

Meeting of the Retirement Plan for CTA Employees Board of Trustees

55 West Monroe Street
Suite 1950
Chicago, IL 60603

October 22, 2015

Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on October 22, 2015 at One North Franklin Street, 27th floor.

The following Trustees were present:

, John Burkard, Chair

Joan Coogan
Carlos Acevedo
David Biggs as an Alternate for Omar Brown
Joseph J. Burke
Erin Kleist-Gaynor as an Alternate for Ronald Ester
Kenneth Franklin
Valerie Matthews-Wilson
Tom McKone
Tommy Sams, Jr.
Paul Sidrys

Executive Director, John Kallianis, was present. Mike Virgil of BWM&S was present as General Counsel for the Retirement Plan. Appearing on behalf of the ATU Local 308 appointed Trustee was Brandon Anderson, 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 David Novak, 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 and Miguel Zarate of Marquette Associates...

On motion by Mr. Franklin, seconded by Mr. Acevedo, the Board approved the minutes for the September 29, 2015 Regular meeting.

General Administration Committee Items

Mr. Franklin presented the General Administration items 4a through 4i. for approval, including benefit applications and bills and remittances, for approval. On a motion by Mr. Franklin, seconded by Mr. Burke, the Board approved items 4a through 4i.

Investment Committee Items

Mr. Obed, of Marquette Associates, then reviewed the flash report for the Retirement Plan for the month of September 2015. He reported that the market value of the fund from the previous day's close was \$1,739,171,868.74. Mr. Obed also provided some information on the recent market volatility and the effect on the Plan's assets.

Mr. Obed then presented a summary of the progress made by the Plan towards the new asset allocation. He reminded the Board that it would take somewhere between 12 and 18 months to complete the transition to the new allocation, keeping in mind that the withdrawal from the Stable Value asset class may take a bit longer, but that the Plan was still on track to complete the transition in the 2nd Quarter of 2016.

Mr. Obed presented the Marquette recommendation to move the Plan's investment in Amaltrust Intermediate Fixed Income Fund to Amaltrust Core Fixed Income Fund and then to equal-weight the allocation with the Plan's two other existing fixed income investments. Mr. Obed described how the resulting allocations to Chicago Equity Partners, Baird and Amaltrust would complement each other in terms of characteristics and would result in an overall reduction in fees.

On a motion by Mr. McKone, seconded by Mr. Sidrys, the Board approved the movement of the Plan's investment in Amaltrust Intermediate Fixed Income Fund to Amaltrust Core Fixed Income Fund.

On a motion by Mr. Acevedo, seconded by Mr. Burke, the Board approved a motion to equal-weight the investments to the three fixed income managers.

Old Business

Mr. Virgil provided the Board of Trustees with a brief update on the status of litigation. He reported that the Matthews case was awaiting a decision by the Illinois Supreme Court; the Hampton case in Circuit Court is effectively on hold until the Supreme Court rules on the Matthews case; and, the "rebate" case was finished with written discovery and oral discovery would be wrapping up soon.

Regarding the proposed amendments to the bylaws, Mr. Franklin asked if consideration could be deferred until the next meeting to give the General Administration Committee one

last time to review the proposed changes. On a motion by Mr. Franklin, seconded by Mr. Sams, the Board approved deferring consideration of the amendments to the bylaws until the November meeting.

New Business

Mr. Sams made a motion to require the CTA to provide to Legacy Professionals, no later than November 30, 2015, documentation related to the payroll audit for the period July 1, 2008 through June 30, 2011. The materials include all payroll records for employees laid off in 2010; copies of all settlement agreements with employees who received back pay from July 1, 2008 through June 30, 2011; and, all payroll records for employees who were on extended medical leave during the same period. The motion was seconded by Mr. Franklin.

Mr. Virgil advised that the motion could not be acted upon because the item was not on the agenda. There was a lengthy discussion among the Trustees, with questions for the Executive Director and Plan Counsel, about the status of the payroll review, the information requested and the status of the Plan's agreement with Legacy Professionals.

On a motion by Mr. Franklin, seconded by Mr. Sams, the Board unanimously approved moving into Executive Session to discuss personnel issues.

Upon coming out of Executive Session, the Chair directed that the matter of the Legacy payroll review be standing agenda item under Old Business, and further asked that Ms. Coogan, Mr. McKone, Mr. Acevedo and Mr. Weems meet as the Payroll Review Committee prior to the November Board meeting. The Committee would work with the Executive Director to summarize the status of each of the findings of Legacy's Review and report back to the Board at the November Meeting.

The Board also asked Mr. Kallianis to send out notices to indicate the November meeting would be held on November 19th, rather than November 24th and the December meeting would be held on December 17th, rather than December 22nd.

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