



The motion passed with Mr. Hill, Mr. Burke and Mr. McKone abstaining.

The Chairman then entertained a motion to approve the Minutes of the March 23, 2017 meeting which were also previously distributed to the Trustees. A motion was made to approve the Minutes of the March 23, 2017 meeting. The motion was seconded. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: That the Minutes of the March 23, 2017 Board of Trustees meeting be approved.

The motion passed with Mr. Hill abstaining.

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

RESOLVED: To approve items for 4A. and 4B. on the Agenda.

Regarding 4C. of the Agenda, the Chairman reported that there was an additional request to attend the IFEBP Conference in October with half of the cost paid for by the Retiree Health Care Trust and half paid for by the Retirement Plan for Mr. McKone, Mr. Franklin, Mr. Weems, Mr. Hill and Ms. Bowers. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve payment of one-half of the costs associated with attending the IFEBP Conference in October for Mr. McKone, Mr. Franklin, Mr. Weems, Mr. Hill and Ms. Bowers.

#### REPORT OF INVESTMENT CONSULTANT

Mr. Zarate said that the Fund had gone through an extensive asset reallocation that was completed about six months ago. He noted that there was a small underweight to fixed income which was due primarily to good performance in the equity markets. The net value of the Fund

increased in the first quarter from \$755 million to \$782 million. The market value of the Fund's assets as of April 26, 2017 was \$790,881,581.05.

In the first quarter of 2017, the Fund returned 4.2% compared to the benchmark return of 3.7%. Fund liquidity remained relatively constant. Mr. Zarate then referred the Trustees to the meeting book and the AmalgaTrust small cap growth portfolio which is sub-advised by Insight Capital. AmalgaTrust has underperformed with its current sub-advisor. Marquette reviewed alternate sub-advisors, including Copeland Capital. The Investment Committee reviewed this and recommended that the sub-advisor be switched from Insight Capital to Copeland Capital for the AmalgaTrust investment. Upon motion made and seconded, the following Resolution was unanimously adopted:

**RESOLVED:** To direct that the small cap growth portfolio sub-advisor be moved to Copeland Capital.

Mr. Zarate then directed the attention of the Trustees to Exhibit 3 of his presentation materials which reviewed William Blair as a separate account emerging market equity manager. Mr. Zarate reviewed with the Trustees the costs and procedural difficulties in having a separately managed account for international equities. He said that the 120 basis point management fee for a commingled fund is now close enough to the costs of a separately managed account to make it a more attractive investment vehicle. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

**RESOLVED:** To direct that the William Blair Emerging Markets Equity Fund assets be transferred to William Blair Commingled Emerging Markets Equity Fund.

Finally, Mr. Zarate advised the Trustees that Clarion has agreed to lower its fee for the real estate fund that it manages. The fee is being lowered from 100 basis points to 95 basis points

which will provide an annual savings of approximately \$21,000. Mr. Zarate was then thanked for his report.

#### PAYROLL COMMITTEE

Discussion was then directed to the report of the Payroll Committee. Mr. Rosenblat advised the Trustees that he believed that certain items on the Agenda, namely C. through E. should be reviewed in Executive Session. Mr. McKone agreed to give the report on behalf of the Committee. Mr. McKone reported that the Committee met on April 11, 2017. Discussion ensued regarding the need to set up a meeting with the two ATU Locals in order to provide training on the reporting form that the ATU Locals will use to accompany contributions. It was the consensus of the Trustees that the meeting should go ahead as soon as it can be scheduled. Mr. Kallianis reported that an updated payroll audit engagement letter has been prepared for Legacy to audit subsequent periods. It was noted that the new engagement letter will provide for a minority owned accounting firm to provide subcontracting services to Legacy Professionals on the assignment. Discussion ensued regarding deferring approval based on comments made by Mr. Burns at a prior meeting. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To defer the audit until the issue raised by Mr. Burns is clarified.

#### FIDUCIARY LIABILITY INSURANCE RENEWAL

Mr. Bowen of Mesirow Insurance Services presented the fiduciary liability insurance renewal for the Health Care Trust. The fiduciary liability policy is up for renewal on May 31, 2017. The current insurance policy has a \$10 million limit of liability with Ullico. Mr. Bowen reviewed the carrier responses when the coverage was put out to bid. Mr. Bowen pointed out that

individual Trustees can chose their own defense counsel under this policy. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To adopt renewal option 1 with Ullico as presented.

#### REPORT OF SEGAL CONSULTING

Discussion ensued regarding changes in benefit eligibility that have been discussed at the General Administration Subcommittee in conjunction with the establishment of an HRA. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To adopt the eligibility rules outlined in the Segal Memorandum with age 55 and 20 eligibility credits or age 65 with 10 eligibility credits.

Ms. Donahue said that she would prepare an amendment reflecting the action the Trustees took, along with a participant announcement. Discussion ensued regarding an announcement being included in the open enrollment documents that will be distributed towards the end of the year. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To adopt the eligibility changes effective January 1, 2018, to incorporate the change into the Plan Summary and all open enrollment documents.

Ms. Donahue then reviewed the calendar of key dates over the next several months. Mr. Kallianis reported that there had been requests to change meeting dates previously scheduled in June, August and October. The new dates would be June 19, August 17 and October 19. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To schedule regular Board meetings for June 19, August 17 and October 19, 2017, rather than as the dates previously scheduled.

## EXECUTIVE SESSION

Upon motion made by Mr. Burke and seconded by Mr. Sidrys, the Resolution was unanimously adopted:

RESOLVED: That the meeting of the Trustees go into Executive Session. The Executive Session began at 12:11 p.m.

At 1:19 p.m., the Executive Session and the Trustees resumed their open meeting. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To request from the CTA contributions for the ATU Apprentices and unrepresented employees as identified in the Legacy payroll compliance report and that the Board formally acknowledge them as employees that should be making contributions.

A motion was then made and seconded that Board members of the Chicago Transit Authority not be considered employees and that this Board disregard that portion of the audit for purposes of trying to collect funds. The question was called. Chairman Kasmer requested a roll call vote. The roll call was conducted by Mr. Kallianis. Chairman Kasmer voted yes, Mr. Sidrys voted yes, Mr. Burke voted yes, Mr. Weems voted no, Mr. Hill voted no, Mr. McKone voted yes and Ms. Thornton-Pierce voted yes. The motion carried five to two.

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

RESOLVED: To instruct Fund counsel to obtain documentation between the CTA and Local 1 which confirms that Iron Workers' Local 1 employees do not participate in the Retiree Health Care Trust and said employees waive any future claim for benefit eligibility, with a further stipulation that those parties indemnify the RHCT Fund;

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

RESOLVED: To instruct Fund counsel to review the Plan documents and to propose appropriate amendments to limit the liability of the Board for benefits on behalf of employees who have not made contributions to the Plan.

## REPORT OF FUND COUNSEL

Mr. Rosenblat reported that earlier today there was a hearing in the *Matthews* case during which the court considered a request to file a third amended complaint and a motion to disqualify the Dowd Bloch firm. The matter has been continued to May 31, 2017. Mr. Rosenblat also reported that in the Wakpamni bonds securities fraud case, there is a possibility that the Fund will recover \$60,000 in the next 30 days.

## ADJOURNMENT

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

RESOLVED: That the meeting be adjourned.

The meeting was adjourned at 1:24 p.m.

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SECRETARY