

CTA Retiree Health Care Trust

55 W. Monroe, Suite 1950
Chicago, IL 60603

March 24, 2016

Meeting Minutes

A regular meeting of the Board of Trustees of the Retiree Health Care Trust (“RHCT”) was held on March 24, 2016 at One North Franklin Street, on the 27th Floor.

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

Mike Bowen as an alternate for Joan Coogan
Chris Kasmer (Secretary)
Joseph J. Burke
Kenneth Franklin
Georgette Hampton
Tommy Sams
Paul Sidrys

John Kallianis was present as the Executive Director. Tom Paravola 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, Bennett, Cervone, Auerbach & Yokich 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, and Ruth Donahue of Segal and Co.

On motion by Mr. Sidrys, seconded by Ms. Hampton, the Board approved the minutes of the January 28, 2016 RHCT Regular Board meeting.

Administrative Committee

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

There was no business under Item 4c.

Investment Subcommittee

Mr. Zarate reported that the market value for the fund as of the prior day's close of business was \$716,440,561.73. Mr. Zarate also summarized the current under-weights and over-weights to the allocation due to moving into our new allocation.

Mr. Zarate provided the Trustees with a 4th Quarter, 2015 report. He indicated that the market value of the Trust at December 31, 2015 was \$718,264,417.

Mr. Zarate noted that it was difficult to compare us to other Health and Welfare funds because ours is exclusive to retirees and most of the Health and Welfare funds in the Investor Force Universe have different asset allocations. He noted that the one-year return for the Trust was -0.6%, net of fees and that many of our active equity managers added value to the Trust versus their benchmarks.

Mr. Zarate then reported on WCM, a small-cap value manager which has underperformed for the one, three and five-year periods. He indicated that Marquette's recommendation was to terminate WCM and to initiate a search for an MWBE small-cap manager. On a motion by Mr. Sidrys, with a second by Mr. Burke, the Board voted to terminate WCM and initiate a search for an MWBE small-cap manager.

Old Business

Mr. Kallianis reported that the Payroll Review Committee would be working on scheduling a meeting and that he would be circulating dates.

Ruth Donahue from Segal reported that ACA Track, the firm that was hired to mail out the certification of coverage to retirees, had begun mailing the forms to retirees on March 21st, ahead of the March 31st deadline. Ms. Donahue also reported that Humana had issued a check to the Trust for \$11,000 to account for a few missed performance guarantees, like how quickly calls gets answered and how many dropped calls they might have had.

New Business

On a motion by Mr. Franklin, seconded by Mr. Burke, the Board voted to go into Executive Session to discuss possible litigation related to Hughes Capital Management.

Upon returning from Executive Session, Mr. Kasmer reported that the Board discussed existing SEC litigation versus Hughes and that Plan Counsel was going to do some additional research on our possible courses of action.

On a motion by Mr. Franklin, seconded by Mr. Burke, the board adjourned the meeting.