

Meeting of the Chicago Transit Authority Retiree Health Care Trust

October 27, 2011

Meeting Minutes

A meeting of the Board of Trustees of the Chicago Transit Authority Retiree Health Care Trust ("RHCT") was held on October 27, 2011 at One North Franklin Street, on the 24th Floor. The Chairman and Executive Director were present.

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

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

James O'Connell was present as General Counsel for the Trust. Joseph Burns of Jacobs, Burns, Orlove & Hernandez was present on behalf of the Union Trustees. Present on behalf of the Regional Transit Authority appointed Trustee was Andrew Malahowski of Franczek Radelet, PC. James Daley of K&L Gates was present on behalf of the CTA Trustees. Also present were Ivory Day of Gray & Company; David Dorfman and Ron Lawler of Group Administrators; and Barbara Zaveduk and Alice Delgado of The Segal Company.

On a motion by Mr. Kasmer, seconded by Mr. Kelly, the Board approved the proposed minutes for September 22, 2011.

Administrative Subcommittee

On a motion by Mr. Kasmer, seconded by Mr. Kelly, 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 October 24, 2011 was \$592,930,503. Mr. Day commented that, because the asset allocation for the RHCT is not as aggressive as that of the Retirement Plan, the year-to-date returns are better than that of the Retirement Plan, a negative .65%, as opposed to a negative 3.5%.

Old Business

Ms. Delgado summarized the efforts of the team working on the arrangements for open enrollment, particularly for the new benefit options effective January 1, 2012. One of the

problems that arose was that spouses over age 65 could not be included into the Aetna dental plan. MetLife, however, was able to include this over-65 group of spouses in its under-65 plan, and staff was working on finalizing the documents for this group. One other issue that arose was compliance with government Medicare Advantage requirements for potential participants who do not live in the United States: anyone enrolling in Medicare Advantage must have a U.S. address. Ms. Delgado noted that there are about 20 persons in this category, but only one of them had elected coverage from the RHCT last year.

Ms. Zaveduk presented the “accountants report” Segal prepared to comply with GASB 43, which uses the same data as the funding report Segal presented last month. There are some differences in the calculation, such as the inability to count the Medicare Part D reimbursements until they are received. Ms. Zaveduk noted the funding report is the one used for design decisions.

Ms. Zaveduk also discussed Segal’s calculations for the “45% test,” which is the proviso in the statute that the RHCT cannot charge retirees, dependents and survivors in the aggregate more than 45% of the prior year’s costs. Comparing the costs from 2009 with the charges to retirees in 2010, the ratio is about 30%. Thus, Ms. Zaveduk reported that the RHCT is in compliance with the 45% test

Mr. Kallianis reported that the Auditor General had requested the calculations on these two items, and that he planned to send in the numbers from Segal later that day.

With respect to the draft plan summary that had been provided to the Trustees, Mr. Burke made a motion for the Board to approve it, Mr. Kelly seconded the motion, and the Trustees unanimously approved the plan summary.

On motion by Mr. Kelly, seconded by Ms. Coogan, the Board directed the formation of a subcommittee to discuss issues relating to the potential for the RHCT to offer a health reimbursement arrangement. Mr. Burke, Mr. Pass, and Mr. Sidrys volunteered to serve on the subcommittee.

Because the item was not on the agenda the prior month, the Trustees addressed the suggestion of a payroll audit for the RHCT. On motion by Mr. Burke, seconded by Mr. Kelly, the Trustees unanimously voted to engage in a payroll audit.

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