

Meeting of the Retirement Plan for CTA Employees
Board of Trustees
February 24, 2022
VIA MICROSOFT TEAMS

Regular Session
Meeting Minutes

The Board of Trustees of the Retirement Plan for Chicago Transit Authority Employees, by way of Microsoft Teams and telephone conference calls, and in compliance with the Illinois COVID-19 Executive Order, convened on February 24, 2022 at the hour of 9:39 a.m., and adjourned at 10:50 a.m. There was not an Executive Session.

At the direction of the Chairman, a roll call was taken and established that the following Trustees were participating.

Mr. Tom McKone, Chairman
Mr. Keith Hill, Vice-Chairman
Mr. Michael Bowen
Mr. Eric Dixon
Mr. Woodrow Eiland
Mr. Jeremy Fine
Mr. Tiant Gatewood (for Toi Bowers)
Mr. Chris Kasmer (for John Burkard)
Mr. Bill Lachman (for Joseph Burke)
Ms. April Morgan
Mr. Paul Sidrys

Mr. Kallianis reported that a quorum was present.

John Kallianis participated as the Executive Director. Richard W. Burke of Burke, Warren, MacKay & Serritella, P.C. participated as General Counsel. Participating on behalf of CTA Trustees was Jeff Bora. Participating on behalf of the ATU 241 Trustee was Ron Willis of Dowd, Bloch, Bennett, & Cervone. Participating on behalf of the ATU Local 308 Trustee was Anita Tanay. Participating on behalf of the RTA Trustee was Dan Salemi of Morgan Lewis & Bockius. Also participating was Kweku Obed of Marquette Associates and Craig Goesel and Bruno Amici of Alliant.

Consideration of Minutes from prior Meetings

The Chairman called for consideration of the minutes of the January 27, 2022 meeting. Mr. Hill made a motion to approve the minutes, which was seconded by Mr. Sidrys. A roll call vote was taken. The motion passed on the vote of 10 yeases and 1 abstention by Mr. Lachman.

Investment Committee

The Chairman called for the report of the Investment Committee which was given by Mr. Obed. Mr. Obed stated that the market value of the investments, as of February 23, 2022, was \$2,087,908,873 and of that amount \$29,475,503 was in cash. Mr. Obed spoke of the market environment for the month of February and then reviewed the performance of the Plan's portfolio.

Summary of Litigation

Mr. Richard Burke reported that the summary of litigation was contained in the written report before the Trustees. Mr. Burke gave an update on the Motion for Interlocutory Appeal in the Williams' case which was denied. The case is set for trial on April 26, 2022.

Mr. Burke further reported on the collection efforts regarding the damages sustained involving Ayanna Nesbitt. He reported after a complaint was prepared against her, there was negotiations with her attorney and Mr. Richard Burke's law firm. With her agreement, a check was issued to her which she then endorsed to the Retirement Plan in the amount of \$143,000 which was her entitlement under the Retirement Plan. The \$143,000 will be reduced by 20% to pay the income taxes incidental to the withdrawal by Ms. Nesbitt.

Mr. Burke stated that there was a new attorney in the Hampton case since Hampton's attorney died and that there was a hearing scheduled for March 1, 2022 regarding the ongoing efforts of Burke, Warren, MacKay & Serritella to enforce the settlement agreement. Mr. Burke will send an update after the March 1, 2022 hearing.

Mr. Burke stated there was no need for an Executive Session.

General Administration

Mr. Dixon gave the report of General Administration Committee. Mr. Kasmer made a motion to approve Items 6a through 6j on the agenda, which was seconded by Mr. Eiland. A roll call vote was taken. The motion passed on a vote of 10 yeases and 0 nos.

Mr. Dixon called to the Trustees' attention to item 6k which is a request by Mr. Williams to attend the IFEPB Educational Conference. The cost of his attendance is to be shared equally between the Plan and the Trust. Mr. Kasmer made a motion to approve Item 6k on the agenda, which was seconded by Mr. Eiland. A roll call vote was taken. The motion passed on a vote 10 yeases and 0 nos.

Old Business

Mr. Kallianis stated there was Joint Payroll Audit Committee meeting via Teams on February 10, 2022. Ms. Morgan gave the report. Ms. Morgan stated that at the Joint Payroll Audit Committee meeting of February 10, 2022 the Executive Director reported on the status of the findings from the 2011-2017 Payroll audit. He reported that the CTA had remitted \$656,326 to the Retirement Plan for payment for all of the findings related to the Retirement Plan. This amount represents employer contributions for part-time union officers for Locals 241 and 308, employer contributions for Messrs. Tolson, Jones, and Love for 2018 and 2019, and employer employee contributions for those participants identified in the audit sample. Ms. Morgan reported that the Executive Director reported that the Plan's finance staff was in the process of manually updating the 2011-2017 earnings for the hundreds of full time and part-time union officers identified in the audit and that their updated earnings would be completed by the end of February. He said that the new information would be reflected in the annual statements for the Plan and the statements would mail to the participants in April. Ms. Morgan added that at the request of the Committee, the Executive Director was asked to organize a meeting between the parties to discuss the completion and submission of the time sheets for part-time union officers at the ATU. That meeting has been scheduled for Tuesday, March 15 @ 10:00 a.m. via Teams.

The Committee discussed the draft engagement letters from Legacy for the upcoming 2018-2021 payroll audits. The Committee asked anyone to provide comments or edits to the Executive Director. The next meeting of the Joint Payroll Audit Committee is scheduled for Wednesday, March 16, 2022.

Mr. Kallianis stated that the Personnel Committee met on February 10, 2022 with Mr. Jeff Mills, Vice President Senior Consultant of Segal. Mr. Mills described the results of a high-level review of staffing levels at the Plan office versus similar organizations. He stated that based on the workflow and the current staffing levels the Plan office is understaffed. Mr. Mills reviewed for the Committee a proposal to perform an operational and staffing review for the Plan office and possible follow-on task of conducting an RFP to replace the current pension administration system. The Committee asked the director to reach out to several other firms for proposals to perform the same type of operational review for the key processes in the Plan office. Mr. Kallianis is reaching out and will have some additional information at the March 16, 2022 meeting.

New Business

There was a presentation by Craig Goesel and Bruno Amici from Alliant in regard to commercial insurance and property/casualty insurance. One insurance proposal is dedicated to theft of monies and the second proposal is dedicated to more traditional exposures related to the conduct of the Plan office. After Mr. Goesel's presentation, Mr. Sidrys made a motion to adopt the recommendation of Alliant for a new crime policy and an updated replacement business owners' policy, which was seconded by Ms. Morgan. A roll call vote was taken. The motion passed with 9 yeases and 1 abstention, namely Mr. Gatewood.

Mr. Kallianis gave a report on the impact from the recently negotiated Collective Bargaining Agreement between ATU and CTA in regard to the pension items. Mr. Kallianis gave a report in regard to the negotiations which amended three different Sections of the Plan: two in the Rules and one in the Plan Section.

Rule No. 21 covers people who are terminated and then reinstated and addresses the ability to repay the refund of contributions they may have taken during that termination and how long they have to repay the monies which they have withdrawn. There is also a one-time amnesty program for people who have been terminated and reinstated prior to the time the tentative agreement was reached.

There is also an amendment to Section 4.5 which deals with the ability of non-bargained for non-vested participants to opt out of participation in the Retirement Plan. The proposed amendment is to allow for people who had done so to opt back in the Plan one time on a prospective basis only so they would not be purchasing past service, just from a prospective basis.

The third amendment would be a change to Rule No. 7 to clarify participation or rehiring of special part time bus operators and the treatment of their pension benefits if they are rehired by the Authority on a part time basis after retirement.

Mr. Kallianis stated he will work with Plan counsel to bring these items back to the General Administration Committee and then to the Trustees.

Mr. Kasmer made a motion to adjourn which was seconded by Mr. Dixon. A roll call vote was taken. The motion passed on a vote of 10 yeses and 0 nos.

The meeting adjourned at 10:49 a.m.