

Meeting of the Retirement Plan for CTA Employees Board of Trustees

55 West Monroe Street
Suite 1950
Chicago, IL 60603

May 26, 2016

Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on May 26, 2016 at One North Franklin Street, 27th floor commencing at 9:46 a.m.

The following Trustees were present:

John Burkard as Chairman
Joan Coogan Vice Chairman
Carlos Acevedo
Joseph J. Burke
Erin Kleist Gaynor for Ronald Ester
Jeremy Fine
Mark Weems for Kenneth Franklin
Valerie Matthews-Wilson
Tom McKone
Aundra Thompson for Tommy Sams, Jr.
Paul Sidrys

John Kallianis was present as the Executive Director. Richard W. Burke 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 Jon Lannoye of Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich. Appearing on behalf of the CTA-appointed Trustees was James P. Daley, of Jackson Lewis, LLP. Appearing on behalf of the Regional Transit Authority-appointed Trustee was Daniel R. Salemi of Franczek Radelet, PC.

Also present was Kweku Obed and Miguel Zarate of Marquette Associates and Ruth Donahue of Segal Consultants.

In response to an inquiry from the Chairman, Mr. Kallianis stated that a quorum was present.

On motion by Ms. Coogan, seconded by Mr. Acevedo, the Board approved the minutes of the April 28, 2016 Regular meeting – with a revision, namely on the third page under the

third paragraph a statement will be included stating, “upon returning from Executive Session, the following matters were discussed,”

General Administration Committee Items

Mr. Weems directed the Trustees’ attention to Items for 4a through 4i in the Board package. Upon a motion made by Mr. Weems, and seconded by Mr. Burke, the Board approved item 4a through 4i. There was no other business to consider under item 4.

Mr. Kallianis reported there were no educational conference requests.

Investment Committee Items

Mr. Obed of Marquette Associates reported that on May 25, 2016 the Plan assets were valued at \$1,724,612,812.29 and cash was approximately \$53 million. He then reviewed the market performance of various investment sectors. He reported on the transition to certain new managers. In response to a question from Mr. McKone he stated that it would be essentially at the same point at the present time for May as it was at the end of April.

Mr. Obed stated that the Plan has seven (7) managers that are either in termination, liquidation or on watch. During his report, Mr. Obed referred to a report in regard to the Investment Performance, which report was distributed to the Trustees.

Mr. Obed said that the Plan seeks to hold two months of cash for expenses and benefit payments, or about \$44 million in cash at the end of each month. He added that 5% of the Plan’s portfolio can be redeemed on a daily basis. Mr. Kallianis stated that the office typically keeps a couple of months of benefit payments on hand being for capital calls or benefit payments for the following month. Mr. Fine observed that the General Government Finance Officers’ Association recommends holding two months of operating expenses.

Payroll Review Committee

Mr. Kallianis stated that within the files distributed to the Trustees was a summary of the Payroll Review Committee’s meeting. Legacy is working through the material with the hope that there will be scheduled a meeting prior to June 30 so that the Trustees can review what Legacy has found.

New Business

Mr. Kallianis advised that Trustees that there is going to be an educational session on the actuarial valuation process. Mr. Kallianis further stated that the contract of Buck Consulting which is the actuary for this Plan will expire at the end of 2016. There is a provision in the contract requiring 180 day notice if there is a desire to renew the contract. If there is nothing done by June 30th the contract would renew for one year with the lesser of 2% or CPI adjustment as the new cost for the next year. Currently this year, the Plan is paying \$44,605 for the annual valuation. There is also a number in there for hourly work outside the scope of work. Mr. Kallianis recommended that the contract be renewed for an additional five years.

Ms. Coogan asked for action of deferment for time to consider, her motion was seconded by Mr. Weems. There was no objection to the deferral.

Executive Session

The Chair then asked if there was a need for an Executive Session, to which Mr. Kallianis responded yes to discuss litigation.

By motion of Ms. Coogan and seconded by Mr. Acevedo, the Trustee went into Executive Session.

After the Executive Session the Board reconvened the meeting in regard to the RFPs for in house and not in house counsel which are to be put together by a certain date.

Upon motion made by Mr. Burke, and seconded by Mr. Acevedo, the meeting adjourned at 10:58 a.m.