

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

Meeting Minutes

A meeting of the Board of Trustees of the Chicago Transit Authority Retiree Health Care Trust ("RHCT") was held on December 22, 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:

Joseph Pass, Chairman
Joan Coogan
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. Anita Tanay 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; David Dorfman and Ron Lawler of Group Administrators; and Barbara Zaveduk, Mitch Bramstaedt and Alice Delgado of The Segal Company.

On a motion by Mr. Kelly, seconded by Mr. Burke, the Board approved the proposed minutes for November, 2011.

On motion by Mr. Kelly, seconded by Mr. Burke, the Board voted to approve the recommendations of Mr. O'Connell with respect to the Open Meetings Act requirement for periodic review of executive session minutes, approving and releasing the minutes of the executive session held on August 9, 2011, while maintaining the confidentiality of the other executive sessions.

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 December 20, 2011 was \$585,380,498.47. Mr. Day estimated likely return for the year to be between 4% and 5%. Mr. Day responded to a question concerning apparent underperformance by some

managers by suggesting he prepare a discussion for the Trustees on how to use benchmarks to evaluate performance. Mr. Day also advised the Trustees that he would be speaking at the Financial Research Associates Made In America conference in Las Vegas, and could obtain a discount to any trustees who would like to attend. Mr. Kelly expressed an interest in attending, and Trustees suggested that if he attended, he bring back receipts and submit them.

Old Business

Mr. Lawlor, Mr. Kallianis and Ms. Delgado briefed the Trustees on recent developments with respect to open enrollment.

Mr. Kallianis referred the Trustees to a memorandum he had circulated seeking approval of a run-out fee to have CompBenefits continue to pay dental claims received after January 1, 2012 for services rendered prior to January 1, 2012. On motion by Mr. Burke, seconded by Mr. Kasmer, the Board voted to approve payment of a three-month run-out fee as proposed in Mr. Kallianis' memo.

Mr. Sidrys reported on his inquiries concerning the potential for the bargaining parties to ask the Illinois legislature to amend the RHCT statute to permit the RHCT to offer benefits in the nature of a health reimbursement arrangement to employees who contribute to the RHCT but who would not be eligible for major medical benefits under the statute and requirements of the RHCT at present. At the suggestion of Mr. Pass, Mr. Sidrys also agreed to pursue additional information on the potential for allowing employees of the RHCT to be covered by some of the same benefit programs currently available to CTA employees.

Mr. O'Connell referred the Trustees to some revisions suggested for the Plan Summary. On motion by Mr. Kelly, seconded by Ms. Coogan, the Board approved the following revised language for page 3 of the Plan Summary:

“Under the 25 and Out rule:

- You had at least 25 years of Eligibility Service and retire from the CTA no later than the day prior to the execution of the next collective bargaining agreement between the CTA and Amalgamated Transit Union Locals 241 and 308, after the one which expires on December 31, 2011;
- If you retire with a 25 and Out pension after the next collective bargaining agreement is signed, you must wait until age 55 to be eligible for RHCT benefits, and demonstrate prior creditable coverage (see page 8).”

Mr. Kallianis provided an update on the Legacy payroll audit, and on pending issues concerning the reconciliation required under the CMS Retiree Drug Subsidy program and the wind-down of the ERRP subsidy.

Mr. Pass moved that Ms. Coogan be appointed chairperson for 2012. Mr. Sidrys seconded the motion, and the Board approved Ms. Coogan as Chair for 2012. On motion by Mr. Sidrys, seconded by Mr. Burke, Mr. Pass was approved as Secretary for 2012.

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