

MINUTES OF THE MEETING
BOARD OF TRUSTEES
CTA RETIREE HEALTH CARE TRUST
200 West Adams Street, 17th Floor, Chicago, Illinois
April 26, 2018

TRUSTEES PRESENT

Thomas McKone	Chairman
Christopher Kasmer	Secretary
Joseph J. Burke	
Keith Hill	
Kenneth Franklin	
Paul Sidrys	
Sherri Thornton-Pierce	

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
Chris Johlle	Franczek Radelet, PC on behalf of the RTA appointed Trustee
David M. Novak	Jackson Lewis, PC on behalf of CTA appointed Trustees
Joseph Burns	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 11:06 a.m.

ROLL CALL

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

APPROVAL OF MINUTES OF PREVIOUS MEETING

The Minutes of the March 15, 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 March 15, 2018 meeting.

Mr. Hill abstained.

NEW BUSINESS

The Chairman asked that the attention of the Trustees be directed to Item 7 on the Agenda, New Business, so that Mr. Poulos and Mr. Burke could be on their way.

Mr. Rosenblat reported that the Fund had received a subpoena for testimony in the trial of *United States v. Galanis, et al.* The defendants in this trial were charged with crimes related to the fraudulent Wakpamni bond scheme. Upon receiving the subpoena, Mr. Rosenblat consulted with Mr. VanderPloeg of the Burke, Warren firm, who has been the point person on the Wakpamni bond litigation. They both agreed that someone with considerable federal criminal defense experience should be retained to assist in response to the subpoena. Mr. Rosenblat and Mr. Kallianis had met with Theodore Poulos of the firm Cotsirilos, Tighe, Streicker, Poulos and Campbell. Mr. Poulos has the requisite qualifications. Mr. Rosenblat then had a conference call with Mr. Kallianis, and the Chairman and Secretary of the Fund. Mr. Poulos then addressed the Trustees. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the engagement of Cotsirilos, Tighe, Streicker, Poulos and Campbell, Ltd. to assist in the response to the subpoena issued in *United States v. Galanis, et al.*

The attention of the Trustees was then directed to a letter in the meeting materials from Richard Burke of Burke, Warren, MacKay & Serritella, P.C. The letter requests a conflict waiver and consent to representation. The letter notes that the Burke Warren firm represents the RHCT in the aforementioned Wakpamni bond litigation and also represents the Retirement Plan and the Retirement Plan Board of Trustees in the *Williams* litigation and *Hampton* litigation. Due to the filing of the second amended complaint in the *Williams* litigation and the counter-claim the Retirement Plan filed against the RHCT, the Retirement Plan and its Board are adverse to RHCT and its Board with respect to the plaintiff's claim for reimbursement. In addition, there is a potential conflict if the Illinois Appellate reverses the dismissal of the action in the *Hampton* case. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the waiver of conflict and consent to representation as presented in the April 12, 2018 letter from Burke, Warren, MacKay & Serritella, P.C.

GENERAL ADMINISTRATION COMMITTEE ISSUES

The applications for benefits and bills and remittances were reviewed. A request was made for pre-approvals for educational conferences. The Trustees considered a request from Mr. Bowen for one-half of the cost of an International Foundation for Employee Benefits certification program, and one-half of the cost for Mr. Kasmer to attend the Annual International Foundation for Employee Benefits Conference. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve all applications for benefits, payment of bills and remittances and approve expenses for educational conferences for Mr. Bowen and Mr. Kasmer as presented.

REPORT OF INVESTMENT CONSULTANT

Mr. Zarate referred to the Marquette Associates' Monthly Update Report as of March 31, 2018. A copy of that report was distributed to the Trustees and is attached and made part of these Minutes.

Mr. Zarate directed the attention of the Trustees to page 3 of the meeting materials which showed a fiscal year-to-date return as of March 31, 2018 of 50 basis points above the benchmark. Year-to-date, the Fund is down -0.2%. Asset allocation was reviewed. Fixed income is currently slightly underweight at 38.2% compared to the policy target of 40%. As of April 25, 2018, the market value of assets was \$849,645,267.59. Annualized performance net of fees was then reviewed. Mr. Zarate pointed out that the total fixed income composite year-to-date through March 31, 2018 returned -0.9% compared to the BBgBarc US Universal TR Index which returned -1.4%. He also noted that the small cap composite returned 12.8% compared to the Russell 2000 Index which returned 11.8%.

Mr. Zarate then directed the attention of the Trustees to pages 20 and 21 of the meeting materials which was a memorandum regarding the MWDBE Index strategy provider search. Marquette sent out RFPs for S&P 500 and S&P 400 Index strategy investment management MWDBE firms. Two responses were received. One from Piedmont and the other from Rhumblin. Discussion ensued. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: To allocate \$100 million from Northern Trust to the Piedmont S&P 500 Index Fund and to allocate \$44 million from Northern Trust to the Piedmont S&P 400 Index Fund.

It was noted that no Investment Committee meeting is currently scheduled, although one should probably take place in approximately two months.

OLD BUSINESS

Discussions ensued regarding contributions for part-time ATU employees. Mr. Rosenblat then referred to a report on pending litigation prepared by his firm. That report is attached to and made part of these Minutes. Discussion ensued regarding Locals 241 and 308 gathering information for the ongoing payroll audit. The Trustees requested that Legacy attend the next Board meeting to report on the progress it is making regarding its payroll compliance audit.

Mr. Levin and Ms. Stawiarski of Segal Consulting reviewed upcoming meeting dates, including the May 10, 2018 General Administration Committee meeting which will address contribution rate policies. Discussion ensued regarding scheduling of that date and which Trustees were available to attend.

Discussion then ensued regarding Health Engine and whether the services it provides could be of value to the Fund. Mr. Levin will provide a summary of their services at the next Board meeting.

It was also noted that the Humana Annual Report will be given on May 14, 2018 at Segal's office and that another General Administration Committee meeting will be scheduled for the week of July 16.

Approximately 300 participants have active HRA accounts with approximately \$2.8 million in those accounts.

NEW BUSINESS

Discussion ensued regarding legislative requirements for a reserve and the 100% funding requirement. Segal Consulting will provide an analysis on that question and how premiums could be adjusted downwards.

ADJOURNMENT

There being no further business to come before the Board, upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To adjourn the meeting.

The meeting was adjourned at 12:00 p.m.

SECRETARY