

MINUTES OF THE MEETING
BOARD OF TRUSTEES
CTA RETIREE HEALTH CARE TRUST
200 West Adams Street, 17th Floor, Chicago, Illinois
February 22, 2018

TRUSTEES PRESENT

Thomas McKone	Chairman
Christopher Kasmer	Secretary
Marquel Williams	
Mark Weems	
Mike Bowen	
Sherri Thornton-Pierce	

TRUSTEES ABSENT

Joseph J. Burke

ALSO PRESENT

John V. Kallianis	Executive Director
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Alexander S. Vesselinovitch	Freeborn and Peters
Justin J. Lannoye	Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich on behalf of the ATU Local 241 appointed Trustee
Daniel R. Salemi	Franczek Radelet, PC on behalf of the RTA appointed Trustee
James P. Daley	Jackson Lewis, LLP on behalf of CTA appointed Trustees
Joseph Burns	Jacobs, Burns, Orlove & Hernandez on behalf of the ATU Local 308 appointed Trustee
Miguel Zarate	Investment Consultant, Marquette Associates
Jesus Jimenez	Investment Consultant, Marquette Associates
Daniel Levin	Benefits Consultant, Segal Consulting
Dorothy Stawiarski	Benefits Consultant, Segal Consulting

CALL TO ORDER

The Chairman called the meeting to order at 11:31 a.m.

ROLL CALL

Roll was taken and a quorum was declared present.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The Minutes of the January 25, 2018 Board of Trustees Meeting had previously been distributed to the Trustees. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: To approve the Minutes of the January 25, 2018 Meeting.

Mr. Bowen abstained.

GENERAL ADMINISTRATION COMMITTEE ISSUES

The applications for benefits and bills and remittances were reviewed. There were no requests for educational conference pre-approvals. Upon motion made and seconded, the following Resolution was unanimously adopted:

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

REPORT OF INVESTMENT CONSULTANT

Mr. Zarate referred to the Marquette Associates Monthly Update report dated January 31, 2018. A copy of that report was distributed to the Trustees and is attached and made part of these Minutes.

Mr. Zarate directed the attention of the Trustees to page 3 of the presentation book. For the month of January, the Fund was up 2.3% which matched the benchmark. He reported that equities continued to drive the market. He reviewed asset allocations, noting that the Fund is a little bit underweight to fixed income. Steps have been taken to rebalance however, because of the strength of the equity markets, the Fund continues to be slightly overweight to equities.

Mr. Zarate reported that the market value of the Fund's assets as of February 21, 2018 was \$855,975,394.37.

Mr. Zarate then directed the attention of the Trustees to page 20 of the presentation book which was a Memorandum from Marquette Associates regarding a MWBE Index Fund RFP. The Fund has a diverse manager goal of 26% of total trust assets and currently invests 12.9% with MWBE managers. To increase the allocation to MWBE managers, the Investment Committee recommended issuing an RFP to MWBE firms that offer S&P 500 Index and S&P 400 Index products. Using MWBE firms to manage the S&P 500 and S&P 400 mandates would increase the exposure of diverse managers to approximately 30%. Discussion ensued. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: To direct that an RFP be conducted to MWBE firms for index fund managers for S&P 500 and S&P 400 Index Funds.

Discussion ensued regarding a quiet period during the RFP process, during which prospective managers and Trustees not have contact.

REPORT ON HAMPTON AND WILLIAMS LITIGATION

The Chairman noted that the Trustees will go out of order pursuant to the Agenda and directed the attention of the Trustees to Alex Vesselinovitch. Mr. Vesselinovitch and his firm represent the Fund in the *Hampton* and *Williams* cases. Mr. Vesselinovitch reported that the *Hampton* case is on appeal with the Illinois Appellate Court. Regarding the *Williams* case, Plaintiffs filed a Second Amended Complaint and the Fund filed a motion to dismiss the previous Friday. He does not expect a ruling before mid to late April. Plaintiffs filed a motion to certify a class in that case. It is likely that no action will be taken on that until the motion to dismiss is ruled

upon. The current complaint has two claims – one is for breach of contract, referring to the Plan Document as a contract, and the second claim is for a constitutional violation related to the pension clause. Mr. Vesselinovitch was thanked and excused from the meeting.

OLD BUSINESS

Items 6a and 6b on the agenda regarding the status of the Board's requests from the CTA for contributions for ATU apprentices and unrepresented employees, and status of the requests for information/documentation from CTA and Ironworkers Local 1 were addressed together. Mr. Rosenblat reported that Ironworkers Local 1 and the CTA both will file their responses to the complaint before the next status hearing which is scheduled for February 27, 2018. The two ATU Locals have already answered the complaint.

Mr. Kallianis reported that he is working with the contributing parties to provide information to the Legacy accounting firm for the 2011 through 2016 payroll audit.

Mr. Kallianis went on to review insurance coverage for cyber security breaches. He reported that there is a premium of \$8,800 per year for coverage with the Beazley Insurance Company. The policy provides for 100,000 notifications. Coverage will be bound in the next week or two.

SEGAL REPORT

The GA Committee reviewed the Humana guarantees since 2015 and will provide costs on RFPs for the next meeting. Ms. Stawiarski reviewed the calendar noting that there will be General Administration Committee meetings on April 11th to review Medicare coverage, educational sessions and on July 10th, regarding the 2019 RFP process.

Communications have been sent out regarding the HRA. The first mailing of 600 went to already-eligible participants. A letter to actives and former employees not yet 65 will be sent out shortly.

EXECUTIVE SESSION

There was no need for an Executive Session.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:05 p.m.

SECRETARY