

Meeting of the Chicago Transit Authority Retiree Healthcare Trust

April 28, 2011

Meeting Minutes

A regular meeting of the Board of Trustees of the Chicago Transit Authority Retiree Healthcare Trust was held on April 28, 2011 at One North Franklin Street, on the 24th 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
Joseph Burke
Christopher Kasmer
Robert Kelly
Paul Sidrys
Paul Volpe

James O'Connell was present as General Counsel for the Trust. Present on behalf of the Regional Transit Authority appointed Trustee were Andrew Malahowski of Franczek Radelet, PC and John Doerrer of Kaizen, Inc. James Daley of K&L Gates was present on behalf of the CTA Trustees. Also present were Ivory Day of Gray & Company, and Barbara Zaveduk and Mitch Bramstaedt of Segal and Company.

On a motion by Mr. Kasmer, seconded by Mr. Burke, the Board approved the March 24, 2011 minutes, pending the correction noted by Mr. Kasmer.

Administrative Subcommittee

On a motion by Mr. Kelly, seconded by Ms. Mintle, the Board approved the payment of the bills submitted, with the exception of Blue Cross Blue Shield, until Mr. Kallianis responds to Mr. Kasmer's question about the size of the Blue Cross bill.

After hearing a summary of the recommendation of the Committee formed to interview fiduciary liability insurance brokers, the Board on motion of Mr. Kelly, seconded by Mr. Burke, selected Mesirow Financial Services to pursue fiduciary liability insurance.

Investment Subcommittee

Mr. Day provided a preliminary performance report, with a full report to follow at the May Board meeting. The value of the RHCT assets as of April 25, 2011 was \$622,920,283.

Mr. Day also described two conferences regarding investments which were scheduled for June. On motion of Mr. Kasmer, seconded by Mr. Kelly, the Board approved curricula regarding investment issues as important and appropriate for the administration of the RHCT and the ongoing education of its Trustees.

Old Business

On motion by Mr. Burke, seconded by Mr. Kasmer, the Board approved Mr. Kallianis sending out a letter to participants about changes enacted by the legislature concerning eligibility for retiree health care benefits, with a change to format suggested by Mr. Kelly.

Mr. O'Connell provided an update on the drafting of a summary plan document.

Ms. Zaveduk distributed materials concerning eligibility for the RHCT, including Option 7, requested at the March Board meeting. The trustees discussed the materials, and clarified that salaried employees are treated separately from those who are not salaried. Salaried employees under Option 7 would earn service credit to determine both eligibility and retiree premiums on the basis of elapsed time. Non-salaried employees (including non-union hourly employees) would earn service credit for eligibility on the basis of elapsed time, but for purposes of retiree premiums would earn service credit on the basis of hours worked (no yearly maximum), with 2080 hours constituting a year of credit. Mr. Kelly withdrew his motion, made at the April meeting, to adopt Option 5, and moved for the adoption of Option 7. Mr. Sidrys seconded the motion, and Option 7 was approved by the Board.

Mr. Bramstaedt provided an update to the schedule for 2011, suggesting a subcommittee meeting during the week of June 6 to choose medical and dental finalists.

Mr. Bramstaedt summarized his research into the WellDyne prescription drug card.

Mr. Kallianis provided an update on recoveries from the program paying reimbursements for plans offering medical benefits to retirees prior to Medicare eligibility.

Mr. Kallianis suggested that the RHCT enter into a contract with Allsup Incorporated, to pursue recoveries of SSDI and Medicare payments. The Trustees suggested some changes to the proposed contract, and asked Mr. Kallianis to pursue them with Allsup.

New Business

No appeals were presented.

Executive Session

On motion of Mr. Kelly, seconded by Mr. Volpe, the Board met in Executive Session to discuss litigation, and potential litigation.

Open Session

On motion by Mr. Kelly, seconded by Mr. Burke, the Board authorized Mr. O'Connell to retain additional legal counsel for litigation or counseling assistance related to the issues presented in Executive Session.

On motion by Mr. Burke, seconded by Mr. Kasmer, the Board voted to initially deny the request by Mr. Guerrero for a refund of the contributions to the RHCT that were deducted from the final payout to him of his accrued unused vacation. Mr. Guerrero was advised that he had the right to appeal this initial denial to the Board of Trustees.

On a motion by Mr. Kasmer, seconded by Mr. Sidrys, the meeting was adjourned.