

Meeting of the Retirement Plan for CTA Employees Board of Trustees

55 West Monroe Street
Suite 1950
Chicago, IL 60603

April 28, 2016

Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on April 28, 2016 at One North Franklin Street, 27th floor.

The following Trustees were present:

Chris Kasmer as an Alternate for John Burkard
Joan Coogan (Acting Chair)
Carlos Acevedo
Joseph J. Burke
Ronald Ester
Jeremy Fine
Kenneth Franklin
Valerie Matthews-Wilson
Tom McKone
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 Anita Tanay, 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 was Miguel Zarate of Marquette Associates and Tim Bowen of Mesirow Insurance Services.

On motion by Mr. Kasmer, seconded by Mr. Burke, the Board approved the minutes for the March 24, 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. Zarate 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 \$1,737,912,494.08.

Mr. Zarate reported that follow up with Harbinger had been difficult as they have not shared information. He also reported that, given that they had already written off the losses from the satellite investment, that it may be realistic to recoup some of the \$4M market value of the asset.

During the review of the February flash report, the Trustees asked Mr. Zarate about the cash position of the Plan at March 31, 2016. Mr. Zarate explained that the cash position was higher than normal and that was due to the ongoing transition to the new allocation. The Trustees asked Mr. Zarate to do additional work on the cash account for the Plan and the cash held by managers and to report back to them. Mr. Zarate indicated that he would report back to the Trustees and would make a recommendation in the future on the appropriateness of a cash-overlay strategy.

Mr. Zarate then reviewed the recommendation on hiring a Bank Loan manager. He described the RFP process and indicated that Marquette had received 35 responses to the RFP and that Marquette recommended hiring Symphony Asset Management for a \$35 allocation. On a motion by Mr. Burke, seconded by Mr. Kasmer, the Board approved Marquette's recommendation to hire Symphony.

Mr. Zarate reviewed the recommendation on hiring several Mezzanine Debt managers. He described the RFP process and reminded the Trustees that 8 responses were received for the RFP and that Marquette recommended hiring Prudential Capital Partners and Crescent Capital at \$35M each. On a motion by Mr. Kasmer, seconded by Mr. McKone, the Board approved Marquette's recommendation to hire Prudential and Crescent at \$35M each.

Mr. Zarate described the request from DN Partners, a private equity manager. One of the other limited partners had forfeited their position and DN was asking the other limited partners if they'd like to assume the additional position. Mr. Zarate indicated that Marquette's recommendation was to decline the position and instead take Option 5, which would allow the remaining limited partners to receive a pro-rata share of the forfeited position. On a motion by Mr. Kasmer, seconded by Mr. Burke, the Board approved the election of Option 5 with respect to DN Partners.

Old Business

Mr. Kallianis reported that Payroll Review Committees would be meeting in early May to get a status on the items they had requested be sent to Legacy. Mr. Kallianis indicated that he would circulate the invitation to all of the Trustees.

New Business

Tim Bowen from Mesirow Insurance Services presented a \$10M Fiduciary Liability Renewal Proposal from Ullico. The coverage would be for a period of one year from June 1, 2016 through May 31, 2017. The proposed premium would be \$78,247, which was an increase from \$73,146 for the current, expiring policy. Mr. Bowen described the specifics of the coverage as spelled out in his summary booklet and pointed out that the policy would cover the Plan, the past, present and future trustees; directors and officers; as well as past present and future employees and staff. On a motion by Mr. Burke, seconded by Mr. Kasmer, the Board approved the renewal policy with Ullico.

Mr. Paravola briefly described a matter brought by a CTA employee. After some discussion, the Board of Trustees, on a motion by Mr. Kasmer, seconded by Mr. Sams, voted to proceed to executive session to discuss the matter, as it was a matter that may involve litigation.

Upon returning from Executive Session, the following matters were discussed.

The Board discussed the June meeting date and application deadline as it related to people affected by the coming change in immediate eligibility for health care coverage. After some discussion, it was determined that the June, 2016 meeting would be moved from the 23rd to the 30th and the Board directed Mr. Kallianis to accept applications up until Friday, June 24th.

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