

MINUTES OF THE MEETING
BOARD OF TRUSTEES
CTA RETIREE HEALTH CARE TRUST
200 West Adams Street, 17th Floor, Chicago, Illinois
December 19, 2019

TRUSTEES PRESENT

Keith Hill	Chairman
Thomas McKone	Secretary
Kenneth Franklin	
Christopher Kasmer	
April Morgan	
Paul Sidrys	
Joseph J. Burke	

ALSO PRESENT

John V. Kallianis	Executive Director
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Ronald M. Willis	Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich, on behalf of the ATU Local 241 appointed Trustee
Anita Tanay	General Counsel for ATU Local 308, on behalf of the ATU Local 308 appointed Trustee
James P. Daley	Jackson Lewis, on behalf of the CTA appointed Trustees
Daniel Salemi	Morgan Lewis & Bockius, LLP on behalf of the RTA appointed Trustees
Dan Levin	Benefits Consultant, Segal Consulting
Barbara Zaveduk	Actuarial Consultant, Segal Consulting
Miguel Zarate	Investment Consultant, Marquette Associates

CALL TO ORDER

A quorum being present, the meeting was called to order at 10:58 a.m.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The Minutes of the November 26, 2019 Board of Trustees Meeting were previously distributed to the Trustees. Consequently, the reading of the Minutes was dispensed with. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the Minutes of the November 26, 2019 meeting be approved as presented.

REPORT OF INVESTMENT COMMITTEE

Mr. Zarate directed the attention of the Trustees to the Marquette Associates November 30, 2019 Monthly Update. A copy of that report is attached and made part of these Minutes. The report was previously distributed to the Trustees. Mr. Zarate directed the attention of the Trustees to Page 3 which showed a market value of \$917,670,490 as of November 30, 2019. He reported that the value of the Fund's assets increased by 1.3% in November 2019. As of yesterday, December 18, 2019, the market value of the Fund's assets were \$925,195,706.84. The asset allocation was then reviewed. Mr. Zarate reviewed recent changes in the asset allocation targets. The mid-cap equities allocation was reduced from 10% to 5% and the small-cap equities allocation was reduced from 10% to 5%. The large-cap equity composite target allocation increased to 28%. The non-U.S. equities target allocation was reduced from 15% to 12%.

Mr. Zarate then said that the Trustees will need to consider candidates for further infrastructure and real estate allocations. RFP's for those assignments have been distributed and responses have been collected.

Mr. Zarate reviewed individual managers. Special attention was given to the performances of Garcia Hamilton, Prudential and Great Lakes. He then directed the attention of the Trustees to page 19 of his report which was a Memorandum regarding Great Lakes. The Memorandum reviews the departure of Great Lakes' CIO and portfolio manager on the firm's fundamental equity team. As a result of the departure, Marquette recommends placing Great Lakes Fundamental Large Cap Value and Fundamental Small Cap on notice. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the recommendation of Marquette Associates to put Great Lakes on notice.

Mr. Zarate was thanked for his report.

OLD BUSINESS

The General Administration Committee plans to meet to review the work that Legacy has thus far done on the payroll audit.

Mr. Rosenblat was asked to report on litigation. He referred to the Legal Report which was previously distributed to the Trustees and is attached and made part of these Minutes. He reported that Mr. VanderPloeg from the Burke Warren firm will address the Trustees at the January meeting regarding the U.S. Bank case.

The Chairman asked for a report from Segal Consulting. Mr. Levin said that there were no changes to the calendar. He then reported that there was federal legislation that would have an impact on the Plan. It has passed the House, is expected to pass the Senate and be signed into law by tomorrow. The bill permanently repeals the excise tax that was part of the Affordable Care Act, often referred to as the Cadillac tax. The health insurer fee will also be repealed, effective for 2021 forward. However the Patient-Centered Outcomes Research Institute fee, or PCORI, has been extended for ten years. The health insurer fee is about \$2.7 million a year for the Retiree Health Care Trust. Humana pays half of that as part of its contract. The PCORI fee only cost \$3,600. The medical device tax also will be permanently repealed. Discussion ensued regarding litigation challenging various aspects of the Affordable Care Act. Discussion ensued regarding the fact that much of the population covered by the Plan is Medicare eligible.

NEW BUSINESS

Mr. Kallianis addressed the benefits review to be performed by Mitchell Titus. His Memorandum regarding the issue was distributed to the Trustees and is attached and made part of these Minutes. The review would confirm the accuracy of the administration of the benefits according to the Plan document. The cost of the proposal is \$35,000 for both the Pension Plan and the Retiree Health Care Trust. Mr. Kallianis recommended engaging Mitchell Titus for this assignment. The Pension Plan has already agreed to pay for half of the cost. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the benefit review proposal from Mitchell Titus and to approve dividing the cost with the CTA Retirement Plan.

Mr. Kallianis then directed the attention of the Trustees to the BDO recommendation in the meeting materials. A copy of that recommendation is attached and made part of these Minutes. BDO is the cyber security firm previously engaged by the Trustees. The proposal would provide for continuous monitoring and assistance. The fee for that proposal is \$28,500 per year which would be evenly divided between the Retirement Plan and the Health Care Trust. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the proposal from BDO for the annual cyber security services.

Mr. Kallianis then referred the Trustees to the proposed budget for 2020. He reviewed the items on the budget. Discussion ensued regarding litigation costs. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the proposed budget.

Mr. Kasmer reported that copies of the applications for benefits and bills and remittances had been distributed to the Trustees. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve Items 7(a) and (b) on the Agenda.

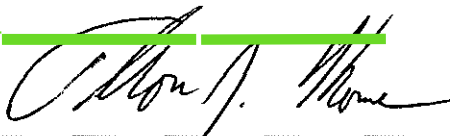
There were no items under (c) regarding reimbursements for educational conferences.

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 11:36 a.m.



SECRETARY