

MINUTES OF THE MEETING
BOARD OF TRUSTEES
CTA RETIREE HEALTH CARE TRUST
200 West Adams Street, 17th Floor, Chicago, Illinois
June 28, 2018

TRUSTEES PRESENT

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| Thomas McKone | Chairman |
| Christopher Kasmer | Secretary |
| Joseph J. Burke | |
| Kenneth Franklin | |
| Keith Hill | |
| Paul Sidrys | |
| Georgette Hampton | Alternate |

ALSO PRESENT

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| Willie Means, Jr. | Deputy Executive Director |
| Stephen J. Rosenblat | Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd. |
| Ronald Willis | 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 |
| David Novak | 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 |
| Dan Levin | Benefits Consultant, Segal Consulting |
| Dorothy Stawiarski | Benefits Consultant, Segal Consulting |

CALL TO ORDER

The meeting was called to order at 11:24 a.m.

ROLL CALL

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

APPROVAL OF MINUTES OF PREVIOUS MEETING

The Minutes of the May 24, 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 May 24, 2018 Board of Trustees meeting.

Mr. Hill and Ms. Hampton abstained.

REPORT OF FUND PAYROLL AUDITOR

The Chairman said that the presentations would go out of order from the agenda and asked Mr. Kemperas to report to the Trustees under Old Business 6c and 6d. Mr. Kemperas noted that the meeting materials included a status on information requested of the employers. He also referred to an amendment to the engagement letter to extend the audit period through December 31, 2017. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve extending the Legacy Professionals Payroll Audit engagement to cover the periods through December 31, 2017.

Mr. Kemperas was thanked for his report and excused from the meeting.

GENERAL ADMINISTRATION COMMITTEE ISSUES

It was reported that there were no educational conference preapprovals requested. Mr. Kasmer noted that the 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.

REPORT OF INVESTMENT CONSULTANT

Mr. Zarate referred the Trustees to the Marquette Associates Monthly Update dated May 31, 2018. A copy of that report is attached and made part of these Minutes. Mr. Zarate directed the attention of the Trustees to page 3 of the monthly update which showed that the Fund returned 1.1% in May 2018 and 0.5% fiscal year-to-date. He also noted that the Fund is underweight fixed income in comparison to its asset allocation targets. As of June 27, 2018, the Fund's assets were valued at \$853,098,511.57. He then directed the attention of the Trustees to pages 8 and 9 of his presentation book, which show the annualized performance of each investment manager. Mr. Zarate reviewed manager performance. For the fixed income composite, the Plan is down 2.1% compared to the Barclays Universal Index which is down 1.5%. The Wells Fargo International Bond and Prudential Emerging Markets Debt Allocations are posting negative returns for the year. Mr. Zarate pointed out a strong non-U.S. equity composite return of 0.9% year-to-date compared to the MSCI ASWI EX USA Index which returned -1.9% for the same period. He also pointed out the -3.1% year-to-date return for Great Lakes, a large cap value manager, which underperformed the Russell 1000 Value Index of -1.9%. Kayne Anderson underperformance year-to-date of -3% compared to the Russell 2000 Value Index which returned 4.8%. Kayne Anderson was hurt primarily by two holdings, Thor Industries and Scotts Miracle-Gro. Mr. Zarate concluded his report and was thanked by the Trustees.

OLD BUSINESS

Regarding Items 6a and 6b regarding contributions for ATU apprentices, unrepresented employees and iron workers who are members of Local 1. Mr. Rosenblat said that litigation was pending. He said that if there are questions for further discussion, he suggested they be referred to Executive Session as he understands there will be an Executive Session on another matter.

Mr. Rosenblat went on to say that a litigation report was previously distributed to the Trustees and if there are any questions, he can answer them now or during the Executive Session. A copy of the litigation report is attached and made part of these minutes. The criminal trial involving securities fraud in the Wakpamani Bond case in the Southern District of New York has ended and jury instructions are being argued in that matter. He also reported that the South Carolina litigation is stayed pending the outcome of the previously mentioned criminal proceedings. Mr. Rosenblat briefly reviewed the remaining matters in the litigation report.

The attention of the Trustees was then directed to significant upcoming dates to be addressed by Mr. Levin. Segal is continuing to gather information from Health Engine based on previous requests from the Trustees. Health Engine's services are addressed to non-Medicare claims. 80% of the Plan's participants are covered by Medicare.

Ms. Stawiarski reviewed the calendar. She recommended that a General Administration Committee meeting should be held the week of August 13, 2018 to discuss the 2019 RFP process. Mr. Kasmer noted that the September Board meeting was the meeting at which the January 1, 2019 retiree premium rates will be set. Mr. Levin said that a meeting should be held the week of September 17, 2018 to address that issue. Mr. Levin and Ms. Stawiarski were thanked for their report.

NEW BUSINESS

Discussion ensued regarding canceling the July 26, 2018 Board meeting. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To cancel the Board meeting scheduled for July 26, 2018.

EXECUTIVE SESSION

Mr. Kasmer moved that the Board go into Executive Session. Mr. Franklin seconded the motion. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the Board go into Executive Session.

Mr. Means then secured the room. The Board went into Executive Session at 11:46 a.m.

At 11:54 a.m. the Committee came out of Executive Session whereupon the Chairman reported that pending litigation was discussed. Upon motion made and seconded the following Resolution was unanimously adopted:

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

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.

The meeting was adjourned at 11:55 a.m.

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