

Meeting of the Retirement Plan for CTA Employees

Board of Trustees

10 S. LaSalle Street
Suite 1100
Chicago, IL 60603

Special Meeting Minutes

A special meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on September 25, 2012 at One North Franklin Street, 24th Floor. The Chair and the Executive Director were present.

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

Javier Perez, Chair
Joan Coogan, Vice-Chair
John Burkard
Carlos Acevedo as an alternate for Joseph Pass
Joseph J. Burke
Michael McBride as an alternate for Marcellus Barnes
Robert Kelly
Ronald Puskarits
Paul Sidrys
Karen Walker
Larry Owens

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

Also present was Larry Langer, of Buck Consultants.

Old Business

Mr. Langer provided the report of Buck Consultants on its actuarial valuation, based on the directives from the Board that 1) "assets" for purposes of the funded ratio should be understood as referring to the market value of assets, and 2) that the Board wished to implement a contribution rate of 10.125% for employees and 14.25% for the CTA beginning in calendar year 2013. Mr. Langer advised that the funded ratio for January 1, 2012 was 59.19%. Mr. Langer advised that the contribution rates to be implemented are more than the minimum required to satisfy Illinois law, since the Plan is projected to have a funded ratio of 61.01% in 2022, assuming all of the assumptions are met. Mr. Langer also pointed out that the funded ratio is projected to be 96.39% in 2039, assuming all assumptions are met.

Mr. Kelly asked Mr. Langer his view of the assumption that the Plan will earn 8.5% on its investments. Mr. Langer advised that this rate falls around the 50th percentile of likelihood, meaning the Plan's likelihood of achieving that return is about 50/50 over time. In the future, Mr. Langer indicated he would suggest that the investment return assumption be considered again in connection with the experience review Buck Consultants plans to conduct.

On motion by Ms. Coogan, seconded by Mr. Puskarits, the Board unanimously voted to move to executive session, to discuss anticipated litigation.

On motion by Ms. Walker, seconded by Mr. Burke, the Board voted (1) to confirm that the funded ratio should be based on the market value of assets, (2) to accept the report of Buck Consultants, and (3) to determine and certify the Plan's funded ratios and the contributions required as of January 2013 as indicated in the report. Mr. Perez voted no having stated his view that while he supported the use of the market value of assets, he believed the goal should be to achieve better than 60% in order to stabilize the fund and benefits to participants.

On motion by Mr. Owens, seconded by Mr. Puskarits, the Board voted to adjourn.