

Meeting of the Chicago Transit Authority Retiree Healthcare Trust

Approved Meeting Minutes

A regular meeting of the Board of Trustees of the Chicago Transit Authority Retiree Healthcare Trust was held on September 29, 2009 at One North Franklin Street, 3rd Floor. The Chairman and the Executive Director were present.

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

Theresa Mintle
Joseph Pass
James Kasmer
Don Franklin
Robert Kelly
Lynn Sapyta
Paul Sidrys

Appearing on behalf of the Health Care Trust was Chuck Wolf, of Vedder Price, PC. Appearing on behalf of the union trustees was Joe Burns, of Jacobs, Burns, Orlove, Stanton & Hernandez, and appearing on behalf of the Regional Transit Authority appointed trustee, John Doerrer of Kaizen, Inc. and Andrew Malahowski of Franczek Sullivan, PC. James Daley of K&L Gates LLP was present on behalf of the CTA Trustees. Also present were Ivory Day and Christopher Kuhn of Gray and Company; Mitch Bramstaedt, Ruth Donahue and Barbara Zaveduk of Segal & Company.

August minutes were deferred.

Administrative Subcommittee

Ms. Sapyta made a motion to pay the bills totaling \$7,263,398.94. Mr. Pass made a motion to pay all of the bills, except for the July bills of Segal and Vedder Price. After some discussion, Ms. Sapyta agreed with Mr. Pass' motion. Mr. Pass' motion was seconded by Mr. Kasmer and approved.

Investment Subcommittee

Mr. Day from Gray and Company gave the Committee a recap on the market volatility study and asset allocation. Mr. Day suggested a way the Board could invest the cash by investing 25% per quarter for four quarters or 50% per quarter for two quarters.

After some deliberation on the appropriate method, on a motion by Mr. Kelly, seconded by Ms. Sapyta, the Board approved funding the international and small cap managers.

Mr. Day provided the Gray & Company performance report for the Retiree Health Care Trust.

Mr. Kuhn from Gray and Company gave the Committee an overview on the G7group. Mr. Kelly and Ms. Sapyta agreed to hold an investment subcommittee meeting to discuss the issue further.

A discussion about Hughes and UBS ensued. Mr. Kelly made a motion to rescind the commitments to UBS and Hughes. The motion was seconded by Mr. Kasmer. There was a roll call vote: Mintle – no, Sapyta – no, Sidrys – no, Pass – yes, Kelly – yes, Kasmer – yes, Franklin – yes. The motion did not pass as investment decisions need a supermajority per the Trust's bylaws.

After some additional discussion, Mr. Kelly made motion, seconded by Mr. Kasmer to replace UBS with Morgan Stanley. There was a roll call vote: Mintle-no, Sapyta-no, Sidrys-no, Pass-yes, Kelly-yes, Kasmer-yes, Franklin-yes. The motion did not pass due to the lack of a supermajority.

Old Business

Mr. Kallianis reviewed the current enrollment status as provided by Group Administrators.

Mr. Kallianis reported that 628 participants explicitly declined coverage under the Plan and 653 participants never responded to any of the numerous mailings and were retroactively terminated to July 1, 2009.

Mr. Kallianis indicated that Item 6e, an Amendment to the Designated Contact resolution, was a carry-over from the August meeting. Mr. Franklin made a motion to approve the resolution, seconded by Mr. Kelly. There was then discussion about the Secretary reference in the motion. Mr. Franklin then amended his motion to approve, with the understanding that the word Secretary would be removed and replaced with the Vice Chair wherever it appeared in the resolution. The amended motion was seconded by Mr. Kelly and approved by the Board 6 -1, with Ms. Sapyta voting no.

Mr. Pass suggested that the Board adopt the same motion on Joint Meetings that the Retirement Plan Board had adopted, amended to reflect the RHCT, rather than the Retirement Plan. On a motion by Mr. Kelly, seconded by Ms. Mintle, the Board of Trustees approved the resolution, as amended.

After discussion on the appeal hearing regarding the Plan's application for RDS Subsidy, Mr. Kelly made a motion, seconded by Ms. Sapyta, that Mr. Wolf appear in person at the hearing in Washington D.C., unless other efforts were successful and made the in-person hearing unnecessary.

New Business

Mitch Bramstaedt and Barb Zaveduk from Segal & Company reported on the valuation and the draft report to the Auditor General. On a motion by Mr. Kelly and seconded by Mr. Franklin, the Board of Trustees approved to accept the Auditor General report and remove the word draft.

After some discussion on eligibility issues and mail order drugs, Ms. Sapyta made a motion, seconded by Mr. Kasmer, that the Board of Trustees approved a \$19,000 contract with Segal and Co. to conduct a post-implementation audit of BCBS PPO and HMO IL.

There was discussion on the amendment to the bylaws requested by the IRS in connection with the private letter ruling for the Plan. On a motion by Mr. Sidrys, seconded by Mr. Kasmer, the Board of Trustees approved the Amendment to Bylaws.

On a motion by Mr. Pass, seconded by Ms. Sapyta the meeting was adjourned.