

CTA Retiree Health Care Trust

55 W. Monroe, Suite 1950
Chicago, IL 60603

July 28, 2016

Meeting Minutes

A regular meeting of the Board of Trustees of the Retiree Health Care Trust (“RHCT”) was held on July 28, 2016 at One North Franklin Street, on the 27th Floor.

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

Joan Coogan (Chair)
Chris Kasmer (Secretary)
Mark Weems as an alternate for Kenneth Franklin
Georgette Hampton
Tommy Sams, Jr.
Mike Bowen as an alternate for Paul Sidrys

John Kallianis was present as the Executive Director of the RHCT. Richard Burke of BWM&S was present as General Counsel for the RHCT. Edward M. Graham 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, Ruth Donahue of Segal and Co., and Shane Olson of Humana.

On motion by Mr. Kasmer, seconded by Mr. Sams, the Trustees approved the minutes of the May, 2016 RHCT Board meeting. Mr. Bowen abstained.

On a motion by Mr. Weems, seconded by Mr. Kasmer, the Trustees approved the minutes of the June, 2016 RHCT Board meeting, including the edits provided. Mr. Sams and Ms. Hampton abstained.

Administrative Committee

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

There was no business under Item 4c.

Old Business

Mr. Kallianis reported that Mr. Olson from Humana was in to provide an executive summary of the annual report on RHCT experience with Humana.

Before Mr. Olson started, Ms. Coogan asked a person in the audience if she was recording the meeting and to identify herself and her employer. The audience member indicated that her name was Amanda Buchanan and she was working for someone named "Matthew O" through Task Rabbit.

Mr. Olson reviewed the summary of Trust experience with Humana, touching on the PPO, the HMO and the Prescription Drug Coverage. He also summarized the outreach events that Humana had done with our retirees and the usage of the Silver Sneakers program that allows retirees to obtain gym memberships through the RHCT coverage with Humana.

Ms. Donahue reported to the Board that Humana, Blue Cross and Caremark would be providing renewals rates for 2017 and that she was anticipating that we'd get together before the end of August to discuss 2017 retiree and dependent premiums.

Ms. Donahue also discussed a memo she had circulated relating to Domestic Partners and Civil Unions. After some discussion, Mr. Burke asked that Plan Counsel review the issue and provide some additional information before it came back before the Board.

Investment Subcommittee

Mr. Obed provided the Trustees with a 1st Quarter, 2016 report. He indicated that for the first three months of the calendar year, the fund was up 1.7% versus the index at 2%. He also indicated that the market value of the Trust at March 31, 2106 was \$737.3 million.

Mr. Zarate reported that the market value for the fund as of the prior day's close of business was \$734,594,909.46.

Mr. Zarate provided the Trustees with the May flash and reported that the market value for the fund as of May 31, 2016 was \$733.9 million. He indicated that the performance for the Fund as of May 31, 2106 was up 3%.

Mr. Zarate then provided a quick update on the MWDBE small-cap equity search. Mr. Sidrys then added that a meeting will be held to interview the 2 finalists.

Mr. Zarate informed Trustees that for the next month meeting, Marquette will present for approval a most robust investment policy which clarifies roles and responsibilities for managers and for everyone involved. In the meantime, Mr. Zarate then presented the most current investment policy which was completed back in 2013 and he believes is outdated. He indicated that changes were recommended because such policy does not contemplate the emerging markets equity at all. On a motion by Mr. Kasmer, seconded by Mr. Burke, the Trustees approved the recommendation of Marquette to amend the Statement of Investment Policy, with the correction indicated on the record.

Upon returning from Executive Session, on a motion by Mr. Kasmer, seconded by Ms. Hampton, the Board voted to adjourn the meeting.