

Meeting of the Chicago Transit Authority Retiree Health Care Trust
August 13, 2013

Meeting Minutes

A regular meeting of the Board of Trustees of the Chicago Transit Authority Retiree Health Care Trust (“RHCT”) was held on August 13, 2013 at One North Franklin Street, on the 27th Floor. The Executive Director was present.

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

Javier Perez, Jr., Chair
Joan Coogan
Joseph J. Burke
Christopher Kasmer
Robert Kelly
Paul Sidrys
Omar Brown

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 was Andrew Malahowski of Franczek Radalet, PC. James Daley of Schuyler Roche & Crisham was present on behalf of the CTA-appointed Trustees. Also present were Ruth Donahue and Barb Zaveduk of The Segal Company, and Ivory Day of Gray & Company.

On a motion by Ms. Coogan, seconded by Mr. Kelly, the Board approved the proposed minutes for July 2013. Mr. Perez and Mr. Sidrys noted that they had not been present for the meeting.

Administrative Subcommittee

On a motion by Mr. Kasmer, seconded by Mr. Burke, the Board approved the bills and remittances submitted, requesting that Mr. O’Connell review the allocation of malpractice insurance at the end of the year, to ensure that it reflects an appropriate ratio for the RHCT as compared to the Retirement Plan.

Investment Subcommittee

Mr. Sidrys provided a report from the Investment Subcommittee. He explained that the RHCT had initially hired two large cap equity managers, and one had outperformed its benchmark and the other had underperformed. After consultation with Mr. Day, the subcommittee was recommending that the Trustees terminate Turner Investments and allocate their portion to the other manager, Brown Advisory, thus obtaining a lower fee

percentage because of the larger investment. On motion by Mr. Kelly, seconded by Mr. Burke, the Board approved termination of Turner Investments, and allocation of its funds to Brown Advisory. Mr. Sidrys also reported that another manager, PNC Capital Advisors, had experienced a change in management, with the existing team being dissolved by PNC. The Subcommittee recommended issuing an RFP for the allocation that had been assigned to PNC Capital Advisors. On motion by Mr. Kelly, seconded by Mr. Burke, the Board voted to approve issuance of the RFP.

Day provided a performance update, and reported that assets as of August 9, 2013 were \$690,084,851.95.

Mr. Kallianis reported that he had provided an updated cash flow summary, and advised that the large difference it reflected from one month to the next was due to the one-time payment of back-pay.

Old Business

Mr. Kallianis reported that he anticipated Legacy sending the CTA, and Locals 241 and 308 draft findings in the near future, and that they would each be given 30 days to respond.

Mr. Kallianis noted that the actuarial valuation would not be considered at this meeting.

Ruth Donahue provided an update of the schedule for the rest of the year.

New Business

After a motion was made and a seconded, the Board voted to adjourn the meeting.