. Franklin, the Board approved the hiring of Franklin Templeton as a Global Fixed Income manager.

Mr. Obed then reviewed the recommendation to hire Logan Circle as an Emerging Markets Debt manager. On a motion by Mr. Sidrys, seconded by Mr. Acevedo, the Board approved the hiring of Logan Circle as an Emerging Markets Debt manager.

Old Business

Mr. Acevedo indicated to the Board that he would be the representative for Local 241 on the Payroll Audit Committee and asked that Mr. Kallianis schedule a meeting of the Committee.

New Business

Mr. Kallianis explained that he had sent around a draft job description for the Executive Director position and the job description used in 2010 to hire the General Counsel for review and comment.

On a motion by Ms. Coogan, seconded by Mr. Ester, the Board authorized Burke Warren McKay and Serritella to handle all matters for the Fund until a decision is made about the General Counsel position.

There was then discussion about the process to fill the Executive Director and General Counsel positions. Mr. Sams indicated that there was a 1999 resolution that allowed the CTA to replace the Executive Director. Mr. O'Connell explained that, in his view, the 1999 resolution was no longer valid.

After some additional discussion on the matter, Mr. DeNard made a motion that the 1999 resolution is no longer valid and has no continuing effect as to the retention or termination of any of the positions with the Retirement Plan. The motion was seconded by Ms. Coogan.

Mr. Franklin made a motion to defer Mr. DeNard's motion until the next meeting. Mr. Franklin's motion to defer failed on a roll-call vote. The vote was as follows: Burkard-no, Coogan-no, Acevedo-yes, Brown-no, Lachman-no, DeNard-no, Ester-no, Franklin-yes, Williams-yes, Sams-yes, Sidrys-no.

The Chair brought the Board's attention back to Mr. DeNard's motion. After some further discussion about the 1999 resolution, Mr. Franklin made a motion to move to Executive Session to discuss personnel matters. Mr. DeNard wanted to make clear that his motion was still on the table and did not object to moving to Executive Session. Ms. Coogan seconded Mr. Franklin's motion to move to Executive Session. The Board unanimously approved the motion to go into Executive Session to discuss personnel matters.

Upon returning from Executive Session, the Chair asked Mr. DeNard to restate his motion for the record. Mr. DeNard restated his motion that the 1999 resolution of the Retirement Allowance Committee regarding the hiring process for certain executive and administrative positions of the Retirement Plan is no longer valid and has no continuing effect as to the retention or termination of any positions with the Retirement Plan. Ms. Coogan seconded the motion.

The motion carried on a roll-call vote that went as follows: Burkard-yes, Coogan-yes, Acevedo-no, Brown-yes, Lachman-yes, DeNard-yes, Ester-yes, Franklin-no, Williams-no, Sams-no, Sidrys-yes.

On motion by Ms. Coogan, seconded by Mr. Sidrys, the Trustees voted to adjourn.