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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

HILDA L. SOLIS, Secretary of)	
the United States Department)	
of Labor,)	
)	
Plaintiff,)	
)	
v.)	No. 78 C 342
)	
ESTATE OF FRANK E. FITZSIMMONS,)	(United States
et al.,)	District Judge
)	Milton I. Shadur)
Defendants.)	

ORDER APPROVING (1) ASSET REALLOCATION FROM NAMED FIDUCIARY
GOLDMAN SACHS TO NAMED FIDUCIARY NORTHERN TRUST
AND (2) A CONSENT DECREE MODIFICATION

1. A Consent Decree ("Consent Decree") was entered by the Court in this action on September 22, 1982, upon the agreement of Raymond J. Donovan, then the Secretary of the United States Department of Labor, Central States, Southeast and Southwest Areas Pension Fund ("Fund") and the Trustees of the Fund. Hilda L. Solis is the current Secretary of the United States Department of Labor ("the Secretary").

2. On June 14, 2010, the Fund delivered to the Court, for filing, a motion in this action entitled Fund's Motion for an Order Approving an Asset Reallocation and a Consent Decree Modification ("Motion"). The Motion, among other things, recites that:

In a letter to the Trustees received by the Fund on February 10, 2010, Goldman Sachs [Asset Management, L.P. ("Goldman Sachs")] served formal notice of its

resignation as Named Fiduciary. Goldman Sachs has agreed to postpone the effective date of its resignation, for a reasonable period to allow the orderly reallocation of the Fund assets for which it is responsible.

As noted, Northern Trust [Global Advisors, Inc. ("Northern Trust")] was appointed to and approved by the Court to serve as a named fiduciary in 2005. At a board meeting of the Trustees on February 9, 2010, there was an oral and written presentation by a group of executives of Northern Trust. The presentation demonstrated a firm commitment by Northern Trust to take responsibility, as the Fund's sole Named Fiduciary, for all or part of the assets for which Goldman Sachs is presently responsible.

At a board meeting of the Trustees on April 20, 2010, the Trustees reviewed presentations by the Fund's staff and an outside financial consultant (Dr. John Heaton of the University of Chicago) concerning the Fund's experience with the dual named fiduciary arrangement that had been in place since 1999. On the basis of these presentations, the Trustees concluded that it was now in the Fund's interest to have a single Named Fiduciary and to increase the amount of the Fund's assets allocated to the passive, indexed investments. Accordingly, at the April 20, 2010 Meeting of the Board of Trustees, the Board approved, based on advice from Northern Trust as Named Fiduciary and subject to approval by this Court, a reallocation of all assets for which the Goldman Sachs is responsible to Northern Trust as Named Fiduciary, with the understanding that Northern Trust will subsequently make further a reallocation from the assets under its control as Named Fiduciary as follows -

- (a) 5% of the Fund's total assets are to be transferred to and invested in the Passive Equity Index Account established under Sec. II.F of the Consent Decree in this case; and
- (b) 5% of the Fund's total assets are to be transferred to and invested in a new EAFE [Europe Australia Far East] Index Account to be established under the Consent Decree.

The additional proposed allocation to indexed accounts described above has been recommended by Northern Trust in its capacity as Named Fiduciary. In addition, Northern Trust, in its capacity as Named Fiduciary, also recommended that, in order to complete this asset reallocation in the most cost effective manner, as an initial, transitional step in this asset transfer and reallocation, all the assets for which Goldman Sachs is currently responsible be transferred to Northern Trust - as described above.

(Motion, ¶¶ 8-11.)

Subsequent to the filing of this Motion, the Secretary delivered to the Court, for filing, her comments in response to the Motion, indicating that she had no objection to the Motion.

It has been demonstrated to the satisfaction of the Court that the Fund is entitled to the relief requested in its Motion.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

1. The Court approves and authorizes a transfer, to take place on or before August 1, 2010, from Goldman to Northern Trust of all of the Fund assets for which Goldman is responsible as a Named Fiduciary for the Fund to Northern Trust as Named Fiduciary.
2. Subject to the separate submission and approval by the Court of a specific asset reallocation plan (including the approval by the Court of an investment manager and investment policy for a Passive Europe Australia Far East ("EAFE") Index Account to be established under the Consent Decree modification described below), within 60 days of receipt of the above-referenced assets from

Goldman Sachs, Northern Trust is authorized to make a further reallocation of Fund assets as follows:

- (a) assets under the control of Northern Trust as Named Fiduciary comprising 5% of the Fund's total assets are to be transferred to the Passive Equity Account established under Sec. II.F. of the Consent Decree; and
- (b) assets under the control of Northern Trust as Named Fiduciary comprising 5% of the total value of the Fund's assets are to be transferred to a new Passive EAFE Index Account to be established under the Consent Decree (see proposed Consent Decree amendments discussed below).

After this asset reallocation process described above is complete, it is contemplated under this Order that the Fund's assets will be allocated as follows:

- 50% - Northern Trust
- 25% - Passive Equity Account
- 20% - Passive Fixed Income Account
- 5% - Passive EAFE Account

3. The Court further orders, that the Consent Decree is amended effective immediately, as follows:

(a) The first sentence of Sec. II.A. is deleted and replaced with the following sentence:

All assets of the Pension Fund shall be managed for the duration of this Consent Decree by a single entity (or such number of entities as the Court may subsequently direct), which (or each of which)

shall qualify as a named fiduciary as defined in section 402(a)(2) of ERISA, 29 U.S.C. 1102(a)(2), in accordance with this section II, except for assets allocated to and managed in the Passive Fixed-Income Index Account maintained in accordance with Section II.E. of this Consent Decree, except for assets allocated to and managed in the Passive Equity Index Account maintained in accordance with section II.F. of this Consent Decree, and except for assets allocated to and managed in the Passive EAFE Index Account maintained in accordance with section II.G. of this Consent Decree.

(b) The following sentence is added at the end of the first paragraph of Section II.A.:

On February 10, 2010, Goldman Sachs gave notice of its intent to resign as Named Fiduciary, and subsequently, pursuant to a Motion filed by the Fund on June 14, 2010, the Court approved the transfer of all assets for which Goldman Sachs is responsible to Northern Trust as Named Fiduciary, with the direction that within 60 days of Northern Trust's receipt of assets from Goldman Sachs, and subject to the Court's approval of a specific plan of reallocation, Northern Trust will transfer assets under its control as Named Fiduciary as follows - -

- (a) assets totaling 5% of the total assets of the Fund to the Passive Equity Index Account; and

(b) assets totaling 5% of the total assets of the Fund to the Passive Index EAFE Account.

(c) Section II.G. is redesignated "II.H." and reads as follows:

H. Alternative Asset Management Arrangements

Instead of the arrangements for assets management by two court-approved Named Fiduciary appointees permitted under sections II.A. and II.B. of this Consent Decree, the Court may at any time enter an order or orders approving a transition as of a specified date (or dates) to asset management by a single Court-approved Named Fiduciary of the Pension Fund, in which event all assets of the Pension Fund shall be allocated by the Court, for management, among the single Named Fiduciary, the Passive Fixed-Income Index Account (if authorized by the Court) the Passive Equity Index Account, and the Passive EAFE Index Account in such specific asset amounts and combinations and on such initially effective date (or dates) as the Court shall determine and specify. All other terms of section II of this Consent Decree shall be applicable to these Court-approved asset management arrangements.

(d) the following new Section II.G. is added:

G. Passive EAFE Index Account

A passively managed Europe Australia Far East Index ("EAFE") account (the Passive EAFE Index

Account) may be maintained by the Pension Fund, if authorized by the Court, outside the authority, responsibility and control of the Named Fiduciary appointees and the provisions of sections II.A., II.B., II.C. and II.D. of this Consent Decree. If so authorized, the Passive EAFE Index Account will initially consist of such part of the combined value as of a specified date of all assets of the Pension Fund then managed by the Named Fiduciary appointee as the Court shall determine and specify ('the Court-authorized Allocation'), and the Named Fiduciary appointee will re-allocate those assets on such date or dates as the Court shall determine and specify, in accordance with an asset re-allocation plan adopted by the Board of Trustees and approved by the Court, to one or more investment managers appointed by the Board of Trustees and approved by the Court.

It is an objective of this section II.G. that the assets of the Pension Fund in the Passive EAFE Index Account will continuously be substantially equal to the Court-authorized Allocation (provided that the Court may eliminate or change that allocation at any time) and, to achieve that objective, there will be quarterly adjustments in the following manner:

- (1) the Pension Fund will ascertain the amount needed, by transfers between the account and each Named Fiduciary, to maintain the Passive EAFE Index Account within the Court-authorized Allocation as of the first day of each calendar quarter while the account is funded, within

20 days after the end of the prior quarter;

- (2) the Pension Fund and each Named Fiduciary will together cause transfers to and from the Passive EAFE Index Account, to complete any adjustment needed to maintain the Passive EAFE Index Account within the Court-authorized Allocation, within 35 days after the end of the prior quarter;
- (3) the amounts of all transfers from and to each Named Fiduciary, to complete each such quarterly adjustment of the Passive EAFE Index Account, will be approximately proportionate to the aggregate values of all assets of the Pension Fund for which they are then responsible; and
- (4) notice of the details of each quarterly adjustment of the Passive EAFE Index Account will be provided by the Pension Fund to the Independent Special Counsel and the Secretary within 10 days after the adjustment has been completed.

All assets of the Pension Fund in the Passive EAFE Index Account shall be managed by one or more investment managers as defined in section 3(38) of ERISA, 29 U.S.C. § 1002(38), each of which shall be appointed by the Board of Trustees with the approval of the Court after notice to the Secretary. At least 30 days before the effective date of any investment manager's appointment, the Pension Fund shall

request the Court's approval of the appointment and give the Secretary notice of the request for approval. The Secretary shall present any objection to the appointment of any such investment manager within 20 days of the filing of the Pension Fund's request for approval. The appointment of any such investment manager shall not become effective until the Court expressly approves the appointment of the investment manager. To be eligible for appointment, an investment manager for all or part of the Passive EAFE Index Account must meet the qualifications set forth in section II.C.2. of this Consent Decree.


Each investment manager appointed to manage all or any part of the Passive EAFE Index Account shall have exclusive authority to control and manage all assets of the Pension Fund for which it is responsible, in accordance with its investment policy statement, except that the Board of Trustees shall retain responsibility for the payment of benefits and administering the Pension Fund, and each investment manager shall release such sums as the Pension Fund may determine are required for the exclusive purpose of providing current benefits to participants and their beneficiaries and defraying reasonable expenses of administering the plan. The investment policy statement governing the Passive EAFE Index Account will be established by the Board of Trustees, but will not be effective until it is approved by the Court after notice to the Independent Special Counsel and the Secretary, and any subsequent change to that investment policy statement

will require the same prior notice and the same approval by the Court. The Board of Trustees shall have responsibility and authority to monitor the performance of, and whenever appropriate to remove and replace, each investment manager appointed pursuant to this section II.G.

4. This Order is effective immediately.

Entered: June 25 2010

6-25-2010



Milton I. Shadur
United States District Judge