

Meeting of the Retirement Plan for CTA Employees Board of Trustees

55 West Monroe Street
Suite 1950
Chicago, IL 60603

March 24, 2016

Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on March 24, 2016 at One North Franklin Street, 27th floor.

The following Trustees were present:

John Burkard (Chair)
Tom McKone as an Alternate for Joan Coogan
Marquell Williams as an alternate for Carlos Acevedo
Joseph J. Burke
Mike Bowen as an alternate for Ronald Ester
Jeremy Fine
Kenneth Franklin
Erin Kleist Gaynor
Aundra Thompson as an Alternate for Valerie Matthews-Wilson
Tommy Sams, Jr.
Paul Sidrys

John Kallianis was present as the Executive Director. Tom Paravola of BWM&S was present as General Counsel for the Retirement Plan. Appearing on behalf of the ATU Local 308 appointed Trustee was Joe Burns, of Jacobs, Burns, Orlove and Hernandez. Appearing on behalf of the ATU Local 241 appointed Trustees was Justin Lannoye of Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich. 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 and Miguel Zarate of Marquette Associates and Larry Langer of Buck Consultants.

On motion by Mr. Burke, seconded by Mr. Sidrys, the Board approved the minutes for the February 25, 2016 Regular meeting.

General Administration Committee Items

Mr. Franklin presented the General Administration items 4a through 4i, including benefit applications and bills and remittances, for approval. On a motion by Mr. Franklin, seconded by Mr. Sams, the Board approved items 4a through 4i. There was no business to consider under Item 4j.

Investment Committee Items

Mr. Obed of Marquette Associates, reviewed the market conditions for the prior month, and reported that the market value of the fund from the previous day's close was \$1,702,325,752.54. The Trustees asked Mr. Obed a number of questions about the timing of the full transition to the new asset allocation, the performance of specific managers, and for information about how a manager is placed on our watch list and terminated.

Mr. Sidrys reported to the Board that he had asked Marquette to report back to the Investment Committee on the possibility of a cash-management program. He also asked Mr. Obed to provide an update on the status of Harbinger Capital, as it had been some time since it was discussed.

Mr. Obed then reported that there was a need for several Investment Committee meetings in April to review the responses to the RFPs for Mezzanine, Bank Loan and Infrastructure Managers. Mr. Kallianis indicated that he would work with the Committee to set up several meetings prior to the April Board meeting.

Old Business

Mr. Kallianis reported that the CTA had wired \$220,331.14 to the Plan, representing the Employer contributions for ATU Locals 241/308 Part Time Union Officers for the period covered in the Legacy Payroll Review. He also reported that he would set up a follow up meeting for the Payroll Review Committee.

New Business

Larry Langer from Buck Consulting came in to report preliminary information on the January 1, 2016 Actuarial Valuation. Mr. Langer reminded the Board that Buck had estimated in 2015 that the Plan would have to achieve returns above 6.75% to avoid a contribution increase in 2017. Based on a preliminary review of the Plan's assets, the Plan had a slightly negative return for 2015, which would indicate a contribution increase would be necessary for 2017. Mr. Langer indicated that, based on a review of just the assets, without the liabilities, the contribution rates would increase to approximately 16.8% for the Employer and 11.4% for the Employees. He reminded the Board that this was preliminary information.

Mr. Burkard suggested that Mr. Kallianis work with Buck to schedule an education session for the Trustees to review the process of an actuarial valuation prior to the June meeting, when Mr. Langer estimated that Buck would be back in with more developed results.

On a motion by Mr. Sams, seconded by Mr. McKone, the Board voted to adjourn the meeting.