

Meeting of the Chicago Transit Authority Retiree Health Care Trust
September 22, 2011

Meeting Minutes

A meeting of the Board of Trustees of the Chicago Transit Authority Retiree Health Care Trust (“RHCT”) was held on September 22, 2011 at One North Franklin Street, on the 24th Floor. The Executive Director was present.

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

Joan Coogan
Joseph Santino Pass
Joseph J. Burke
Christopher Kasmer
Robert Kelly
Judith Kelley as alternate for Paul Sidrys
Paul Volpe

James O’Connell was present as General Counsel for the Trust. Sherrie Voyles of Jacobs, Burns, Orlove & Hernandez was present on behalf of the Union trustees. Present on behalf of the Regional Transit Authority appointed Trustee were Andrew Malahowski of Franczek Radelet, PC and John Doerrer. James Daley of K&L Gates was present on behalf of the CTA Trustees. Also present were Ivory Day of Gray & Company, Barbara Zaveduk, Ruth Donahue, and Mitch Bramstaedt of The Segal Company.

On motion by Ms. Coogan, seconded by Mr. Kasmer, Joseph Santino Pass was elected as Chair Pro Tem for the meeting.

On a motion by Mr. Kelly, seconded by Mr. Kasmer, the Board approved the proposed minutes, with the corrections indicated, for August 9, 2011, August 24, 2011 and August 25, 2011.

Administrative Subcommittee

On a motion by Mr. Kasmer, seconded by Mr. Volpe, the Board approved the payment of the General Administration Subcommittee bills submitted.

Investment Subcommittee

Mr. Day provided a report. The value of the RHCT assets as of September 20, 2011 was \$588,559,954. The one-year return through the end of August was 13.1%.

Old Business

Mr. Kallianis reviewed with the Trustees eligibility questions involving certain participants in the Retirement Plan who had left employment at the CTA with 10 or more years of service, and who had not yet filed an application for a retirement allowance. Mr. Kallianis reported a suggestion that the issue be deferred in light of the fact that a number of trustees were new to the Board.

With respect to the draft SPD that had been circulated, Mr. Pass suggested that a subcommittee might be formed to assist in getting the document finalized. Mr. Kelly, Mr. Burke, and Mr. Kasmer volunteered. Mr. Sidrys was nominated, and Ms. Coogan offered to participate if Mr. Sidrys was not available.

The Trustees discussed providing a benefit like a health reimbursement arrangement, within the restrictions of the statute governing the RHCT, to be provided to participants who do not qualify for the major medical health care benefit. Mr. O'Connell agreed to recirculate the draft motion to approve such a benefit, and to raise the question for discussion with the subcommittee just formed to finalize the SPD.

Mr. Pass noted that the Retirement Plan had commissioned a payroll audit, and that he understood Mr. O'Connell had asked Legacy for information on the cost in the event the RHCT commissioned a similar audit. Mr. Pass asked for a report, and Mr. O'Connell advised that Legacy had provided an estimate of \$25,000-\$30,000 for an audit without complications for the Retirement Plan, and had indicated that adding a similar audit for the RHCT would bring the cost up to about \$40,000. In the event there were a moderate amount of unanticipated issues, the cost might go to \$50,000. In such a scenario, Legacy indicated the potential savings for the RHCT from doing an audit now, as opposed to doing a separate audit later, might be in the range of \$7,500. On motion by Mr. Kelly, seconded by Mr. Burke, the majority of the Trustees voted to go forward with an audit for the RHCT at the same time as the Retirement Plan.

Ruth Donahue of Segal Company provided an update to the schedule for changes to the benefits and providers, including in-person open enrollment meetings to be held on November 8, 2011.

New Business

The Trustees assessed the funding levels of the RHCT, with the assistance of Ms. Zaveduk of Segal Company. Ms. Zaveduk provided the Trustees with Segal's valuation report for the RHCT as of January 1, 2011. She reviewed the highlights of the report, and indicated that the actuarial present value of projected benefits expected to be paid to retired or current employees of the CTA (current or future retirees) and their dependents and survivors is less than the actuarial present value of projected contributions and trust income in excess of the statutory reserve. The present value of assets as of January 1, 2011 totaled \$737.9 million, and present value of benefits totaled approximately \$659.5 million, as calculated by Segal. On motion by Mr. Kelly, seconded by Ms. Coogan, the Board voted to accept the Segal report.

On motion by Mr. Kelly, seconded by Ms. Coogan, the meeting was adjourned.