

Meeting of the Retirement Plan for CTA Employees

Board of Trustees

55 West Monroe Street
Suite 1950
Chicago, IL 60603

July 28, 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)
Carlos Acevedo
Joseph J. Burke
Ronald Ester
Jeremy Fine
Mark Weems as an alternate for Kenneth Franklin
Valerie Matthews-Wilson
Tom McKone
Tommy Sams, Jr.
David Biggs as an alternate for Paul Sidrys

John Kallianis was present as the Executive Director. 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 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 was Kweku Obed of Marquette Associates.

On motion by Ms. Coogan, seconded by Mr. Burke, minutes for the May 26, 2016 meeting were approved.

On a motion by Ms. Coogan, seconded by Mr. Sams, the minutes for the June 30, 2016 meeting were deferred.

General Administration Committee Items

Mr. Weems presented the General Administration items 4a through 4i, including benefit applications and bills and remittances, for approval. On a motion by Mr. Sams, 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 \$1,738,343,752.33; Mr. Obed then again talked about Brexit and the volatility seeing in the markets due to the UK leaving the European Union.

Mr. Obed then reviewed the performance for the month of June and reported that, as in the prior month, global fixed income, US large cap, US small cap detracted from the benchmark. He also reported that, with the exception of macro-managers, hedge funds had detracted from performance.

Mr. Obed then presented to the Board a recommendation to make an allocation to an Infrastructure manager, IFM, at 2.5% of Plan assets. The Investment Committee had met several times in June to review the asset class and interview Infrastructure managers. After some discussion about the timing of the capital calls and the timing of follow-on investments with additional managers, Mr. Burke made a motion to approve 2.5% of the 5% allocation to IFM. The motion was seconded by Mr. Acevedo and approved by the Board

Mr. Obed then presented to the Board a recommendation to terminate Herndon, an International Equity manager and to move their assets to Brown Capital. Mr. Obed indicated that he was making the recommendation to due poor performance and loss of staff at Herndon. Mr. Weems made a motion to defer the termination and it was seconded by Mr. Sams. There was a lengthy discussion about the possibility of deferring the termination for a month and its impact on the Plan. There was a roll-call vote on Mr. Weems' motion that did not pass with four yeses and seven nos. (Burkard-No, Coogan-No, Acevedo-Yes, Burke-No, Ester-No, Fine-No, Weems-Yes, Matthews-Wilson-Yes, McKone-No, Sams-Yes, Biggs-No.)

Mr. McKone made a motion to approve the termination of Herndon and to transfer the assets to Brown. It was seconded by Mr. Burke. The motion passed on a roll call vote with 7 yeses and four nos. (Burkard-Yes, Coogan-Yes, Acevedo-No, Burke-Yes, Ester-Yes, Fine-Yes, Weems-No, Matthews-Wilson-No, McKone-Yes, Sams-No, Biggs-Yes.)

Old Business

Mr. Kallianis reported that Legacy was 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. He was scheduling a Payroll Review Committee meeting with the members before the August Board meeting.

New Business

There was no New Business.

Executive Session

On motion by Ms. Coogan, seconded by Mr. Acevedo, the Trustees voted unanimously to go to the executive session to discuss Litigation.

Return to Regular Session

Upon returning from Executive Session, the Board voted to adjourn on a motion by Mr. Acevedo, seconded by Mr. Burke.