

CTA Retiree Health Care Trust

55 W. Monroe, Suite 1950
Chicago, IL 60603

August 27, 2015

Approved Meeting Minutes

A regular meeting of the Board of Trustees of the Retiree Health Care Trust (“RHCT”) was held on August 27, 2015 at One North Franklin Street, on the 27th Floor.

A roll call was taken. The following members were present:

John Burkard as an alternate for Chris Kasmer, President Pro Tem
Lisa Walik as an alternate for Joan Coogan
Joseph Burke
Omar Brown
Kenneth Franklin
Valerie Matthews-Wilson as an alternate for Tommy Sams
Paul Sidrys

John Kallianis was present as Executive Director of the RHCT. Mike Virgil of BWM&S was present as General Counsel for the Retirement Plan. James Daley of Jackson Lewis, LLP appeared on behalf of the CTA-appointed Trustees. Justin Lannoye of Dowd, Bloch, Bennet and Cervone appeared on behalf of the ATU Local 241-appointed Trustee. Joseph Burns of Jacobs, Burns, Orlove and Hernandez appeared on behalf of the ATU Local 308-appointed Trustee. Daniel Salemi of Franczek Radelet, PC appeared on behalf of the Regional Transit Authority-appointed Trustee.

Also present were Kweku Obed, Miguel Zarate and Brian Wrubel of Marquette Associates; Ruth Donahue and Barb Zaveduk of Segal.

Mr. Virgil explained that, in the absence of the Chair and the Secretary, the Board needed to nominate a President Pro Tem, only for the purposes of conducting the meeting. On motion by Mr. Burke, seconded by Mr. Brown, the Board elected John Burkard as President Pro Tem for the purpose of conducting the meeting.

On motion by Mr. Franklin, seconded by Mr. Burke, the Board approved the minutes of the August 27, 2015 RHCT Board meeting. Mr. Brown abstained from voting.

Administrative Committee

Mr. Burkard presented items 4a and 4b, including benefits and bills for consideration. On motion by Ms. Walik, seconded by Mr. Brown, the Board approved Items 4a and 4b on the General Administration Committee agenda.

On Item 4c, Mr. Kallianis reported that the previously-scheduled meeting on the draft HRA Plan Summary would need to be scheduled for a later date.

Investment Subcommittee

Mr. Zarate reviewed the monthly flash report for June, 2015. He reported that the market value for the fund as of the prior day's close of business was \$716,141,233. Mr. Zarate reported that the fund was underperforming its benchmark for the month, but that over the last three months, YTD, three years and five years, the fund had out-performed its benchmark.

Mr. Zarate reported that the fund was at the last part of the restructuring to the new asset allocation. He recommended that the Board approve the issuance of two RFPs; for a Non-US Small Cap search and an Emerging Market Small Cap search. On motion by Mr. Franklin, seconded by Mr. Burke, the Board approved issuing the Non-US Small Cap and Emerging Markets Small Cap RFPs recommended by Mr. Zarate.

Mr. Zarate summarized the RFP process and the number of responses that had been received for the Core Open End Real Estate RFP. Mr. Zarate reported that Marquette and the Investment Committee were recommending hiring Clarion and Heitman to manage \$75M, split evenly between the two managers. Mr. Sidrys confirmed that the Investment Committee had interviewed the finalists and that the Committee came to a consensus recommendation on Clarion and Heitman. On a motion by Mr. Sidrys, seconded by Mr. Burke, the Board approved hiring Clarion and Heitman as Core Open-Ended Real Estate managers at \$75M, split evenly.

Mr. Zarate then summarized the RFP process and the number of responses that had been received for the Emerging Markets Equity RFP. Mr. Zarate reported that Marquette and the Investment Committee were recommending hiring William Blair. Mr. Sidrys confirmed that the Investment Committee had interviewed three finalists and had reached the consensus that William Blair should be hired. On a motion by Mr. Sidrys, seconded by Mr. Burke, the Board approved hiring William Blair to manage \$22M as an Emerging Markets Equity manager.

Mr. Kallianis described the resolution regarding the sharing of fee information with other, local, pension plans. He reported that, at the suggestion of Mr. Biggs, he would amend the resolution to include the correct legal name of each fund. On a motion by Mr. Sidrys, seconded by Mr. Burke, the Board approved the resolution on the sharing of fee information.

Old Business

On a motion by Mr. Franklin, seconded by Mr. Sidrys, Items 6a and 6b related to a 401a Plan for Trust staff and the Educational Conference Reimbursement Policy, respectively, was deferred.

Ms. Donahue reported the significant dates for the remainder of the year for the RHCT, including renewals, setting of 2016 premiums and the open enrollment process for 2016.

Ms. Zaveduk then presented the draft January 1, 2015 actuarial valuation to the Board. Mr. Zaveduk reported that the valuation report concluded that the present value of the Trust's assets exceeds the present value of the Trust's benefits. She also reported that the valuation included a placeholder accounting for and HRA and also included the required statutory reserve.

New Business

On a motion by Mr. Franklin, seconded by Mr. Burke, the Board voted to adjourn the meeting.