

**Meeting of the Chicago Transit Authority Retiree Health Care Trust**  
June 28, 2012

**Meeting Minutes**

A meeting of the Board of Trustees of the Chicago Transit Authority Retiree Health Care Trust (“RHCT”) was held on June 28, 2012 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:

Joan Coogan, Chair  
Carl Haymore as an alternate for Joseph Pass  
Joseph J. Burke  
Christopher Kasmer  
Robert Kelly  
Paul Sidrys  
Allison Friedman as an alternate for Paul Volpe

James O’Connell was present as General Counsel for the Trust. Anita Tanay of Jacobs, Burns, Orlove & Hernandez was present on behalf of the Union Trustees. Present on behalf of the Regional Transit Authority appointed Trustee was Andrew Malahowski of Franczek Radelet, PC. James Daley of Schuyler Roche & Crisham was present on behalf of the CTA Trustees. Also present were Ivory Day of Gray & Company, and Barb Zaveduk and Ruth Donahue of The Segal Company.

On a motion by Mr. Kelly, seconded by Mr. Burke, the Board approved the proposed minutes for May 24, 2012.

**Administrative Subcommittee**

On a motion by Mr. Burke, seconded by Mr. Kelly, the Board approved the payment of the General Administration Subcommittee bills submitted.

**Investment Subcommittee**

Mr. Day provided a report. He estimated that the RHCT is likely to finish the 6 month period with a return of about 5%. The value of the RHCT assets as of May 23, 2012 was \$602,699,976.56.

**Old Business**

Mr. Kallianis briefed the Trustees on recent developments with respect to the payroll audit, and advised that Legacy anticipates having a preliminary report to the Board soon.

Ms. Zaveduk of The Segal Company presented the initial funding valuation draft. The draft indicates the funding ratio of the RHCT will be calculated at 107.4%. Ms. Zaveduk noted, in response to a question, that this assumes the schedule of employee contribution increases previously planned continues to be followed. ~~Trustees increase contributions as discussed previously.~~ She also referred to a number of other assumptions, and directed the Trustees to Section 4 of the report, listing all of the assumptions. The draft also includes a calculation of the percentage of contributions paid by retirees (37%), and confirmed that this percentage is not more than the maximum allowed by statute (45%). Ms. Zaveduk reminded the Trustees that the deadline for them to submit the final report to the Auditor General is ~~the very beginning of~~ October 2nd.

Ruth Donahue reviewed a proposed timeline of decisions concerning the RHCT with the Trustees. She indicated that she would present alternatives for consideration at the July meeting. Once the Trustees decided whether to implement alternatives or stay with the existing providers and plan design, Segal would present its calculations regarding indexing of deductibles and co-payments, and then develop the self-pay rates.

Mr. Kallianis updated the Trustees on the subcommittee formed to consider additional detail concerning the definition of service for the RHCT. He anticipated another subcommittee meeting, followed by a recommendation to the full Board.

With respect to the Ethics Memorandum item, Mr. O'Connell noted that he had been asked by Trustees to provide a summary of Illinois law regarding ethics for Plan Trustees, and to make a recommendation about a disclosure policy. Mr. O'Connell advised that the privileged memorandum outlined a suggested policy, and solicited the assistance of Trustees in drafting a written policy. Ms. Coogan, Mr. Burke, and Mr. Kelly volunteered to assist.

### **New Business**

Mr. Kallianis directed the Trustees to the memorandum in their packets concerning a renewal of the RHCT's contract with Group Administrators. The proposal is for an increase of 1.85% for the first year, 1.82% for the second year, and 1.79% for the third year. Mr. Kallianis noted that Segal indicated this to be a favorable set of renewal rates, as compared with other clients of Segal, and that he would recommend the renewal, since Group Administrators had been doing an excellent job. On motion by Mr. Kelly, seconded by Mr. Kasmer, the Board voted to approve the renewal of the Group Administrators contract on the terms indicated.

Mr. O'Connell reported that the Court in the Matthews case continued the date he had set for ruling on the Defendants' motion to dismiss to September 21.

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