

# **CTA Retiree Health Care Trust**

55 W. Monroe, Suite 1950  
Chicago, IL 60603

May 28, 2015

## **Approved Meeting Minutes**

A regular meeting of the Board of Trustees of the Retiree Health Care Trust (“RHCT”) was held on May 28, 2015 at One North Franklin Street, on the 27th Floor.

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

Chris Kasmer, Chair  
Joan Coogan, Secretary  
Joseph Burke  
Lisa Walik as an alternate for Omar Brown  
Kenneth Franklin  
Tommy Sams  
Paul Sidrys  
Patricia Thomas-Miller, as an alternate for Joan Coogan during New Business

The Executive Director was present. Mike Virgil of BWM&S was present as General Counsel for the Retirement Plan. James Daley of Jackson Lewis, LLP appeared on behalf of the CTA-appointed Trustees. Justin Lannoye of Dowd, Bloch, Bennet and & Cervone appeared on behalf of the ATU Local 241-appointed Trustee. Joe Burns of Jacobs, Burns, Orlove and Hernandez appeared on behalf of the ATU Local 308-appointed Trustee. Daniel Salemi of Franczek Radelet, PC appeared on behalf of the Regional Transit Authority-appointed Trustee.

Also present were Kweku Obed and Miguel Zarate of Marquette Associates; Ruth Donahue of Segal, Shane Olson of Humana, Tim Bowen of Mesirow Insurance Services and David Dorfman of Group Administrators.

On motion by Mr. Franklin, seconded by Mr. Burke, the Trustees deferred the minutes of the April, 2015 RHCT Board meeting.

### **Administrative Subcommittee**

Mr. Kasmer presented items 4a and 4b, including benefits and bills for consideration. On motion by Mr. Burke, seconded by Mr. Sams, the Board approved Items 4(a) and 4(b) on the General Administration Subcommittee agenda.

Mr. Kallianis reported that he had received an update from Segal on the HRA and that Mr. Hancuch of Vedder Price was working on the draft Plan Summary for the HRA at the Committee's direction. He indicated that he would circulate those separately.

### **Investment Subcommittee**

Mr. Zarate reviewed the monthly flash report for April, 2015. He focused on the executive summary and the macroeconomic conditions for the prior quarter.

Mr. Zarate reviewed the Trust's inflows, outflows and transfers including the transfer that was recently completed to Garcia Hamilton, the new Core Fixed Income manager.

Mr. Zarate reminded the Board about the outstanding RFPs for emerging market equity search and real estate. He indicated that they'd have recommendations sometime after the June 12 due date. Mr. Kallianis indicated to the Board that he would schedule an Investment Committee meeting when Marquette was ready to provide a summary of the responses and recommendations. Mr. Kallianis also reminded the Board that the Quiet Period continues until the contract(s) are signed with selected managers.

### **Old Business**

The item regarding a 401a/457 Plan for Plan staff was referred to the General Administration Committee for discussion and a recommendation to the Full Board.

### **New Business**

Shane Olson, the RHCT Account Executive from Humana, provided the Board with an update on activity related to the Trust. The update included information on call volumes and types, the appeals, the Silver Sneakers program and a name change for the Rx provider. He also reported that the University of Chicago was no longer in the Humana network, but that Humana was not aware of any service disruptions for members.

Ruth Donahue from Segal indicated that Humana would be in Segal's offices for a mid-year Board update meeting on July 20<sup>th</sup> and that they would begin renewal-rate discussions with Humana at that time. She also indicated that Segal had asked Humana to propose a Medicare HMO for consideration for 2016.

Mr. Kallianis presented a memo he had prepared with a recommendation on a three year renewal for Group Administrators. The Trustees had questions about competitive bidding, timing and the landscape for other Plans and TPAs. After some additional discussion, on a motion by Mr. Franklin, seconded by Mr. Sams, the Board deferred the renewal and sent it to the General Administration Committee for more information and discussion.

Mr. Tim Bowen from Mesirow Insurance Services then walked the Board through the Fiduciary Liability Renewal Proposal. He indicated that the terms proposed by Ullico were the same as the previous policy, including the right to choose counsel, and with no changes to the exclusions. Mr. Bowen reported that the \$10M policy had an expiring

annual premium of \$60,970 and that the proposal for the renewal was \$61,845. On a motion by Mr. Burke, seconded by Ms. Walik, the Board approved the renewal.

Mr. Kallianis then indicated that staff would be putting together a tracking and reminder system for Trustees so that they could keep track of their progress towards their educational hours required by statute.

Mr. Sams then read a statement into the record about concerns he had with the election of Trust Officers, as well as the administration of the Trust with regard to people being allowed to opt-out of the RHCT. Mr. Kasmer asked Mr. Kallianis if he was aware of anyone being allowed to opt-out of the Trust. Mr. Kallianis explained that he was unaware of anyone being allowed to opt out, but that the Legacy Audit had found people who had not contributed and that they were in the nature of part-timers, car servicers, interns and ironworkers.

There was then discussion about the payroll audit that was done by Legacy on behalf of the Board. Mr. Kallianis described some of the issues that the payroll audit committees had addressed that related to the Retirement Plan and the RHCT.

On a motion by Mr. Franklin, seconded by Mr. Burke, the Board unanimously voted to go into Executive Session to discuss personnel matters.

Upon returning from Executive Session, on a motion by Mr. Franklin, seconded by Mr. Burke, the Board voted to adjourn the meeting.