

Meeting of the Retirement Plan for CTA Employees Board of Trustees

200 West Adams Street
17th Floor
Chicago, IL

Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for Chicago Transit Authority Employees was held on August 23, 2018 at 200 West Adams Street, 17th Floor commencing at 9:41 a.m. continuing through 11:40 a.m., then resuming at 12:22 p.m. and adjourning at 12:23 p.m.

Chairman McKone called the meeting to order at 9:41 a.m.

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

Mr. Thomas McKone, Chairman
Mr. John Burkard
Mr. Joseph Burke
Mr. Tanno Muhammad (appearing for Toi Bowers)
Mr. Woodrow Eiland
Mr. Jeremy Fine
Mr. Kenneth Franklin
Mr. Keith Hill
Mr. Ronald Ester
Mr. Paul Sidrys
Mr. David Biggs (appearing for Ms. Sherri Thornton-Pierce)

Mr. Kallianis reported that a quorum was present.

John Kallianis was present as the Executive Director. Richard W. Burke and Rachel Yarch of Burke, Warren, MacKay & Serritella, P.C. appeared as General Counsel. Appearing on behalf of the Local 241 Trustee was Justin J. Lannoye of Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich. Appearing on behalf of the RTA Trustee was Daniel R. Salemi of Morgan, Lewis & Bocklus, LLP. Appearing on behalf of the CTA Trustees was James P. Daley of Jackson Lewis PC. Appearing on behalf of the ATU 308 Union Trustee was Anita Tanay of Jacobs, Burns, Orlove & Hernandez.

Also present were Mr. Kweku Obed of Marquette Associates, Aaron Shapiro and Wendy Ludbrook of Buck Consultants, Michael Pineschi of UNITE HERE, Max Amberger and Kheron Douglas employees at the Baltimore Marriott Waterfront, and Gregory A. Garrett and Eric C. Chuang of BDO USA, LLP.

Mr. Kallianis stated that present at the meeting were representatives from UNITE HERE that wished to address the Board pursuant to the provisions of the Freedom of Information Act in regard to an investment which it has with UBS. The first speaker was Michael Pineschi. He spoke of the

desire of the workers at the Baltimore Marriott Waterfront Hotel that UBS as the hotel owner and hotel manager engage in a fair process to decide on the question of unionization. The other two speakers were hotel workers who also addressed the Board. The second speaker was Max Amberger. The third speaker was Kheron Douglas.

The Chairman then asked the attendees to consider the minutes of prior meetings. Mr. Franklin moved to approve the minutes of the meeting of June 28, 2018. His motion was seconded by Mr. Burke and motion passed with the abstention of Mr. Eiland.

Mr. Sidrys moved to approve the minutes of the Executive Session of June 28, 2018 which motion was seconded by Mr. Burkard. The motion included the typographical change in regard to the identification of Mr. Salemi's firm. The firm is Morgan Lewis. The motion passed but Mr. Eiland abstained.

In regard to the minutes of the meeting of July 26, 2018, Mr. Burke moved to approve the minutes which motion was seconded by Mr. Franklin. The minutes were approved with the abstention of Mr. McKone.

General Administration

Mr. Franklin moved to approve Item No. 4(a) through 4(i) which was seconded by Mr. Eiland and Mr. Fine. The motion passed. In regard to Item 4(j) which is the attorneys' fees in regard to the rebate litigation, Mr. Franklin moved to approve the billed fees, which was seconded by Mr. Burke. A roll call was taken and the motion passed with six ayes and five abstentions. Under Item 4(k) Mr. Franklin said that there were two educational conference requests, namely Mr. Gatewood and Mr. McKone. Mr. Eiland moved to accept the requests which was seconded by Mr. Franklin and the motion passed.

Investment Subcommittee

In regard to the General Investment Committee, Mr. Kweku Obed gave the report. He stated that as of the close of business on August 22, 2018 the value of the portfolio was \$1,846,385,953.51. Mr. Obed spoke of the investment of the Fund in the Stockbridge Real Estate Fund which is currently \$4,464. He made a recommendation to close out the Stockbridge investment and finalize the liquidation. Mr. Sidrys moved to accept Marquette's recommendation to exit the Plan's investment in Stockbridge Real Estate fund, which was seconded by Mr. Hill and passed.

As follow-up to the public comments offered at the beginning of the meeting, Mr. Obed stated that the UBS Trumbull Property Fund is the one involved with the Baltimore Marriott Waterfront Hotel. He stated that he had reached out to UBS and they are to speak with the people at Marriott shortly with an update to follow.

Old Business

The next item on the agenda related to the status of the Legacy Data requests for the 2011-2017 payroll audit. Mr. Kemperas from Legacy had advised Mr. Kallianis that the Plan Office was current on its reportings and that Local 241 and 308 are close to completing their work. Their last item open was settlements. In regard to the CTA there was a large request and many of the reports had been uploaded. Mr. Kallianis stated that he hoped he could report at the September Board Meeting that Legacy has a start date for real fieldwork for all four entities.

In regard to litigation, Mr. Richard Burke distributed a summary as to the status and reported that there are some 39 depositions scheduled in the Williams litigation. He stated that the deposition phase of litigation will continue for a period of time.

New Business

There was a presentation by Mr. Shapiro and Ms. Ludbrook of the January 1, 2018 actuarial valuation. Prior to comments by the actuaries, Mr. Richard W. Burke gave a summary of the legislation which is incumbent upon the Plan in regard to the actuarial valuation. Mr. Shapiro then gave the actuarial report. He stated after considering all the relevant factors, it was the actuary's opinion that there was no need that the Authority or the employee contributions increase as a result of the 2018 valuation. At the conclusion of Mr. Shapiro's report Mr. Burkhard moved to accept the report which determined the funded ratio of the Plan as of January 1, 2018 and to certify the 2019 employee and employer contributions included in the report. Mr. Sidrys seconded the motion. The motion passed with the abstention of Mr. Franklin.

Mr. Kallianis then gave the Budget Update as of June 30, 2018. Mr. Burkard made a motion to accept the revised budget, which was seconded by Mr. Burke and which motion passed.

The next item on the agenda was the BDO Report in regard to cyber security analysis. Mr. Richard Burke advised the Chairman that this was a matter that could be conducted in Executive Session under two exceptions to the FOIA Act, namely security procedures and internal control weaknesses and identification of potential fraud risk. On motion of Mr. Burke and seconded by Mr. Fine, the meeting adjourned into Executive Session at 11:40 a.m.

At 12:22 p.m. the meeting resumed. Chairman McKone made a motion to approve the recommendations on acquiring cyber security services from BDO as proposed by the Executive Director, which was seconded by Mr. Burke and passed. At 12:23 on motion made by Mr. Burke, and seconded by Mr. Franklin, the meeting adjourned.