

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 August 13, 2013 at One North Franklin Street, ^{27th} Floor. The Chair and the Executive Director were present.

The following Trustees were present:

Joan Coogan, Chair
Javier Perez, Jr.
John Burkard
Joseph J. Burke
Michael McBride as an alternate for Marcellus Barnes
Carlos Acevedo
Robert Kelly
Judith Kelley as an alternate for Ronald DeNard
Paul Sidrys
Ronald Ester
Omar Brown

James O'Connell was present as General Counsel for the Retirement Plan. Appearing on behalf of the Union-appointed Trustees was Joseph Burns, of Jacobs, Burns, Orlove and Hernandez. Appearing on behalf of the Regional Transit Authority-appointed Trustee was Andrew Malahowski of Franczek Radalet, PC. James Daley of Schuyler Roche & Crisham appeared on behalf of the CTA-appointed Trustees.

Also present were Ivory Day of Gray & Company, Larry Langer of Buck Consultants, and Brian Means, of Jones Lang & LaSalle.

After a motion was made and seconded, the Board voted to approve the draft minutes for the July meeting. Mr. Sidrys recused himself from the vote, noting that he was absent from the July meeting. Messrs. Kelly, Perez, and Burke, noted that they also were absent.

General Administration Subcommittee Items

After a motion was made and seconded, the Board voted to approve items 4(a) through 4(i) under the General Administration committee agenda.

Investment Subcommittee Items

Mr. Day provided the investment report for the Plan. He reported that total assets as of August 9, 2013 were \$1,791,689,912.61.

Real Estate Subcommittee

Mr. Kallianis reported that a draft RFP had been prepared, and that it would be issued after the subcommittee members had a chance to review it.

Old Business

Mr. Kallianis provided an update on the Legacy payroll audit, advising that he anticipated that Legacy would be sending letters to the CTA and Locals 241 and 308 shortly, identifying issues found in the payroll audits, and giving them 30 days to respond.

Mr. O'Connell reminded the Trustees that Ken Yu's draft report had been circulated to them just prior to the last Board meeting, and advised that Mr. Yu had identified a number of findings during the period reviewed, such as instances where medical bills submitted to the Retirement Plan for payment were bills incurred by active employees. Mr. O'Connell noted that the complaint the Board had directed him to file against the CTA in connection with rebates the CTA had retained included a generic paragraph asserting that the CTA may have incorrectly submitted other bills to the Retirement Plan, and that he expected that the items identified in the Ken Yu report would become part of the existing case.

Executive Session

On motion by Mr. Kelly, seconded by Mr. Burke, the Board voted unanimously to go into executive session, to discuss the potential lease of real property.

Upon return to open session, on motion by Mr. Kelly, seconded by Mr. Acevedo, the Board voted to have its real estate consultant draft a letter of intent with respect to 55 West Monroe, and perform additional work pursuant to the parameters discussed in executive session. Ms. Coogan also noted that a special meeting was scheduled for September 5, 2013 at 9:00 a.m.

New Business

Mr. Langer presented the draft actuarial valuation for 2013. He noted that, based on the draft valuation, it would not be necessary under Illinois law for the Trustees to increase contributions for 2014. He reviewed his calculation of the funded ratio, the required contribution levels for the Trustees to certify, and the assumptions as indicated in the report, and answered Trustee questions. On motion by Mr. Kelly, seconded by Mr. Burke, the Board determined to accept the valuation as presented and certified the contribution rates for 2014.

On a motion by Mr. Perez, seconded by Ms. Kelley, the Board approved adjournment.