

Meeting of the Retirement Plan for CTA Employees Board of Trustees

55 West Monroe Street
Suite 1950
Chicago, IL 60603

Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on January 22, 2015 at One North Franklin Street, 27th floor. The Chair and the Executive Director were present.

The following Trustees were present:

Javier Perez, Chair
Joan Coogan, Secretary
Omar Brown
John Burkard
Joseph J. Burke
Carl Haymore as an alternate for Marcellus Barnes
Ronald DeNard
Kenneth Franklin
Paul Sidrys
Erin Kleist-Gaynor as an alternate for Ronald Ester

James O'Connell was present as General Counsel for the Retirement Plan. Appearing on behalf of the ATU-appointed Trustees were Sherrie Voyles and Brandon Anderson, of Jacobs, Burns, Orlove and Hernandez. 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 was Kweku Obed of Marquette Associates.

On motion by Mr. Burke, seconded by Mr. Sidrys, the Trustees approved the December 18, 2014 Regular Board minutes, with the modification noted on the record. On motion by Mr. Burke, seconded by Mr. Sidrys, the Trustees approved the December 18, 2014 Executive Session minutes, with the addition noted on the record. On motion by Mr. Burkard, seconded by Mr. Sidrys, the Trustees approved the minutes for the November 25, 2014 regular meeting.

On motion by Ms. Coogan, seconded by Mr. Sidrys, the Trustees elected Javier Perez as Chair. On motion by Mr. Perez, seconded by Mr. Burkard, the Trustees elected Joan Coogan as Secretary. On motion by Ms. Coogan, the Trustees appointed Paul Sidrys as Chair, and Kenneth Franklin as Vice-Chair of the Finance and Investments Subcommittee. Messrs. Burke, Burkard, and DeNard volunteered to serve on the Subcommittee. On motion by Ms. Coogan, seconded by Mr. Burke, the Trustees appointed John Burkard Chair and Omar

Brown Vice-Chair of the General Administration Subcommittee. Messrs. Franklin, Claymore, and Brown volunteered to serve on the Subcommittee.

General Administration Subcommittee Items

The Board voted to approve items 4(a) through 4(i) under the General Administration committee agenda.

On motion by Mr. Burke, seconded by Ms. Coogan, the Trustees approved the retention of Steve Vernon or another speaker who is an independent speaker, not selling a product, to provide an educational seminar for Plan participants early in 2015.

Investment Subcommittee Items

Mr. Obed presented a performance review and answered Trustee questions, and advised that as of January 21, 2015, the market value of the Plan's assets was \$1,842,818,335.68. Mr. Obed reviewed the performance of the Piedmont Large Cap Core Strategy, noted some concerns and addressed Trustee questions. He referred the Trustees to the memoranda recommending termination of Piedmont, and selection of index funds from the recent RFP. The Trustees asked for additional information about the responding index funds and their costs, and deferred decision on Piedmont and the index fund proposals to next month.

Mr. Obed directed the Trustees' attention to the Marquette memorandum recommending conversion of Northern Trust's CoreUSA Fund to Northern Trust's Core STIF Fund. He explained that this recommendation is prompted by the announcement that Northern Trust will be closing the CoreUSA Fund, and proposing to place existing clients in the Core STIF Fund. He noted that the closing of the CoreUSA Fund is due to restrictions in the Dodd-Frank Act on the amount of leverage that banks may carry on their balance sheets, and that Marquette has no concerns about this selection of the Core STIF Fund as a replacement for the CoreUSA Fund. On motion by Mr. Sidrys, seconded by Mr. Burke, the Trustees approved Marquette's recommendation to replace the CoreUSA Fund with the Core STIF Fund. Mr. Obed was asked to provide an overview of the state of securities lending generally, at a future meeting.

Mr. Obed provided an update on some personnel changes at Magnitude Capital, and on the outstanding RFPs for the Retirement Plan. He advised that Marquette was in the process of reviewing the responses to the RFPs for emerging market debt and global fixed income, and anticipated that a group of respondents would be invited to the next Finance and Investments Subcommittee meeting for interviews.

Executive Session

On motion by Ms. Coogan, seconded by Mr. Burke, the Trustees voted to go to executive session to discuss litigation.

Open Session

Mr. Kallianis reported that he is working towards a proposal to create a plan under Code Section 457 or something similar for employees of the Retirement Plan who cannot participate in the Retirement Plan itself. He explained that at present the only employees in the Plan office who can participate in the Retirement Plan are those who are employees of the CTA on leave to work in the office.

Mr. Perez stated that the Trustees had decided to have a special meeting to look at personnel issues in a week, and the subcommittee was asked to look at some of the issues.

On motion by Mr. Burkard, seconded by Mr. DeNard, the Trustees voted to adjourn.