

Meeting of the Retirement Plan for CTA Employees Board of Trustees

10 S. LaSalle Street
Suite 1100
Chicago, IL 60603

Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on November 22, 2011 at One North Franklin Street, 24th Floor. The Chairman and Executive Director were present.

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

Javier M. Perez, Jr., Chairman
Joan Coogan
Marcellus Barnes
John Burkard
Joseph Pass
Joseph J. Burke
Robert Kelly
Ronald Puskarits
Paul Sidrys
Karen Walker
Erin Kleist as an alternate for Peter Xilas

James O'Connell was present as General Counsel for the Retirement Plan. Appearing on behalf of the Union trustees was Joseph Burns, of Jacobs, Burns, Orlove and Hernandez. Appearing on behalf of the Regional Transit Authority appointed Trustee were Andrew Malahowski of Franczek Radelet, PC and John Doerrer. James Daley of K&L Gates appeared on behalf of the CTA Trustees. Also present was Ivory Day of Gray & Company.

On a motion by Mr. Kelly, seconded by Mr. Burke, the Board approved the draft minutes of October 27, 2011.

General Administration Subcommittee Items

A motion was made by Mr. Burke, seconded by Mr. Kelly, to approve the items under No. 4 of the General Administration committee agenda. The motion passed unanimously.

Investment Subcommittee Items

Mr. Day provided the Trustees with a report, advising that assets had a market value of \$1,660,373,425 as of November 18, 2011. Mr. Day made a presentation on the

performance of the total fund without alternatives (private placements, hedge funds, and real estate.) Assets excluding alternatives totaled \$1,193,593,000 as of September, about 75% of the Plan's total assets. The Plan underperformed its benchmark for the near term (quarter and year to date), but over the past four years the Plan has outperformed its benchmark. Mr. Day indicated he was not recommending any changes. He indicated that over the past 33 years the Plan's returns exceeded its actuarial return assumption.

Real Estate Subcommittee Items

Mr. Kallianis reported that the Real Estate Subcommittee had received 10 responses to the Plan's request for proposals, and advised that he would be scheduling a follow-up meeting with the Subcommittee to evaluate the proposals received.

Old Business

The Trustees discussed the Old Business item regarding the payroll audit. Mr. Kallianis reported that the Plan had provided a sample file to Legacy, and had received a recent request for additional files, provided in a different format. Legacy plans to take this sample data as the basis to meet with the CTA and the Local Unions to develop a schedule to proceed with all three audits concurrently.

With respect to the health care transition audit, Mr. O'Connell reported that the Plan was awaiting responses from the CTA on some questions regarding the detail of administrative expenses the CTA sought to offset against drug rebates received by the CTA on prescription drug claims ultimately paid by the Retirement Plan.

New Business

Mr. Kallianis reported that the responses to the RFP for actuarial services had been reviewed by the members of the Committee. Mr. Burke reported that the Committee members, Mr. Sidrys, Ms. Walker, Mr. Kelly, Mr. Burkard, and himself, reviewed the proposals and selected three finalists. The Committee interviewed the three finalists and agreed to recommend Buck Consultants to the full Board of Trustees. Mr. Burkard moved, seconded by Mr. Sidrys, that the Board select Buck Consultants to provide actuarial services to the Plan, subject to review of a proposed contract by counsel. The Board voted to approve the motion.

Executive Session

Mr. O'Connell advised that an Executive Session would be helpful with respect to a matter that appeared likely to lead to litigation, and for any questions on the pending Matthews litigation. On motion by Mr. Kelly, seconded by Mr. Barnes, the Board voted unanimously to move to Executive Session.

Open Session

On a motion by Mr. Pass, seconded by Mr. Burke, the Board voted to authorize Mr. Kallianis to take action to remove and replace the General Partner of the limited partnership

discussed in Executive Session.

On a motion by Mr. Kelly, seconded by Mr. Sidrys, the Board approved adjournment of the meeting.