

Meeting of the Retirement Plan for CTA Employees

Board of Trustees

55 West Monroe Street
Suite 1950
Chicago, IL 60603

August 27, 2015

Approved Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on August 27, 2015 at One North Franklin Street, 27th floor.

The following Trustees were present:

John Burkard, Chair
David Biggs as an alternate for Joan Coogan
Marquell Williams as an Alternate for Carlos Acevedo
Omar Brown
Joseph J. Burke
Sharon Weiler as an Alternate for Ronald DeNard
Ronald Ester
Kenneth Franklin
Valerie Matthews-Wilson
Aundra Thompson as an Alternate for Tommy Sams, Jr.
Paul Sidrys

Executive Director, John Kallianis, was present. Mike Virgil of BWM&S was present as General Counsel for the Retirement Plan. Appearing on behalf of the ATU Local 308 appointed Trustee was Joseph Burns, of Jacobs, Burns, Orlove and Hernandez. Appearing on behalf of the ATU Local 241 appointed Trustees was Justin Lannoye of Dowd, Block, Bennett & Cervone. 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, Miguel Zarate and Brian Wrubel of Marquette Associates.

On motion by Mr. Burke, seconded by Mr. Sidrys, the Board approved the minutes for the July 28th Regular meeting and the July 28th Executive Session. Mr. Biggs, Ms. Weiler, Mr. Brown and Mr. Thompson abstained.

General Administration Committee Items

Mr. Franklin presented the General Administration items 4a through 4i. for approval, including benefit applications and bills and remittances, for approval. On a motion by Mr. Franklin, seconded by Mr. Biggs, the Board approved items 4a through 4i.

Mr. Kallianis reported to the Board that the Unaudited Statement of Cash Flows was amended to include a break out a separate line for staff salaries and that the Statement would include this line going forward. Staff salaries had previously been included in the Other Administrative Expenses line. He also reported that the YTD budget vs. actual report through June 30, 2015 was in everyone's folders and that it provided an estimate of each line item compared to approximately fifty-percent of the annual amount, because it was the half-way point for the year.

Investment Committee Items

Mr. Obed, of Marquette Associates, then reviewed the flash report for the Retirement Plan for the month of July, 2015. He reported that the market value of the fund from the previous day's close was \$1,758,392,749.82. He focused on the recent market volatility and the effect on the Plan's assets.

Mr. Obed then presented the Marquette memorandum regarding the recommendation on the Core Real Estate RFP. He indicated that the Committee had interviewed the finalist and that Marquette's recommendation was to hire UBS Trumbull. On a motion by Mr. Sidrys, seconded by Mr. Burke, the Board approved hiring UBS Trumbull as a Core Real Estate manager.

Mr. Obed then presented information related to the Plan's open-end real estate investment with Jamestown. He indicated that Jamestown had proposed a fee increase and that Marquette's recommendation was to terminate Jamestown and to invest the proceeds with Heitman's open-end core real estate fund. On a motion by Mr. Franklin, seconded by Mr. Burke, the Board voted to terminate Jamestown.

Old Business

Mr. Franklin made a motion to defer action on Items 6a, 6b and 6c relating to the Educational Conference Reimbursement Policy, the Amendments to the Bylaws and the 401a for Plan staff, respectively. Mr. Burkard asked if they could be discussed individually. Mr. Franklin reported that his attorney had some issue with a couple of the items on 6a and 6b and that he wanted his attorney to speak with Plan Counsel about those issues before moving ahead. Mr. Franklin also indicated that he thought the Board should look at more options before moving ahead with a 401a plan for staff. Mr. Williams seconded his motion. After some additional discussion on the process to consider each item, the Board approved the motion to defer action on Items 6a, 6b and 6c.

Items 6a, 6b and 6c regarding the Educational Conference Reimbursement Policy, the Amendments to the Bylaws and a 401a for Plan staff, respectively, were deferred.

Mr. Kallianis described the resolution on the sharing of fee information that was included on the agenda as Item 6d. He reported that he would correct the resolution to include the correct legal names of each of the local funds that was included on the resolution. On motion by Mr. Burke, seconded by Mr. Sidrys, the Board approved the resolution on the sharing of fee information.

New Business

Larry Langer, the Plan's Actuary from Buck Consultants, reported to the Board the draft results of the January 1, 2015 Actuarial Valuation conducted by Buck Consultants. He described generally the information within the Valuation, including the assumptions that are made including those related to investment return, mortality, benefits and plan participants. He also provided a brief description of the Illinois Pension Code requirements related to the Retirement Plan for CTA Employees.

Mr. Langer indicated that, overall, comparing the actuarial assumptions made versus what actually occurred in 2014, Plan assets were about \$80.2M less than anticipated. He further reported that the funded ratio was 58.25% as of January 1, 2015 and that the funded ratio was projected to increase above 60% within ten years so that an increase to employee and employer contributions was not required. Mr. Langer also reported that the funded ratio is projected to increase to one hundred percent shortly after 2039.

There were some additional questions of Mr. Langer from Trustees relating to projected investment returns for the remainder of 2015 and on compliance with GASB requirements.

On a motion by Mr. Burkard, seconded by Mr. Thompson the meeting was adjourned.