

**Meeting of the Chicago Transit Authority Retiree Health Care Trust**  
February 28, 2013

**Meeting Minutes**

A regular meeting of the Board of Trustees of the Chicago Transit Authority Retiree Health Care Trust (“RHCT”) was held on February 28, 2013 at One North Franklin Street, on the 27th Floor. The Chair and Executive Director were present.

A roll call was taken. The following members were present:

Javier Perez, Chair  
Joan Coogan, Vice Chair  
Carlos Acevedo as an alternate for Joseph Pass  
Joseph J. Burke  
Christopher Kasmer  
Robert Kelly  
Paul Sidrys  
Judith Kelly as an alternate for Larry Owens

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 appointed Trustees. Present on behalf of the Regional Transit Authority appointed Trustee were Andrew Malahowski of Franczek Radalet and John Doerrer. James Daley of Schuyler Roche & Crisham was present on behalf of the CTA Trustees. Also present were Ruth Donahue of The Segal Company, and Ivory Day of Gray & Company.

On a motion by Mr. Kelly, seconded by Ms. Walker, the Board amended the proposed minutes for January, 2012, by adding, after “Robert Kelly and Eric Dixon,” the phrase “and any other trustees that want to go” with respect to the expenses of attending the fall seminar of the International Foundation of Employee Benefit Plans. On motion by Mr. Kelly, seconded by Mr. Sidrys, the Board approved the minutes for January 2013 as amended.

**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 advised the Trustees that an article had appeared in a publication out of Atlanta, Georgia, called the Progressive News, reporting that a trustee of a client of Gray & Company had stated that she was filing a complaint with the Securities and Exchange Commission, asserting that her trustees had not been properly informed that Gray & Company owned one of the investment vehicles that fund had selected. Mr. Day advised

that an attorney for the fund had indicated that everything was in order, and Gray & Company had done everything that it should have.

Mr. Day provided a performance presentation for the year ending December 2013. The rate of return for the year was 13.2%, and when combined with prior year returns, the RHCT has had a return from inception to date of 7.34%, which is above the 7.25% return that is the target for the fund. Mr. Day advised that the RHCT had \$660,246,045.14 in assets as of February 25, 2013.

Mr. Day advised that he planned to review a number of managers, and provide a report. Mr. Perez solicited volunteers for an Investment Subcommittee, and Mr. Kasmer, Mr. Kelly, and Mr. Sidrys volunteered.

The Trustees discussed a potential amendment to the RHCT investment policy concerning assault weapons manufacturers. On motion by Mr. Kelly, seconded by Mr. Burke, the Trustees voted to amend the RHCT investment policy by adopting the same provision concerning such manufacturers as was adopted by the Retirement Plan Board, but with the deletion of the word "divestiture" in the title.

At the request of Chairman Perez, Mr. Kasmer, Ms. Coogan and Mr. Burke volunteered to participate in a General Administration Subcommittee for the RHCT.

### **Old Business**

Mr. Kallianis provided an update on the Legacy payroll audit.

Ruth Donahue provided an update to the schedule of events anticipated by Segal this year. Mr. Kasmer reminded her that some testing may be required in connection with the setting of self-pay rates for 2014.

Mr. Kallianis and Mr. O'Connell advised the Trustees that representatives of Speaker Madigan's office had contacted them and requested some information, including actuarial information, in connection with a potential amendment of the RHCT to permit health reimbursement accounts that the parties had indicated an interest in. On motion by Mr. Burke, seconded by Mr. Kelly, the Trustees authorized the expenditure of funds to answer questions from the legislature that may impact the RHCT.

### **New Business**

The Trustees deferred consideration of the Securities Litigation Committee proposal, pending receipt of more information.

In connection with the personnel issue discussed in Mr. Kallianis' February 25 memorandum to the Trustees, on motion by Mr. Burke, seconded by Ms. Coogan, the Trustees voted to ratify the actions described in the memorandum, and to direct that fund counsel's contract

be modified to reflect the adjustments indicated in the memorandum, with an annual review.

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