

CTA Retiree Health Care Trust

55 W. Monroe, Suite 1950
Chicago, IL 60603

September 29, 2015

Meeting Minutes

A regular meeting of the Board of Trustees of the Retiree Health Care Trust (“RHCT”) was held on September 29, 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
Omar Brown
Joseph Burke
Kenneth Franklin
Tommy Sams
Paul Sidrys

John Kallianis was present as Executive Director of the RHCT. Mike Virgil of BWM&S was present as General Counsel for the Retirement Plan. Edward Graham 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. Joseph 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 and Barb Zaveduk of Segal; and Krunal Shah and Kenneth Yu of Mitchell & Titus.

On motion by Mr. Franklin, seconded by Mr. Burke, the Board approved the minutes of the August 27, 2015 RHCT Board meeting.

Mr. Kasmer asked that Mitchell & Titus present the results of the Audit of Financial Statements. Mr. Yu reviewed the information he had provided and reported that Mitchell & Titus has issued an unqualified opinion on the Trust’s financial statements.

Administrative Committee

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

On Item 4c, Mr. Kasmer, reported that the GA Committee would meet on October 7th regarding the draft HRA Plan Summary.

Investment Subcommittee

Mr. Zarate reviewed the monthly flash report for August, 2015. He reported that the market value for the fund as of the prior day's close of business was \$703,777,434.72. Mr. Zarate reported that the fund was underperforming its benchmark for the month, but that over the last three months, YTD, three years and five years, the fund had outperformed its benchmark.

Mr. Zarate reported that the fund was at the last part of the restructuring to the new asset allocation. He recommended that the Board approve the issuance of two RFPs; for a Non-US Small Cap search and an Emerging Market Small Cap search. On motion by Mr. Sidrys, seconded by Mr. Franklin, the Board approved issuing the Non-US Small Cap and Emerging Markets Small Cap RFPs recommended by Mr. Zarate.

Old Business

Ms. Coogan made a motion to approve a 401a defined contribution program for Plan/Trust staff. Mr. Franklin then made a motion not to entertain. Mr. Burke seconded Ms. Coogan's motion to approve a 401a program. Mr. Sams then made a motion to postpone consideration of the 401a program. Mr. Franklin seconded Mr. Sams' motion to postpone.

There was a roll-call vote on Mr. Sams' motion to table the item. The voting went as follows: Kasmer-no, Coogan-no, Brown-no, Burke-no, Franklin-yes, Sams-yes, Sidry-no. The motion to table failed.

Mr. Kasmer then called for a vote on Ms. Coogan's motion to approve the 401a defined contribution program as laid out in the documents provided in the folders. The motion was approved on a 5-2 vote with "no" votes from Mr. Franklin and Mr. Sams.

Mr. Burke made a motion to approve the proposed Educational Travel Reimbursement Policy that had been recommended by the General Administration Committee. The motion was seconded by Mr. Franklin and was approved by the Board.

Ms. Zaveduk then presented the Actuarial Valuation for the RHCT for 2014. She reminded the Board that the valuation indicated that the RHCT had passed the requirement to have the present value of assets exceed the present value of future benefits. She then reported to the Board that the Trust also passed the "45% test" which

requires that the contributions from retirees in one year cannot exceed 45% of the benefits paid in a prior year. On a motion by Mr. Burke, seconded by Mr. Sidrys, the Board approved the actuarial valuation for 2014.

New Business

Ms. Donahue then presented the 2016 renewals for MetLife, Blue Cross Blue Shield and Humana. The MetLife dental renewals would be a 2% increase for non-Medicare participants and no rate change for Medicare participants. The Administrative increase for the BCBS PPO is 5% for 2016 and the Humana increase for the Medicare PPO would be 3.9%. Ms. Donahue also reported that Humana would be offering an HMO option for Medicare Advantage that would have different premiums and networks than the PPO.

On a motion by Ms. Coogan, seconded by Mr. Brown, the Board approved the renewal rates presented by Segal for MetLife, BCBS and Humana. Mr. Sams and Mr. Franklin voted no.

Ms. Donahue then presented a summary page, which contained the proposed rates for retirees and survivors for 2016. The rates were for the BCBS PPO and HMO for non-Medicare participants, the Humana Medicare Advantage Plan and the Humana Medicare HMO. On a motion by Mr. Sidrys, seconded by Mr. Burke, the Board approved the proposed retiree and survivor premiums for 2016. Mr. Franklin and Mr. Sams voted no.

Mr. Kallianis then reported to the Board that Alex Vesselinovitch had left Katten Muchin to join Freeborn & Peters. Mr. Kallianis recommended that the Board continue the relationship with Mr. Vesselinovitch at Freeborn for purposes of continuity on the Matthew's case. On a motion by Ms. Coogan, seconded by Mr. Sidrys, the Board approved the engagement of Mr. Vesselinovitch with Freeborn. Mr. Kasmer asked that the record reflect that Mr. Sams was abstaining from the vote.

On a motion by Mr. Franklin, seconded by Mr. Burke, the Board voted to adjourn the meeting.