

MINUTES OF THE BOARD OF TRUSTEES  
CTA RETIREE HEALTH CARE TRUST  
1 North Franklin Street, 27<sup>th</sup> Floor, Chicago, Illinois  
January 24, 2017

TRUSTEES PRESENT

Christopher Kasmer	Chairman
Paul Sidrys	Secretary
Joseph J. Burke	
Kenneth Franklin	
Georgette Hampton	
Carlos Acevedo	

ALSO PRESENT

John Kallianis	Executive Director
Aaron Stanton	Burke, Warren, MacKay & Serritella, PC
James P. Daley	Jackson Lewis on behalf of CTA appointed Trustees
Justin Lannoye	Dowd, Bloch, Bennett, Cervone, Auerbach & Yogich on behalf of the ATU Local 241 appointed Trustee
Joseph Burns	Jacobs, Burns, Orlove & Hernandez on behalf of the ATU Local 308 appointed Trustee
Daniel Salemi	Franczek Radelet, PC on behalf of the RTA appointed Trustee
Miquel Zarate	Investment Consultant, Marquette Associates

CALL TO ORDER

The meeting was called to order by Mr. Kasmer who was acting as Chair.

ROLL CALL

Mr. Kasmer ruled that a quorum was present.

APPROVAL OF MINUTES

A draft of the Minutes of the December 22, 2016 had previously been distributed to the Trustees. It was noted that Michael Bowen was present at the December 22, 2016 meeting, however, the Minutes reflect that he was not present. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the Minutes of the December 22, 2016 meeting as distributed with the correction of Michael Bowen being shown as present.

#### SELECTION OF CHAIR AND SECRETARY

Mr. Kallianis noted that Joan Coogan had been the Chair of the Fund's Board of Trustees, but that she would not be continuing on as a Trustee. The floor was open for nomination for Chair of the Fund. Mr. Kasmer was nominated to be a Trustee. There were no further nominations. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That Christopher Kasmer be selected as Chair of the Fund.

Nominations for Secretary were then opened. Paul Sidrys was nominated. His nomination was seconded. There were no further nominations for Secretary. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To select Paul Sidrys as Secretary of the Fund.

#### APPOINTMENT OF MEMBER TO PAYROLL COMMITTEE TO FILL COOGAN VACANCY

Discussion ensued on the appointment of a member to Payroll Committee to replace Ms. Coogan. No action was taken.

#### GENERAL ADMINISTRATIVE COMMITTEE ISSUES

Mr. Kasmer presented items 6(a) Applications for Benefits and 6(b) Bills and Remittances for consideration. Upon motion made by Mr. Kasmer and seconded by Mr. Sidrys, the following Resolution was unanimously adopted:

RESOLVED: To approve applications for benefits and payment of the bills and remittances as presented.

A question was raised regarding rebates from the prescription benefit manager. Mr. Kallianis said that rebates are netted out from the amount due to the PBM.

Mr. Franklin then asked for a status on the Matthews case. He said that there was a significant amount of time billed during November 2016. Mr. Kallianis responded that actuarial analysis of the data was going on in November 2016 and currently.

It was then noted that there were no items under Agenda Item 6(c), Educational Conference Preapprovals.

Calculation of premiums for fees where hours worked bumped into a lower premium category affected 22 people.

Discussion ensued regarding a formula for calculating premiums and the effect of overtime. Discussion ensued regarding mailing to participants an explanation of how hours worked affects retiree healthcare premiums. Premiums were adjusted in January 2017. Mr. Kallianis will resend to Mr. Franklin the details of who was affected by the premium adjustments for January 2017.

Discussion ensued regarding having a special meeting to discuss health reimbursement accounts.

#### INVESTMENT COMMITTEE ISSUES

Mr. Zarate directed the attention of the Trustees to page 3 of the Marquette Associates ARetiree Healthcare Trust Executive Summary, January 24, 2017." A copy of that report is attached and made part of these Minutes. The Fund is fully invested with its managers and is within asset allocation targets for all asset classes. Mr. Zarate reported that as of January 23, 2017, the market value of the Fund was \$758,850,023.84.

The target return is 7%. In 2016, the Fund returned 6.6%. The benchmark return was 7.9%, therefore the asset allocation was good, but the managers underperformed. U.S. equity and Non-U.S. equity composites underperformed their benchmarks. Non-U.S. fixed income and real estate added value to the Plan. Mr. Zarate reviewed performance. For 2016, the U.S. Equity Holdings returned 12.7% compared to the Wilshire 5000 Total Market which returned 13.4%. This detracted approximately 0.25% from total Fund performance. PNC Capital Large Cap Value returned 6.5% compared to the benchmark which returned 17.3%. This was poor relative performance versus the benchmark. The Small Cap Composite returned 13.9% compared to the Russell 2000 which returned 21.3%. Amalgatrust SCG returned 2.3% while the Russell 2000 Growth benchmark returned 11.3% which was also poor relative performance versus the benchmark. The Lazard International Equity Fund returned -0.2% compared to the MSCI ACWI ex USA Index which returned 4.5%. The non-U.S. equity composite detracted approximately 0.95% from the total Fund performance. It was strong performance though from the global bond and real estate manager selections. Mr. Zarate was then thanked for his report.

The Trustees then considered a letter from Legacy summarizing liability and delinquent contributions dated January 23, 2017. Counsel was asked to consider liability on the amounts due. It was reported that there would be a Payroll Audit Committee meeting on February 14, 2017.

68% to 69% of the \$766,662.10 liability was for work performed by iron workers. The question was raised regarding the liability towards those iron workers who have not contributed to the Fund.

#### NEW BUSINESS

There was no new business to come before the Board.

## EXECUTIVE SESSION

Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To move into Executive Session.

Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To come out of Executive Session.

Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To authorize Burke Warren MacKay and Serritella to engage local counsel and to intervene on behalf of the Fund in the *Michelin Retirement Plan and the Investment Committee of Michelin Retirement Plan v. Dilworth Paxson, LLP, et al.* in the United States District Court for the District of South Carolina, Greenville Division.

## ADJOURNMENT

There being no further business to come before the Board, the Trustees adjourned the meeting at 12:52 p.m.

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