

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 June 28, 2012 at One North Franklin Street, 27th Floor. The Chair and the Executive Director were present.

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

Javier Perez, Chair
Joan Coogan, Vice-Chair
John Burkard
Joseph J. Burke
Marcellus Barnes
Robert Kelly
Carl Haymore as an alternate for Joe Pass
Ronald Puskarits
Paul Sidrys
Karen Walker
Erin Kleist as an alternate for Paul Volpe

James O'Connell was present as General Counsel for the Retirement Plan. Appearing on behalf of the Union Trustees was Anita Tanay, of Jacobs, Burns, Orlove and Hernandez. Appearing on behalf of the Regional Transit Authority appointed Trustee was Andrew Malahowski of Franczek Radelet, PC. James Daley of Schuyler Roche & Crisham appeared on behalf of the CTA Trustees. Also present was Ivory Day of Gray & Company.

On motion by Mr. Burke, seconded by Mr. Sidrys, the proposed minutes for April and May 2012 were approved.

General Administration Subcommittee Items

On motion by Mr. Kelly, seconded by Mr. Burke, the Board voted to approve the items under the General Administration committee agenda, including the applications of Mrs. Burgett and Mr. Harris.

Investment Subcommittee Items

Mr. Day reported that that as of June 27, 2012 the Plan had assets of \$1,653,561,046.97. Mr. Day advised that he planned to provide either the Investment Subcommittee or the Board, or both, some options for the optimization reduction of the Plan's managers.

Mr. Kallianis directed the Trustees' attention to Item 5-B on the Agenda, a request by Mesirow Capital Partners for an extension of the investment period by one year, to July 6, 2013. He noted that the request was recommended by Chris Kuhn, of Gray & Company. On motion by Mr. Sidrys, seconded by Mr. Burke, the Board approved the extension request.

Old Business

Mr. Kallianis reported that Legacy is anticipating a report in the near future.

Mr. O'Connell provided an update on the transition audit. He reported that he had met with counsel and a representative of the CTA a while ago and that certain legal issues had been discussed, as to which he was awaiting a response. Mr. O'Connell indicated that if a response or at least a projected response date was not received soon, he may be providing the Trustees with a privileged memorandum on the possibility of litigation to resolve the issue.

On the question of interest on late contributions, Mr. O'Connell reported that the Board in January 2011 had voted to pursue interest on contributions paid late by the CTA. Mr. O'Connell indicated that he had sent a demand letter on behalf of the Plan to the General Counsel for the CTA, seeking the payment of interest. Mr. O'Connell advised that if payment was not received by the June 30 date in the demand letter, he would plan to refer the matter to outside counsel for the drafting of a memorandum for the Trustees to consider on the possibility of litigation to collect the interest. In response to a question, Mr. Kallianis advised that there were no current delinquencies that he was aware of.

With respect to the Ethics Memorandum item, Mr. O'Connell noted that he had been asked by Trustees to provide a summary of Illinois law regarding ethics for Plan Trustees, and to make a recommendation about a disclosure policy. Mr. O'Connell advised that the privileged memorandum outlined a suggested policy, and solicited the assistance of Trustees in drafting a written policy. Ms. Coogan, Mr. Burke, and Mr. Kelly volunteered to assist.

New Business

Mr. O'Connell advised the Trustees that the IRS had issued a favorable determination letter for the Retirement Plan, subject to the adoption of two amendments. He reported that the draft amendment language he had provided to the Trustees was, in his view, in the nature of clarification of the existing language of the Plan, not a change. He also advised that he had suggested that the bargaining parties sign a form approving the amendments, since it was the form shared between outside counsel for the Plan and the IRS.

On motion by Mr. Burke, seconded by Ms. Coogan, the Board unanimously approved the proposed amendments to the Retirement Plan, subject to the approval of the bargaining parties.

Mr. Kelly moved for reconsideration, seconded by Mr. Barnes. The Board voted to reject the motion for reconsideration.

Mr. Kallianis reviewed with the Trustees the work Plan staff had been doing to contact participants and review their benefits situation individually with them. He indicated that thousands of participants have been contacted and provided information in a series of site visits, and although this is very time consuming, the response has been very positive. Mr. Kallianis also reported on plans to provide additional information at a meeting in the fall, and discussed with the Trustees options for such informational meetings.

On a motion by Ms. Coogan, seconded by Ms. Walker, the Board approved adjournment of the meeting.