

MINUTES OF THE BOARD OF TRUSTEES
CTA RETIREE HEALTH CARE TRUST
200 W. Adams Street, 17th Floor, Chicago, Illinois
June 19, 2017

TRUSTEES PRESENT

Christopher Kasmer	Chairman
Paul Sidrys (Georgette Hampton)	Secretary
Thomas McKone	
Joseph J. Burke	
Kenneth Franklin	
Marqueal Williams	

ALSO PRESENT

John Kallianis	Executive Director
Stephen Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Joseph Burns	Jacobs, Burns, Orlove & Hernandez, On behalf of ATU Local 308 appointed Trustee
James P. Daley	Jackson Lewis, LLP, On behalf of CTA appointed Trustees
Daniel R. Salemi	Franczek Radelet, P.C., On behalf of RTA appointed Trustee
Justin J. Lannoye	Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich, On behalf of ATU Local 241 appointed Trustee
Miguel Zarate	Investment Consultant, Marquette Associates
Ruth Donahue	Benefits Consultant, Segal Consulting
Barbara Zaveduk	Benefits Consultant, Segal Consulting

CALL TO ORDER

The meeting was called to order at 10:35 a.m., whereupon roll call was taken and a quorum was declared present.

APPROVAL OF MINUTES

The Chairman noted that the Minutes of the May 25, 2017 Board of Trustees meeting were previously distributed to the Trustees. It was also noted that the April 27, 2017 Minutes were deferred for approval at the May meeting. Mr. Lannoye asked to have the April Minutes deferred.

Mr. Lannoye indicated that he would get a draft to Fund Counsel to address wording regarding whether certain motions were approved unanimously. A motion was made and seconded to defer consideration of the May 25, 2017 Minutes. The motion to defer consideration of the May 25, 2017 Minutes was amended by Mr. Franklin to include deferring consideration of both the April and May Minutes. Mr. Burke seconded the deferred motion. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: To defer consideration of the April 27, 2017 and May 25, 2017 Minutes.

GENERAL ADMINISTRATION COMMITTEE ISSUES

The Trustees referred to items 4a, 4b and 4c on the agenda regarding application for benefits, bills and remittances, and educational conference pre-approvals, respectively. It was noted that there were no requests for educational conference pre-approvals pursuant to 4c. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve items 4a, 4b and 4c regarding application for benefits, bills and remittances and educational conference pre-approvals.

REPORT OF INVESTMENT CONSULTANT

Mr. Zarate addressed the Trustees and asked them to refer to the Marquette Associates' Retiree Health Care Trust Executive Summary, March 31, 2017. A copy of that report is attached and made part of these Minutes. Mr. Zarate reported that all managers are in compliance with the exception of Hughes Core Fixed Income, which has been terminated because of organizational issues. For the three-month period ending March 31, 2017, the Fund returned 4.2% compared to its policy benchmark of 3.7%. Total assets were \$782,067,048 as of March 31, 2017. The Fund was slightly underweight to fixed income, -3.2%, compared to its asset allocation target. The Fund

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is 1.9% overweight to U.S. equities. Year-to-date net cash flow has been -\$5,026,149 due to benefit payment and expenses. Each of the managers was then reviewed. Mr. Zarate noted that all of the Fund's managers are outperforming their benchmarks. Discussion ensued regarding Lazard International Equity being a long-standing active manager.

Mr. Zarate then directed the attention of the Trustees to Exhibit 2 of the Marquette presentation book which is a monthly update for May 31, 2017. Total assets as of May 31, 2017 were \$799,713,988. For the fiscal year-to-date through May 31, 2017, the Fund returned 6.8% compared to its policy benchmark of 6%. Asset allocation versus policy targets were reviewed. Fixed income is underweighted by -3.4%, U.S. equities are overweight 1.8%, non-U.S. equities are overweight 0.9%, real assets are overweight 0.3%, and other assets are overweight 0.3%. Mr. Zarate said that the current balance of the Fund is \$806,631,008. Manager performance for May 2017 was then reviewed. Mr. Zarate was then thanked for his presentation.

REPORT OF BENEFITS CONSULTANT

Ms. Donahue reported that Humana attended a June 7 review meeting. She noted that the General Administration Committee Meeting will next meet on July 10, 2017. The meeting has been focused on a health reimbursement account. Following that meeting, there will be a Joint Committee Meeting with the Pension Plan to review collection policies and the Executive Director's responsibilities. Ms. Donahue then referred to a "Key Dates for Chicago Transit Authority Retiree Health Care Trust – 2017" report, which was distributed to the Trustees and is attached and made part of these Minutes. At the July 27, 2017 Board Meeting, Humana will present a high level 2016 year-end summary. The Humana contract goes through 2018. Ms. Donahue was then thanked for her report.

EXECUTIVE SESSION

At 10:49 a.m., upon motion made by Mr. Franklin and seconded by Mr. McKone, the following Resolution was unanimously adopted:

RESOLVED: To go into Executive Session.

At 11: 34 a.m., upon motion made by Mr. Franklin and seconded by Mr. Burke, the following Resolution was unanimously adopted:

RESOLVED: To come out of Executive Session.

ADJOURNMENT

There being no further business to come before the Board, upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the meeting be adjourned.

SECRETARY