

The Chicago Transit Authority Retiree Healthcare Trust
July 31, 2008

Meeting Minutes

A regular meeting of the Retiree Healthcare Trust for CTA Employees was held on July 31, 2008 at One North Franklin Street, 24th Floor. The Chairman and the Executive Director were present.

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

Dennis Anosike
Calvin Tillery
Lynn Sapyta
Dan Lurie as an alternate for Theresa Mintle
Joseph Pass
Joseph Costello
James Kasmer

Appearance by James P. Daley of Bell, Boyd & Lloyd, LLP on behalf of the CTA Appointed Trustees, and Joseph M. Burns of Jacobs, Burns, Orlove, Stanton & Hernandez on behalf of the Union Appointed Trustees.

On a motion by Ms. Sapyta, the minutes of the 3rd Retiree Healthcare Trust for CTA Employees were approved, with an amendment offered by Mr. Pass.

General Administration Matters

Mr. Kallianis presented two items for discussion. The first item was related to the revised sharing of administrative costs with the Retirement Plan. Mr. Kallianis indicated that Mr. Jefferson, Chair of the Retirement Plan Board, wanted to review the costs further. Mr. Kallianis asked that the item on sharing of costs be deferred.

Mr. Kallianis indicated that the other item related to refunds of contributions from the Trust. He explained that there was further legal review to be done on this and asked that it also be deferred.

Investment Policy/ Asset Allocation

Mr. Day gave a recap on the Asset Allocation presentation he gave at the last meeting. He indicated that the allocation he was recommending for the Trust was 50% Fixed Income and 50% Equities. The Domestic Fixed Income would be 40% of the Fund and International Fixed Income would be 10% of the Fund. On the Equity side, 37.5% of the Fund would be in Domestic Equity and 12.5% would be in International Equity. Mr. Day further explained that this allocation produced expected returns of 7.15% and he was recommending it in order to minimize the possibility of negative returns.

After discussion at the Committee regarding the recommended allocation, Mr. Burns noted that the Trust would need a formal agreement with a STIF manager to invest the money on an interim basis, until managers were selected. Mr. Burns recommended that the Committee give the Executive Director the authority to execute the appropriate legal documents for the STIF account.

On a motion by Ms. Sapyta, the Committee approved Gray and Company's recommended asset allocation.

On a motion by Ms. Sapyta, the Committee authorized the investment subcommittee Chair and Vice Chair, and the Executive Director to work with Gray & Company to identify a temporary short-term, fixed income type account that the proceeds from the bond should be invested until money managers are identified.

On a motion by Ms. Sapyta, the Committee authorized the Chair and Vice Chair of the Investment Subcommittee, along with Executive Director, to work with Gray & Company to identify managers to be interviewed based on the asset allocation approved by the Committee.

On a motion by Ms. Sapyta, the Committee authorized the Executive Director to execute an agreement with the agreed upon short term investment manager.

Selection of Healthcare Consultant

Mr. Tillery and Mr. Kasmer expressed concern about the short time they had to review the proposals.

Mr. Anosike indicated that we had gotten seven responses from Segal, GRS, Buck Consultants, Smart, PriceWaterhouse, Mercer and Deloitte. He expressed concern that we need to identify someone fairly soon so they can undertake that obligation.

After some discussion, on a motion by Mr. Kasmer, the Committee selected Segal as the Healthcare Consultant, subject to the terms of the proposal and an appropriate agreement.

Selection of Plan Actuary

Mr. Anosike with indicated that the Committee had received a number of responses for actuarial work as well. Ms. Sapyta asked Mr. Kallianis to review some of the proposals.

Mr. Kallianis described some of the proposals and the associated costs. There was additional discussion on the actuarial proposals.

On a motion by Mr. Kasmer, the Committee selected Segal to be the Actuary subject to the terms of the RFP and successful contract negotiations.

Selection of Plan Counsel

After some discussion regarding the Open Meetings Act and Executive Session, Mr. Pass made a motion to hold an executive session to deal with the single issue of selection of a Plan Counsel.

On a motion by Mr. Pass, the Committee approved to hold an executive session to deal with the single issue of selection of plan counsel. The vote was as follows: Mr. Anosike, No, Mr. Tillery, Yes, Ms. Sapyta, No, Mr. Lurie, No, Mr. Pass, Yes, Mr. Costello, Yes, Mr. Kasmer, Yes. The motion passed.

The Committee reconvened to regular session.

Mr. Lurie made a motion that the Trust selects Vedder Price as trust counsel. Ms. Sapyta seconded that motion. There were questions raised about the fees from Mr. Kasmer and Mr. Pass. The roll call vote was as follows: Mr. Anosike-Yes, Mr. Tillery-No, Ms. Sapyta-Yes, Mr. Lurie-Yes, Mr. Pass- No, Mr. Costello-Yes, and Mr. Kasmer-No. The motion passed.

Old Business

None

Adjournment

The Trustees approved a motion to adjourn by Mr. Lurie.