

Meeting of the Retirement Plan for CTA Employees Board of Trustees

55 West Monroe Street
Suite 1950
Chicago, IL 60603

June 30, 2016

Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on June 30, 2016 at One North Franklin Street, 27th floor.

The following Trustees were present:

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

Elsa Trejo was present as the Finance Officer. Richard Burke 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. Franklin, seconded by Mr. Burke, minutes for the May 26, 2016 meeting were deferred until next month.

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. Burke, the Board approved items 4a through 4i. There was no business to consider under Item 4j.

Investment Committee Items

Mr. Obed of Marquette Associates, reported that the market value of the fund from the previous day's close was \$1,705,125,501.44; Mr. Obed then talked about Brexit and the volatility seeing in the market due to UK leaving the European Union.

Mr. Obed then reviewed the performance for the month of May and reported that, global fixed income, US large cap, US small cap detracted from the benchmark and that US mid cap, non-US equity and hedge funds added value over the month of May.

Mr. Obed then presented to the Board a recommendation to terminate Seizert, a mid-cap manager currently holding about 2.95 million or 20 basis points of retirement plan assets, and to use the proceeds for the ongoing needs of the Plan such as payment of benefits. On a motion by Mr. Sidrys, seconded by Mr. Burke, the Board approved Marquette's recommendation to terminate Seizert and to use the proceeds for the ongoing needs of the Plan.

Mr. Obed then presented to the Board a recommendation to terminate Lombardia, a small-cap manager for the purpose of reducing Plan's exposure to small cap and to reallocate the assets to Crescent. Lombardia currently holds 17.4 million or 90 basis points of portfolio. On a motion by Mr. Franklin, seconded by Mr. Sidrys, the Board approved Marquette's recommendation to terminate Lombardia and to reallocate the assets to Crescent.

Mr. Sidrys then reminded the Board that there will be an investment subcommittee meeting around July 14th for the purpose of discussing Infrastructure.

Old Business

Mrs. Trejo reported that Legacy is currently reviewing information received from CTA and ATU Local 308, including more than 500 settlements and awards, and more than 900 reinstatements from layoffs and the RHCT exclusions. Once Legacy finished their review a follow up meeting will be scheduled.

New Business

Mrs. Trejo informed that Buck's contract ends December 31, 2016 and that Mr. Kallianis recommended to agree to the amended contract proposal to extend the relationship for up to

five years with Buck Consulting. Mr. McKone then informed the Board that Buck's contract is automatically renew for one year if the Board don't take any action.

After some discussion by the Board, Mr. Burke made a motion to renew Buck's contract for a five-year term. No one seconded the motion. Mr. Burkard then informed the Board that Buck contract will be automatically review for one year.

Executive Session

On motion by Mr. Franklin, seconded by Ms. Coogan the Trustees voted unanimously to go to the executive session to discuss an appeal.

Upon returning from Executive Session, Ms. Coogan made a motion to adopt the response put in writing by the Executive Director dated February 15th, 2016 to Mr. Gismondi's request to opt into the plan where he denies that request. Mr. Sidrys seconded the motion.

The motion carried on a roll-call vote that went as follows: Burkard-yes, Coogan-yes, Williams-no, Burke-yes, Ester-yes, Fine-yes, Franklin-no, Matthews-Wilson-No, McKone-yes, Thompson-no, Sidrys-yes.

Mr. Burns suggested that Mr. Burke prepare a draft letter for Mr. Kallianis to be sent to Mr. Gismondi.

On a motion by Ms. Coogan, seconded by McKone, the Board voted to adjourn the meeting.