

MINUTES OF THE MEETING  
BOARD OF TRUSTEES  
CTA RETIREE HEALTH CARE TRUST  
200 West Adams Street, 17<sup>th</sup> Floor, Chicago, Illinois  
May 24, 2018

TRUSTEES PRESENT

Thomas McKone	Chairman
John Burkard	Alternate Secretary
Joseph J. Burke	
Kenneth Franklin (via telephone)	
Marqueal Williams	Alternate
Andrew Fuller	Alternate
Paul Sidrys	

ALSO PRESENT

John V. Kallianis	Executive Director
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Justin Lannoye	Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich on behalf of the ATU Local 241 appointed Trustee
Daniel Salemi	Morgan Lewis & Bockius on behalf of the RTA appointed Trustee
James P. Daley	Jackson Lewis, PC on behalf of CTA appointed Trustees
Brandon Anderson	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
Dan Levin	Benefits Consultant, Segal Consulting
Barbara Zaveduk	Actuary, Segal Consulting

CALL TO ORDER

The meeting was called to order at 10:50 a.m.

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

RESOLVED: To recognize that Mr. Franklin is participating in the meeting via telephone.

ROLL CALL

Mr. Kallianis took roll and a quorum was declared present.

## APPROVAL OF MINUTES OF PREVIOUS MEETING

The Minutes of the April 26, 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 April 26, 2018 Board of Trustees meeting. Mr. Burkard and Mr. Fuller abstained.

## GENERAL ADMINISTRATION COMMITTEE ISSUES

Mr. Burkard noted that applications for benefits and bills and remittances were previously distributed to the Trustees. Upon motion made and seconded, the following Resolution was unanimously adopted:

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

Discussion then ensued regarding Item 4c which addresses the payment of one-half of the costs of Trustees attending the Annual International Foundation for Employee Benefits Conference. Discussion ensued regarding four Trustees who were on the agenda for approval, namely Mr. Franklin, Mr. Weems, Mr. Hill and Ms. Bowers. Discussion ensued regarding whether Mr. Williams should be included in that request. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve payment of one-half of the costs of attending the Annual International Foundation Employee Benefits Conference for Mr. Franklin, Mr. Williams, Mr. Weems, Mr. Hill and Ms. Bowers.

## REPORT OF INVESTMENT CONSULTANT

The Marquette Associates' report was distributed to the Trustees and is attached and made part of these Minutes. The report contained the first quarter review for 2018 and also a flash report for April 2018. Mr. Zarate directed the attention of the Trustees to tab 1 of the report which covered the one-month period ending April 30, 2018. Mr. Zarate reported that all managers were in compliance with the exception of Hughes Core Fixed Income which has been the subject of ongoing litigation. Year to date, the Fund has returned -0.6% which is the same as the policy benchmark. The market value of the Fund as of May 23, 2018 was \$857,074,154.83. Manager performance net of fees was then reviewed. Mr. Zarate reported that year-to-date the total equity composite return was -0.2% compared to the MSCI ACWI which returned 0%. The large cap composite returned -1.2% compared to the Russell 1000 Index which returned -0.4%. Total fixed income composite returned -1.9% compared to the BBGBARC US Universal TR which returned -2.1%. Non-US fixed income composite returned -1.4% compared to the Non-US fixed income composite custom benchmark which returned -1% year-to-date. Discussion ensued regarding the Wells Fargo International bond fund which returned 0.4% compared to the Bar Cap Global Ag XUS benchmark which returned 1.3%.

Calendar year performance was then reviewed. Mr. Zarate reported that there has been a change in ownership at Piedmont. Mr. Zarate reported that he thinks the fundamentals are there for a strong year in equities. Mr. Zarate was thanked for his report.

## OLD BUSINESS

Chairman McKone asked Mr. Kallianis to report on agenda items 6a through 6d. Mr. Kallianis said 6a and 6b are related to the contributions litigation case and are addressed in the

litigation summary from fund counsel. Regarding agenda item 6d, Mr. Kemperas from the auditing firm, Legacy Professionals, will be at the next meeting for questions and to discuss extending the audit period. Much of the data need to complete the audit has already been gathered.

Mr. Rosenblat reported that the CTA's motion to dismiss the contribution case was denied. The CTA requested additional time to answer the complaint. Mr. Rosenblat then reviewed the items in his litigation report, a copy of which is attached and made part of these minutes. Discussion ensued regarding the Galanis criminal proceeding in New York. Mr. Rosenblat reported that the defendants stipulated to the testimony that would have been necessary from a representative of the Fund. Therefore, no one from the Fund will testify at the trial.

Mr. Levin from Segal Consulting addressed the Trustees regarding agenda item 6e, Segal Update on 2018 Significant Dates. There were no changes from last meeting's calendar. A General Administration Committee meeting will be scheduled for the week of July 16<sup>th</sup>. Mr. Levin also reported that he is continuing to pursue Health Engine for information about the services it provides.

Approximately 300 participants have active HRA accounts with approximately \$2.8 million in those accounts. Discussion continued about communications to participants about their HRA accounts. Mr. Levin was then thanked for his report.

#### NEW BUSINESS

Mr. Bowen of Mesirow Insurance Services presented a proposal for renewing fiduciary liability insurance coverage. A copy of his report is attached and made part of these Minutes. He reviewed the report with the Trustees. The current policy has a \$10 million limit and is written by

ULLICO. Mr. Bowen recommended that the ULLICO policy be renewed. He reported that neither Chubb nor Euclid were as competitive. Discussion ensued. Upon motion made and seconded, the following resolution was unanimously adopted:

RESOLVED: To accept the recommendation to renew the fiduciary liability policy with ULLICO.

#### EXECUTIVE SESSION

On motion made and seconded by Mr. Burkard and seconded by Mr. Sidrys, the following Resolution was passed:

RESOLVED: To move into Executive Session.

At 11:40 a.m., the Trustees moved from Executive to Open Session. Discussion ensued regarding procedural matters. Upon motion made and seconded the following Resolution was adopted:

RESOLVED: To authorize Mr. Kallianis to enter into a settlement agreement in the Hartford litigation consistent with recommendation of the Burke Warren firm.

Mr. Franklin abstained.

#### ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 11:40 a.m.