

Meeting of the Retirement Plan for CTA Employees Board of Trustees

55 West Monroe Street
Suite 1950
Chicago, IL 60603

February 25, 2016

Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on February 25, 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
Frank Bello
Joseph J. Burke
Erin Kleist-Gaynor as an alternate for Ronald Ester
Kenneth Franklin
Valerie Matthews-Wilson
Tom McKone
Tommy Sams, Jr.
Paul Sidrys

John Kallianis was present as the Executive Director. Tom Paravola 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 were Kweku Obed and Brian Wrubel of Marquette Associates.

On motion by Ms. Coogan, seconded by Mr. Burke, the Board approved the minutes for the January 28, 2016 Regular meeting.

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

Investment Committee Items

Mr. Wrubel of Marquette Associates, reviewed the market conditions for the prior month. Mr. Obed, of Marquette Associates, then reported that the market value of the fund from the previous day's close was \$1,660,585,744.41. Mr. Obed then reviewed recent market conditions in the US and International Markets, including Emerging Markets. The Trustees asked Mr. Obed a number of questions about market risks, and the risks related to specific asset classes. The Trustees also asked Mr. Obed questions about what type of volatility he would expect for the remainder of 2016, the performance of specific managers and information contained in the monthly flash reports.

Mr. Obed then walked the Board through the RFP process used to come to Marquette's recommendation to hire Victory as an Emerging Markets Small Cap manager for the Plan. Mr. Sidrys, Chair of the Investment Committee, indicated that Victory was the consensus pick of the Investment Committee. On a motion by Mr. Burke, seconded by Mr. Franklin, the Board approved the recommendation of Marquette to hire Victory Capital as an Emerging Markets Small Cap Manager for the Plan.

Old Business

Mr. Kallianis distributed a written update from the Payroll Review Committee summarizing the items requested from the Parties at their February 11, 2016 meeting. Chairman Burkard asked when the next meeting of the Payroll Review Committee would take place and Mr. Kallianis indicated that the Payroll Review Committee determined that it would get back together after the parties had provided the requested information and Legacy had a chance to review the information.

Mr. McKone then reported that the CTA had sent correspondence to the Plan Counsel regarding the CTA's upcoming payment to the Plan in the amount of \$220,331.14. Mr. McKone explained that the amount represented the Employer contributions for ATU Local 241 and Local 308 Part Time Union Officers for the period from July 1, 2008 to June 30, 2011. Mr. McKone further explained that the CTA was urging the Board to conduct an audit for the remaining period from July 1, 2011 to December 31, 2015.

Mr. Burke indicated that he thought it was a good idea to go forward with the audit on the additional timeframe. There was then discussion by the Trustees on the possibility of interest being due on the contributions and about the need to also audit the CTA's payroll for the same timeframe.

Mr. Franklin made a motion for Legacy to perform an audit on the CTA and the ATU Locals for the period from July 1, 2011 through December 31, 2015. After some discussion about whether or not the motion could be acted upon, Mr. Sams seconded the motion. There was then a suggestion by Mr. Sidrys about making sure the Board clearly described what they wanted Legacy to do so that there was no confusion about the scope. Mr. Burkard agreed.

Mr. Franklin withdrew his motion and indicated that he thought the Payroll Review Committee should take over and establish guidelines for the Legacy audit.

Mr. Kallianis then circulated two versions of a letter to certain participants regarding eligibility for health care once the 2012-2015 CBA was fully executed. After some discussion about the logistics of sending a letter, Mr. Sams made a motion that the Board accept the Local 241 version of the letter and his motion was seconded by Ms. Matthews-Wilson. There was a roll-call vote as follows: Burkard-no, Coogan-no, Williams-yes, Bello-no, Burke-abstain, Kleist-Gaynor-no, Franklin-yes, Matthews-Wilson- yes, McKone-no, Sams-yes, Sidrys-no. The motion failed 4-6-1.

Ms. Coogan suggested that a motion that would allow for tweaking the letter before it went out could work. Mr. Sams then made a motion to approve the letter subject to the agreement between the parties to some acceptable form of the letter by March 11th. It was seconded by Ms. Matthews and approved unanimously. Mr. Burkard indicated that the letter would be sent out as soon as the parties agreed on a finalized version, and it would not be on the next agenda.

New Business

Mr. Burke asked Mr. Paravola to summarize the IRS Determination Letter status. Mr. Paravola explained that he had a fully executed Plan Document, and that the application, dated January 29th, was sent to the IRS on February 2nd. He anticipated that he might need to produce the fully executed Plan Document to the IRS, if it was something that they raised.

Mr. Sams brought up the issue of an In-House Plan Counsel. After some discussion about the appropriate Subcommittee to discuss the issue, it was decided that the issue should be discussed at a Joint meeting of the Boards of the Retirement Plan and RHCT.

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