

Meeting of the Chicago Transit Authority Retiree Health Care Trust
December 19, 2013

Meeting Minutes

A regular meeting of the Board of Trustees of the Chicago Transit Authority Retiree Health Care Trust (“RHCT”) was held on December 19, 2013 at One North Franklin Street, on the 24th Floor. The Executive Director was present.

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

Michael McBride as an alternate for 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 Retirement Plan. Appearing on behalf of the ATU-appointed Trustees was Joseph Burns, of Jacobs, Burns, Orlove and Hernandez. Appearing on behalf of the Regional Transit Authority-appointed Trustee were Andrew Malahowski of Franczek Radalet, PC and John Doerrer of John A. Doerrer and Associates, PC. James Daley of Schuyler Roche & Crisham appeared on behalf of the CTA-appointed Trustees.

Also present were Ivory Day of Gray & Company, and Robert Tiberi, Terry Truesdale, Jim Kemperas, and Jim Lamont of Legacy Professionals.

On a motion by Mr. Kelly, seconded by Mr. Burke, the Board approved the proposed minutes for the November 2013 meeting.

Mr. O’Connell advised that the Trustees periodically review the minutes of prior executive sessions and determine whether the need to keep them confidential still exists. No action was taken to make a change by the Trustees pursuant to this review.

Administrative Subcommittee

On a motion by Mr. Kasmer, seconded by Mr. Burke, the Board approved the bills and remittances submitted, along with the new list of retiree health care selections.

Investment Subcommittee

Mr. Day reported that the subcommittee interviewed five managers to select one large cap value manager, but actually selected two. Mr. Day noted that the two managers are complementary, so he would expect better results with them combined than with either alone. Mr. Day reported that the proposal also involved a reduction in proposed fees. On motion by Mr. Burke, seconded by Mr. Kelly, the Trustees approved the new manager, Great Lakes Investment Advisors, and split the current allocation from PNC to PNC and Great Lakes.

Mr. Day also reported that he had performed a review of performance by Herndon, and recommended no changes at this time.

Mr. Day reported that the RHCT had outperformed its benchmark by about \$97 million over a five year period.

Mr. Day reported that assets as of December 18, 2013 were \$717,609,251.48.

Old Business

Messrs. Tiberi, Truesdale, and Kemperas presented the Legacy Professionals draft report on its payroll audit, and answered Trustee questions. Mr. Kallianis suggested that the Trustees might want to use a subcommittee with the same composition as the one for the Retirement Plan that would be meeting after receipt of comments by the parties. On motion by Mr. Kelly, seconded by Mr. Burke, the Trustees voted to approve the same deadline terms as those for the Retirement Plan (a deadline of Friday, January 17, 2014 for any responses by the parties, and if a response is not made by the 17th, then the report will be deemed accepted).

Ms. Zaveduk of The Segal Company provided an updated timeline to the Trustees, and suggested that an educational session might be scheduled in January to consider options for 2015.

Mr. Kallianis advised that he had prepared a draft RFP for the investment consultant position, and had incorporated comments from the five member subcommittee appointed to assist him in finalizing his draft. Upon resolution of four remaining decisions with input from the subcommittee, Mr. Kallianis reported that he planned to issue the RFP in the next week.

New Business

Mr. Kallianis directed the Trustees' attention to an item in their package seeking a January 1, 2014, compensation increase for staff of the RHCT identical to the percentage wage increase in the current CTA-ATU collective bargaining agreement. On motion by Mr. Kelly, seconded by Mr. Burke, the Trustees approved the request for an increase identical to that negotiated for hourly employees.

On motion by Mr. Kelly, seconded by Mr. Kasmer, the Board voted to adjourn the meeting.