

Meeting of the Retirement Plan for CTA Employees Board of Trustees

200 West Adams Street
17th Floor
Chicago, IL

Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on December 21, 2017 at 200 West Adams Street, 17th Floor commencing at 9:38 a.m. and continuing through 11:04 a.m.

A roll call was taken indicating that the following Trustees were present:

Thomas McKone, Chairman
John Burkard
Michael Bowen for Jeremy Fine
David Biggs for Ron Ester
Toi Bowers
Joseph Burke
Woodrow Eiland
Kenneth Franklin
Keith Hill
Paul Sidrys
Sherri Thornton-Pierce

John Kallianis was present as the Executor Director. Rachel Yarch of Burke, Warren, MacKay & Serritella, P.C. was present as General Counsel for Retirement Plan. Appearing on behalf of ATU Local 308 appointed Trustees was Joseph Burns of Jacobs, Burns, Orlove and Hernandez. Appearing on behalf of the CTA Appointed Trustees was David Novak of Jackson Lewis LLP. Appearing on behalf of the RTA appointed Trustee was Daniel R. Salemi of Franczek Radelet, P.C. Appearing on behalf of the ATU Local 241 appointed Trustees was Justin J. Lannoye of Dowd, Bloch, Bennett & Cervone. Also present were Kweku Obed and Jesus Jimenez of Marquette Associates.

Mr. Kallianis stated that there was a quorum in the room.

Due to certain clarifications that were requested by counsel for certain of the Trustees, the approval of the minutes of the September 28, 2017 meeting was deferred until the January meeting.

The minutes of the Trustees' meeting of November 21, 2017 were approved on motion made by Mr. Burkard and seconded by Mr. Sidrys. Mr. Bowen, Mr. Franklin and Ms. Thornton-Pierce abstained from voting.

Mr. Biggs then joined the meeting for Mr. Ester

General Administration Items

Discussion was had regarding the need for Trustees to submit their receipts for the IFEBP Conference, along with copies of Certificates of Attendance so that Mr. Kallianis can circulate a report regarding the same.

Mr. Franklin gave the report of the General Administration Committee. Mr. Franklin moved to approve the items 4a through 4i; his motion was seconded by Mr. McKone and the motion was approved unanimously. In regard to item 4j, a motion was made by Mr. Franklin and seconded by Mr. Burke approving the bill from Burke, Warren, McKay & Serritella for the rebate litigation. The motion passed unanimously but for the abstentions by Mr. McKone, Mr. Sidrys, Mr. Biggs and Ms. Thornton-Pierce.

Investment Subcommittee Items

The Chairman called for the report by the Investment Subcommittee. Mr. Obed stated that the market value of the investments as of the close of business on November 20, 2017 was \$1,843,775,685.46 and of that amount \$44,592,953 was in cash. Mr. Obed offered comments in regard to the passage of tax reform and the potential impact on the investments. Mr. Obed then offered comments in regard to returns in the investment areas in which the Plan is invested.

Mr. Obed reported in regard to an RFP for an open-end private equity manager to allocate \$70 million to manage. Of the three firms originally selected, Mr. Obed reported that Partners Group is the one firm that stood out in terms of size, scale and track record. Mr. Burke moved to approve Marquette's recommendation; his motion was seconded by Mr. Burkard. The motion passed unanimously but for the abstentions by Mr. Franklin and Ms. Bowers.

Mr. Obed then reported on the recommendation to increase the use of passive managers. Based upon the RFP for a passive MWBE manager that was issued, the recommendation was narrowed to Piedmont Advisors and Rhumblin Advisors. Mr. Obed then reported on Marquette's recommendation to go with Rhumblin for core fixed income, large value, small cap core, and global infrastructure and go with Northern Trust for emerging market small cap. Ultimately, Mr. Franklin moved to adopt the recommendation from Marquette for the \$15 million allocation into a passive emerging market small cap from the Victory fund; his motion was seconded by Mr. Sidrys, and the motion was approved unanimously. The Trustees decided to defer the vote on the remaining allocation recommendation until the January meeting.

Old Business

The Chairman then turned to old business.

With regard to the interest on unpaid contributions, Mr. Kallianis reported that he had circulated a draft collection policy drafted by General Counsel. Mr. Kallianis reported that he planned to schedule a General Administration Committee meeting during January to discuss the collection policy.

The Chairman turned to item 6b the status of Legacy data requests for the 2011-2016 payroll audit. Mr. Kallianis reported on the status of obtaining the data from Locals 308 and 241 and from the CTA.

The Chairman then referred to item 6c which was an update on the administrative budget year to date 2017 and presentation of 2018 budget. A discussion was had regarding the need for a cybersecurity audit and the potential need for cyber security insurance. Mr. Kallianis agreed to put together a presentation regarding the procedures currently in place at the Retirement Plan office to be presented at the January meeting. Mr. Franklin moved to adopt the proposed 2018 budget (subject to amendments regarding cyber security audit); his motion was seconded by Mr. Burke and unanimously approved.

New Business

Mr. Hill requested the Investment Subcommittee and Marquette provide a breakdown of the minority investment managers and the allocations to each to see about potentially increasing the allocations and the effect of Marquette's recommendations on those allocations.

With respect to ongoing litigation, Ms. Yarch reported that the Plaintiff in the Williams case was given a short extension of time to file the Amended Complaint and that counsel expected to have comprehensive valuation information available to report at the January meeting. Ms. Yarch reported that the Amended Complaint would be distributed to the Trustees once filed.

Mr. Kallianis reported on the status of Trustees' training hours. Mr. Burns reported regarding new legislation passed in November 2017 regarding sexual harassment training and other requirements for governmental employers. Ms. Yarch agreed to draft a sample sexual harassment policy to present to the General Administration Committee. The Trustees agreed that sexual harassment training and EPLI insurance should be considered.

There being no further business to come before the meeting, on a motion by Mr. Franklin and seconded by Mr. Burke, the meeting adjourned at 11:04 a.m.