

CTA Retiree Health Care Trust

55 W. Monroe, Suite 1950
Chicago, IL 60603

December 17, 2015

Meeting Minutes

A regular meeting of the Board of Trustees of the Retiree Health Care Trust (“RHCT”) was held on December 17, 2015 at One North Franklin Street, on the 27th Floor.

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

Joan Coogan, Chair
John Burkard as an alternate for Chris Kasmer
Kenneth Franklin
Tommy Sams
Paul Sidrys

Elsa Trejo was present as Finance Officer of the RHCT, in place of the Executive Director. Mike Virgil of BWM&S was present as General Counsel for the Retirement Plan. James P. Daley of Jackson Lewis, LLP appeared on behalf of the CTA-appointed Trustees. Justin Lannoye of Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich appeared on behalf of the ATU Local 241-appointed Trustee. Anita Tanay 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 and Thomas J. Paravola of BWM&S.

Mr. Virgil announced his retirement effective December 31, 2015, and introduced Tom Paravola as his replacement for the RHCT. Ms. Coogan thanked Mr. Virgil for his years of service to the Retirement Plan and RHCT.

On motion by Mr. Franklin, seconded by Mr. Sams, the Board approved the minutes of the November 19, 2015 RHCT Regular Board meeting.

Administrative Committee

Mr. Burkard presented items 4a and 4b, including benefits and bills for consideration. On motion by Mr. Franklin, seconded by Mr. Sams, the Board approved Items 4a and 4b on the General Administration Committee agenda.

On a motion by Mr. Franklin, seconded by Mr. Sams, the Board approved item 4c, regarding Trustee attendance at the IFEBP Trustees and Administrators Institutes Conference in February, 2016.

Investment Subcommittee

Mr. Zarate reported that the market value for the fund as of the prior day's close of business was \$722,217,601.93.

Mr. Zarate then reviewed the flash report for November, 2015. He focused on the executive summary. He reported that the fund out-performed its benchmark for the month, underperformed the benchmark for the three-month period but on a year-to-date basis and over the last five years, the fund had out-performed its benchmark. Mr. Zarate hopes to address the underperformance from some legacy managers, as the fund completes its restructuring. He indicated that some of the assets to fund new managers will come mainly from three managers that are underperforming.

Mr. Zarate reported that the fund is close to finishing the new asset allocation. Mr. Zarate also reported that funding of Clarion, one of the real estate managers recently hired, was completed.

Mr. Zarate reminded the Board about the outstanding RFPs for the Emerging Market Small Cap RFP and the International Small Cap Equity RFP. He indicated that Marquette had received a considerable number of responses and after evaluating the proposals, he hoped to be able to discuss finalists with the investment committee sometime in January or early February.

Old Business

There was no old business discussed.

New Business

Ms. Tanay reported that the new collective bargaining agreement between CTA and ATU is going to have an impact on employees' eligibility for retiree healthcare, and because of that impact, it was previously agreed that the employees would receive 90 days' notice prior to the execution of the new contract so that the employees could make some significant decisions about their retirement. Ms. Tanay expects that the notice will be presented to the Board for approval at the January board meeting.

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