

Meeting of the Retirement Plan for CTA Employees Board of Trustees

55 West Monroe Street
Suite 1950
Chicago, IL 60603

August 25, 2016

Meeting Minutes

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on August 25, 2016 at One North Franklin Street, 27th floor.

The following Trustees were present:

John Burkard (Chair)
Joan Coogan (Vice Chair)
Carlos Acevedo
Ronald Ester
David Biggs as an alternate for Jeremy Fine
Kenneth Franklin
Valerie Matthews-Wilson
Tom McKone
Tommy Sams, Jr.
Paul Sidrys

John Kallianis was present as the Executive Director. Richard Burke of BWM&S was present as General Counsel for the Retirement Plan. Appearing on behalf of the ATU Local 308 appointed Trustee was Joe Burns of Jacobs, Burns, Orlove and Hernandez. Appearing on behalf of the ATU Local 241 appointed Trustees was Justin Lannoye of Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich. Appearing on behalf of the CTA-appointed Trustees was David Novak, of Jackson Lewis, LLP. Appearing on behalf of the Regional Transit Authority-appointed Trustee was Daniel Salemi of Franczek Radelet, PC.

Also present were Miguel Zarate of Marquette Associates, and Larry Langer and Wendy Ludbrook of Buck Consultants.

On motion by Mr. McKone, seconded by Mr. Ester, minutes for the June 30, 2016 meeting were approved.

On a motion by Mr. Ester, seconded by Mr. McKone, the minutes for the July 28, 2016 meeting were approved. Mr. Sidrys abstained.

General Administration Committee Items

Mr. Franklin presented the General Administration items 4a through 4i, including benefit applications and bills and remittances, for approval. On a motion by Mr. Franklin, seconded by Ms. Matthews-Wilson, the Board approved items 4a through 4i.

On a motion by Mr. Franklin, seconded by Ms. Coogan, the Board approved attendance for Mr. Franklin, Mr. Weems, Ms. Matthews-Wilson, Mr. Acevedo and Mr. Sams at the International Foundation of Employee Benefit Plans' annual conference in November, 2016 in Orlando.

Investment Committee Items

Mr. Zarate of Marquette Associates reported the market value of the Fund from the previous day's close was \$1,749,804,112.27.

Mr. Zarate then reviewed the performance for the month of July and reported that International Small Cap and Non-US equity were strong performers, but that Stable Value was a drag on performance.

Mr. Zarate then briefly reviewed some of the over-weights and under-weights in the allocation and indicated not all of the recent funding and capital calls were reflected as it was a report for the end of July.

Old Business

Mr. Kallianis had circulated the summary of the recent payroll review committee meeting that Mr. McKone had prepared for the Committee. Legacy is reviewing settlements and awards, the reinstatements from 2010 layoffs, and the RHCT exclusions. He indicated that a follow up meeting is scheduled for September 20th.

New Business

Larry Langer and Wendy Ludbrook from Buck Consultants presented the January 1, 2016 Actuarial Valuation, including the funded ratio and the 2017 required contributions.

Mr. Langer reviewed the actuarial gains and losses for the year. He explained that certain actuarial factors, including salary experience and mortality experience, reflected losses and that certain factors, including a data change for decrementing actives, had produced a gain. In total, the Plan had an actuarial loss of approximately \$167M in 2015.

Mr. Langer and Ms. Ludbrook reported the funded ratio at January 1, 2016, was 53.36% and that the participants and the CTA would have to increase contributions to 11.962% and

17.925% (exclusive of credit for debt service) on January 1, 2017, in order to reach a 60% funded by 2025.

There was discussion about some of the specific gains and losses from 2016 and the sensitivity of the funded ratio to market returns. There was a request by Mr. Franklin for Buck to provide analysis of future scenarios, including various numbers of additional participants in the Plan.

After some discussion, on a motion by Mr. Franklin, seconded by Mr. Sams, the Board deferred action on the valuation report until the next meeting.

Mr. Richard Burke then provided the Board with brief updates on the Matthews case and the Hampton case. In the Matthews case, he reported there was no action taken by the court or the plaintiff in the case, but that he expected activity soon. In the Hampton case, he reported the court had re-activated the case and he expects the plaintiff to file a TRO on collecting health care premiums, which we would oppose.

On a motion by Mr. Sidrys, seconded by Mr. Coogan, the Board adjourned their meeting.