

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 CTA Employees was held on November 21, 2017 at 200 West Adams Street, 17th Floor commencing at 9:30 a.m. and continuing through 10:44 a.m. and from 10:55 a.m. through 10:55 a.m.

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

Thomas McKone, Chairman
John Burkard
Toi Bowers
Joseph Burke
Woodrow Eiland
Ronald Ester
Andrew Fuller for Sherri Thornton-Pierce
Keith Hill
Paul Sidrys
Mark Weems for Kenneth Franklin

John Kallianis was present as the Executor Director. Richard W. Burke and Rachel Yarch of Burke, Warren, MacKay & Serritella, P.C. were present as General Counsel for Retirement Plan. Appearing on behalf of ATU Local 308 appointed Trustees was Joseph Burns 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 RTA appointed Trustee was Daniel R. Salemi of Franczek Radelet, P.C. Appearing on behalf of the ATU Local 241 appointed Trustees was Justin J. Lannoye of Dowd, Bloch, Bennett & Cervone. Also present were Kweku Obed and Miguel Zarate of Marquette Associates; and Jim Kemperas from Legacy.

Mr. Kallianis stated that there was a quorum in the room.

Mr. Sidrys moved to clarify a matter which was discussed in the investment committee report at the meeting of September 28, 2017. A clarification in the minutes of said meeting was made that approval was given by the Trustee for the extension of both of the Adams Street funds.

Because of certain clarifications that were requested by counsel for certain of the Trustees, the approval of the minutes of the September 28, 2017 meeting was deferred until the December meeting.

The minutes of the Trustees' meeting of October 19, 2017 was approved on motion made by Mr. Burkard and seconded by Mr. Burke. Mr. Weems and Mr. Fuller abstained from voting.

General Administration Items

Mr. Weems gave the report of the general administration committee. Mr. Joseph Burke moved to approve the items 4a through 4h, his motion was seconded by Mr. Burkard and the motion was approved unanimously. In regard to item 4i, a motion was made by Mr. McKone and seconded by Mr. Burke approving of all of the bills excluding the bill from the law firm of Kopecky and Schumacher. The motion passed unanimously but for the abstention by Mr. Eiland and Mr. Weems.

On a motion made by Mr. Burke and seconded by Mr. Burkard the bill from Kopecky and Schumacher was approved.

Michael Bowen then joined this meeting for Jeremy Fine

Investment Subcommittee Items

The Chairman called for the report by the Investment Subcommittee. Mr. Obed stated that the market value of the investments as of the close of business on November 20, 2017 was \$1,831,426,528.37 and of that amount approximately \$58,000,000 was in cash. Mr. Obed offered comments in regard to the returns in the investment areas in which the Plan is invested.

Mr. Obed reported in regard to an RFP for an open-end private equity fund, that the Committee had received 7 responses and that from the responses there are 3 managers the Committee would like to bring forward for further discussion at the November 30 Subcommittee meeting. The three firms are Central Park Group, Partners Group and PPC Enterprises. He added that each of these firms are institutional quality in nature and have met Marquette's criteria. The Chairman stated that it would be necessary to have a vote by the Trustees on the recommendation but that the Trustees would await the report from the Committee meeting on November 30, 2017.

Old Business

The Chairman then turned to old business.

Mr. Kallianis reported that he was hoping to have a general administration committee meeting during the week of December 11 in regard to collection policy.

The Chairman turned to item 6b the status of Legacy data requests for the 2011-2016 payroll audit. Mr. James Kemperas, from Legacy, gave a brief report on the status of the submissions.

The Chairman then referred to items 6c which is a notice to active employees regarding the January 1, 2018 contribution percentages. Mr. Kallianis included in the packet of information for the meeting a draft of a letter and he will ask the Board to give approval of the letter. Mr. Burke made a motion to approve of the letter and Mr. Burkard seconded. The matter went to a vote and was approved.

New Business

Mr. McKone asked for a report from Richard W. Burke in regard to possible changes in the Federal tax bill which was moving through Congress. Mr. Burke said the materials that he had been asked to look at had to do with unrelated business income tax ("UBIT") which is an exposure on certain investment returns. Mr. Burke responded that it was difficult to get a clear reading as to what the law would be in light of the fluidity of changes in the proposed legislation before the U.S. Senate. Mr. Burke stated that he would continue to monitor the tax legislation.

Mr. Kallianis stated that on the basis of his dialogue with the Illinois Auditor General's Office, he had a preliminary indication that the office is going to find that the assumptions set forth in the Plan's report are not unreasonable in the aggregate which means that the Plan would have passed essentially for January 2017 valuation.

Mr. Joseph Burke requested that the Fund office prepare a report for the Trustees with respect to cyber security with respect to the Plan. The Chairman asked that this item be placed on the agenda for the December meeting.

Then at Mr. Richard Burke's request, Mr. Sidrys made a motion to move to Executive Session. The motion was seconded by Mr. Joseph Burke and approved. The regular meeting then adjourned at 10:44 into Executive Session.

At 10:55 a.m. the meeting resumed to regular session.

Mr. McKone stated that in the Executive Session, the Board of Trustees discussed matters of litigation involving the Williams, Hampton, Matthews and the Merkel case.

There being no further business to come before the meeting, on a motion by Mr. Sidrys and seconded by Mr. Fuller, the meeting adjourned at 10:55 a.m.