

Meeting of the Chicago Transit Authority Retiree Healthcare Trust

Meeting Minutes

A regular meeting of the Board of Trustees of the Chicago Transit Authority Retiree Healthcare Trust was held on February 26, 2009 at One North Franklin Street, 24th Floor. The Chairman and the Executive Director were present.

A roll call was taken indicating that the following members were present:

Theresa Mintle
Carlos Acevedo as an alternate for Joe Pass
Lynn Sapyta
Bryant Alexander as an alternate for Bob Kelly
James Kasmer
Paul Sidrys
Don Franklin

Chuck Wolf, of Vedder Price, PC appeared on behalf of the Health Care Trust.

On a motion by Mr. Franklin, seconded by Ms. Sapyta, the Board of Trustees approved the minutes from the meetings that took place on December 17, 2008 (Special Meeting), January 22, 2009 (Regular Meeting), February 12, 2009 (Special Meeting) and February 20, 2009 (Special Meeting).

On a motion by Ms. Sapyta, seconded by Mr. Sidrys, the Board approved the bills and remittances presented for payment.

On a motion by Ms. Sapyta, seconded by Mr. Alexander, the Board voted to recess the meeting and reconvene the meeting on Friday, February 27, 2009 at 181 W. Madison on the 7th Floor.

The meeting of the Board of Trustees of the CTA Retiree Healthcare Trust was reconvened on Friday, February 27, 2009 at 11:21 am. The meeting was reconvened at 181 W. Madison on the 7th Floor. The Chairman and the Executive Director were present.

A roll call was taken, indicating that the following members were present:

Theresa Mintle
Joe Pass
Lynn Sapyta
Robert Kelly
Paul Sidrys
Don Franklin

John Burkard (joined meeting in progress via telephone)

Old Business

Item 5a. was deferred.

Mr. Pass asked Mr. Sidrys to speak about the selection of the Third Party Administrator. Mr. Sidrys indicated that the Administrative Committee reviewed the proposals and conducted site visits and the consensus of the Administrative Committee was to recommend Group Administrators as the Third Party Administrator.

On a motion by Mr. Franklin, seconded by Ms. Mintle, the Board accepted the recommendation of the Administrative Committee, subject to the verification of the conflict of interest check. The motion also authorized the Executive Director to move forward with the other firm, ATPA, in the event that there was a conflict of interest with Group Administrators. The motion was also subject to a fee negotiation and final contract approval.

Mitch Bramstaedt, Ruth Donahue, Barb Zaveduk and Chris Heppner from the Segal Company then joined the meeting to discuss Item 6b. - Plan Design. Mr. Pass reminded everyone that there had been special meetings on the Plan Design in the past and that this would take some time.

The representative from the Segal Company then took the Board through, what they were calling, Scenarios 17 through 20 with regard the plan design. The plan design and eligibility scenarios included, but was not limited to, items related to the percentage of costs paid by retirees and dependents, deductibles and co-pays for prescriptions.

After several hours of discussion, there was a motion by Mr. Kelly for the Plan Design that included the following elements:

Assuming the statutory reserve was required, then 55 years old with 20 years of service for eligibility, a 90/60 Plan, \$300 deductible, 6% active contribution beginning in 2012, eligibility for those with 25 years for pre 9/5/01 hires, rate schedule E and mandatory mail rules for prescriptions.

If the statutory reserve was not required, then , then 55 years old with 15 years of service for eligibility, a 90/60 Plan, \$300 deductible, 5% active contribution beginning in 2012, eligibility for those with 25 years for pre 9/5/01 hires, rate schedule E and mandatory mail rules for prescriptions.

The motion was seconded by Ms. Sapyta and approved.

Ms. Sapyta brought up the issue of healthcare for current retirees, now that the 401h account had been depleted. The issue was held until Segal could finish up the presentation on communications.

Ms. Hunt from Segal then described for the Board the communications program that Segal was recommending, including the letters and the open enrollment packages. There was discussion on how to handle possible phone calls and delivery of consistent answers to questions.

Ms. Sapyta then made a motion to acknowledge that the Retiree Healthcare Trust would immediately assume responsibility for the payment of all invoices generated by the provision of healthcare for retirees, upon exhaustion of the 401h account. Mr. Pass raised the issue that he did not think this issue was part of plan design. (*John Burkard then joined the meeting via telephone.*) The motion was seconded by Ms. Mintle. After additional discussion, Mr. Pass indicated that he thought it was an improper motion because he did not think it was on the agenda for today's vote. Mr. Burns suggested that Plan Counsel could rule on that at a later date. There was a roll call vote: Franklin-yes, Sidrys-yes, Sapyta-yes, Kelly-no, Pass-no, Burkard-no, Mintle-yes. The motion passed.

Ms. Sapyta then made a motion to default all current retirees, spouses and dependents in the PPO, Option I plan into the 90/70 PPO Plan. Ms. Sapyta indicated that this would be by March 20, 2009. The motion was seconded by Ms. Mintle. There was discussion on the notice required and the default into a plan without open enrollment and whether that was allowed. (*Chuck Wolf then joined the meeting via telephone.*) After some additional discussion, Mr. Franklin suggested that the default be cancelled if the legislation passed. Ms. Sapyta agreed to the amendment of her motion and Ms. Mintle seconded the amended motion. There was a roll call vote: Franklin-yes, Sidrys-yes, Mintle-yes, Sapyta-yes, Kelly-no, Pass-no, Burkard-no. The motion passed.

Mr. Kelly then made a motion to make COBRA mandatory before someone is eligible for retiree healthcare and that the Trust would pay the premium for COBRA. The motion was seconded by Mr. Pass. After some discussion, there was a roll-call vote: Mintle-no, Pass-yes, Sapyta-no, Kelly-yes, Burkard-yes, Sidrys-no, Franklin-no. The motion did not pass.

Ms. Sapyta then made a motion for the Executive Director of the Healthcare Trust and the Pension Fund to send out a letter to notify retirees of this issue. It was seconded by MR. Sidrys. There was a roll call vote: Mintle-yes, Pass-no, Sapyta-yes, Kelly-no, Burkard-no, Sidrys-yes, Franklin-yes. The motion passed.

On a motion by Mr. Sidrys, the meeting was adjourned.