

**MINUTES FROM MEETING OF
THE REGIONAL TRANSPORTATION AUTHORITY PENSION COMMITTEE
February 10, 2023**

The Pension Committee members of the Regional Transportation Pension Plan met in regular session on February 10, 2023, pursuant to notice.

Chairperson Nadine Lacombe (RTA) was present and presided.

Also Present:

Frank Dufkis – PACE
Joseph Ellyin – PACE
John Milano – METRA
William Lachman – RTA, Chair, RTA Board of Pension Trustees

Absent:

Win Buren – METRA
Allison Noback – RTA

Support Staff Present included:

Katie Rak – McGuire Woods
Rob Reed – Alliance Pension Consultants, LLC
Jeff Van Wagner – Alliance Pension Consultants, LLC
Amy Williams – GRS
Kristen Brundirks – GRS
Pamela Grundt – Alliance Pension Consultants, LLC.

Call to Order

Ms. Lacombe called the meeting to order at 9:36 a.m. Roll call was conducted whereupon a quorum was declared to be present.

Approval of Minutes from the November 18, 2022 meeting

Upon motion by John Milano and seconded by Joseph Ellyin, the above minutes were approved 4 Ayes, 2 Absent.

Public Comment

Mr. Reed indicated there was no one wishing to make public comment and no one from the public present.

Update Discussion Related to the Hosting of the Pension Database

Ms. Lacombe indicated that RTA and Alliance have been in discussions regarding the contract's terms. Currently we are waiting for a meeting with the lawyers and principals of the RTA and Alliance to finalize the language. Once the contract is finalized, Ms. Lacombe will provide the with the contract for review and approval. Ms. Lacombe indicated that RTA IT would want a deliverable on the timeline for migration.

Update on Pension Plan Amendment, Any Open Questions and Education Meetings

Ms. Lacombe stated that the Retirement Choice program has been rolled out to the employees of all three agencies. The Service Credit Purchase is being rolled out on an individual basis within each agency. The following is a summary of the rollout for:

Retirement Choice

Ms. Lacombe asked if there were any open issues on the Retirement Choice. Being none, the following information was provided.

- The 401(k) Plan has been amended.
- Employer contributions have been made for all participants who elected to choose the 401(k) vs. the pension.
- When asked how many participants elected the 401(k)-employer contribution, the agency representatives indicated:
 - 1 RTA
 - 5 Metra
 - 4 Pace (initially 5 state interest)

Service Credit Purchase

Ms. Lacombe indicated that Metra has not rolled out the program to the Metra staff. Pace is waiting for the final documents. Here are some of the facts:

- Start date is January 1, 2023.
- Cost for the calculations is \$400 per calculation. The calculation will include 5 increments of service credits. The participant can select the increments, but if none are selected, GRS will determine the increments.
- There will be a higher cost (\$750) for the calculation if the participant is eligible to receive the distribution as a lump sum.
- Requests for the calculation will be sent to Alliance with payment via check. Alliance will send the payment to Northern Trust and the request with any additional information to GRS. Once the calculation is received it will be valid until the end of the year
- If the Participant decides to make a purchase, they will execute the agreement. Alliance will execute the agreement as a representative of the plan, not a fiduciary, and will confirm that the information used for the calculation and confirm payment was made by the due date.
- All service credits will be as of January 1. Participants could apply during the last quarter of the year or before March 31 of the year. GRS will wait for updated compensation information before providing the calculation. Any application after March 31 will have to wait until the following January 1 for a calculation.
- Once the calculation is accepted and the agreement signed, the Participant will have up to 5 calendar years to pay for the benefit. Payments will be made as a minimum monthly payment. Alliance to calculate the minimum monthly payment.
- Participants can take an in-service distribution from their 457(b) plan before 59 ½. This feature does not extend to the 401(k) plan which has an in-service distribution available at and after 59 1/2.

- Defaults will follow the 401(k) default procedures. Alliance will provide notice of any default to the Participant. GRS will review the time of the default and payments to determine the actual amount of the purchased benefit.
- A Participant who is eligible for and will receive a lump sum distribution, must pay for the benefit by December 31 of the year of the election.
- 2.5% salary increase is assumed in the calculation.

Discussion of CTA Retiree Concern and Impact of Potential RTA Plan Waiver of Benefits

Ms. Lacombe indicated that a former CTA employee and an employee of one of the agencies contacted Alliance regarding the RTA Pension and the CTA's Supplemental Pension and Medical Care Plan. Under the plans, one cannot have service credited under both plans. The CTA was inquiring whether the RTA could wave their service in the pension plan for the affected CTA participant. As a result of discussions between the parties and research by the RTA counsel, it was decided the RTA pension could not and should not be modified. Once the participant is vested in the RTA pension plan, the benefits are generally irrevocable and any changes in the plan could be a violation of the Illinois Constitution. The RTA's pension will remain the same and the CTA will need to find a solution to the issue.

Discussion Related to Benchmarking Pension Plan Benefits

Ms. Williams reviewed GRS's letter of August 16, 2022, illustrating the comparison of benefit provisions of Illinois pension plans covering public employers and the December 12, 2022 study. The Study covered:

- A tiered multiplier like the IMRF plan (e.g., a multiplier of 1.75% for each of the first 15 years of service and a 2% multiplier for additional years of service).
- An increased multiplier of 2% for all years
- An ad hoc increase in retiree benefits of 2 % or 3% for those retirees who have been retired for 10 or more years.

There was discussion concerning the additional contributions, the impact on the funding ratio and the continued need to attract and retain employees. The ad hoc increase in retiree benefits seemed to have the most support. Ms. Lacombe indicated she would recirculate the letters and discuss the issues with senior management for input. She will follow up with information at the next meeting.

Actuarial Services Contract & Amendments

The GRS contract ends in May of 2023. The contract needs to be extended to have time to complete current projects and time to complete the RFP process. There was a discussion regarding the appropriate end date of the actuarial contract generally and how long the extension should be.

Upon motion by John Milano, and seconded by Frank Dufkis, Ms. Lacombe is to negotiate a GRS contract extension to December 31, 2024, with a 30-day termination clause. 4 Ayes 2 Absent

Continued Discussion: Effect of Having a Pop-Up 10 Year Certain and Life Option

Discussion of this matter was deferred to next meeting. Ms. Rak will continue to try and set a meeting with the individual who raised the issue. She will suggest that the solution will be to add the ability for a single participant to elect a Joint and Survivor Option with a pop-up.

Administrator's Report

Mr. Reed presented the attached Administrator's report.

New Business

Ms. Lacombe indicated that as it currently stands the Governor's Emergency Declaration will be lifted before our May 19, 2023 meeting. Therefore, that meeting will be held in person at the RTA. Only Committee members need to be present, others could be remote.

Old Business

No old business

Adjournment

Upon motion by Frank Dufkis and seconded by Joseph Ellyin, the meeting was adjourned at 11:16 a.m. 4 Ayes 2 Absent