

MINUTES OF THE MEETING
BOARD OF TRUSTEES
CTA RETIREE HEALTH CARE TRUST
200 West Adams Street, 17th Floor, Chicago, Illinois
December 20, 2018

TRUSTEES PRESENT

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

ALSO PRESENT

John V. Kallianis	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
Anita Tanay	On behalf of the ATU Local 308 appointed Trustee
Daniel R. Salemi	Morgan Lewis & Bockius, LLP on behalf of the RTA appointed Trustee
James P. Daley	Jackson Lewis, P.C. on behalf of CTA appointed Trustees
Kweku Obed	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 11:30 a.m.

ROLL CALL

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

REPORT OF INVESTMENT CONSULTANT

Mr. Obed directed the attention of the Trustees to the report prepared by Marquette Associates which was distributed to the Trustees and is attached and made part of these Minutes. As of yesterday's close of business, the market value of the Fund was \$805,796,619.06. That is a decline of approximately 3.5% since the end of November. Mr. Obed referred the Trustees to the performance review of Marquette's report. For November 2018, the Fund returned a positive 1.1%. The Fund returned negative 70 basis points on a year-to-date basis. Fixed income managers were in line with the benchmark. Equity managers were then reviewed. Great Lakes has performed poorly in 2018. Discussion ensued regarding their stock selections. Great Lakes has a contrarian approach. Their exposure to energy producing companies hurt returns as that has been a very volatile sector of the market in 2018. Mr. Obed said in spite of their recent relative poor performance, Marquette recommends staying with this manager. He also noted that this was Piedmont's first full month as a manager and they tracked the S&P 400 Mid Cap benchmark. Mr. Obed noted Matarin has underperformed and advised the Trustees that their quality focus has hurt their relative performance. Discussion ensued regarding other equity managers. Kayne Anderson and Amalgatrust have done a better job of picking stocks. Marquette anticipates meeting with Matarin in 2019 to review their investment model.

Mr. Obed reported that an RFP was recently issued for an international small cap equity manager. Discussion ensued regarding OFI Global, the current international small cap manager whose management team left. The new management team has maintained consistency with the OFI model. The RFP for an international small cap manager received 32 responses which Marquette will review. Mr. Obed said he would coordinate with Mr. Kallianis for an Investment

Committee meeting to review the best candidates that responded. Other managers were then reviewed. William Blair returns have rebounded. Mr. Obed was thanked for his report.

OLD BUSINESS

Regarding contributions for unrepresented employees, ATU apprentices and Local 1 iron workers, Mr. Rosenblat said that a meeting has been scheduled with the Executive Director and the auditors to review job classifications that the auditors identified in their payroll compliance review. Mr. Rosenblat further said that he has been in discussions with the CTA's attorney regarding resolution of the lawsuit over contribution obligations. There has been some confusion regarding different job classifications and how they are identified in the audit report. Discussion ensued regarding pending litigation regarding this matter.

Mr. Rosenblat reported that regarding the Wakpamni bond litigation, Eric VanderPloeg from the Burke Warren firm recommends entering a joint prosecution agreement with other claimants. Mr. Rosenblat noted that a decision in the Hampton case is expected today and that fact discovery in the Williams case closes today.

Mr. Kallianis reported that regarding the ongoing payroll audit, Legacy has started at Local 308 and is scheduled to go to Local 241 in January and then on to the CTA for onsite reviews.

Discussion of the 2019 budget was deferred until the January 2019 meeting.

The attention of the Trustees was then directed to Ms. Stawiarski. Ms. Stawiarski reviewed the key dates on the 2019 calendar that was previously distributed to the Trustees and is attached and made part of these Minutes. Special attention was given to dates in July and August for vendor contract renewals. Blue Cross Blue Shield, Humana and MetLife Dental are all up for renewal. Segal Consulting will prepare requests for proposals for the services provided by Humana and

Blue Cross Blue Shield. Mr. Levin reviewed with the Trustees the timing of the RFP process. Selecting respondents to the RFP will likely be done in June and July of 2019. Mr. Levin and Ms. Stawiarski were thanked for their report.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The Minutes of the November 20, 2018 meeting were submitted for approval. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: To approve the Minutes of the November 20, 2018 meeting as presented.

Ms. McCoach, Mr. Hill and Ms. Morgan abstained.

GENERAL ADMINISTRATION COMMITTEE ISSUES

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 and payment of bills and remittances as previously distributed to the Trustees.

Regarding item 6(c), Mr. Kallianis requested approval to attend the IFEBP Advanced Trustees and Administrators Institute in February 2019. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve paying one-half of the costs incurred for Mr. Kallianis to attend the IFEBP Advanced Trustees and Administrators Institute in February 2019.

Mr. Kasmer then addressed item 4(e) which was the follow up to the Naturally Slim presentation made at the GA Committee meeting. Naturally Slim provides behavior training directed at weight reduction. Discussion ensued regarding participation in the Naturally Slim program. 2,450 pre-Medicare retirees and spouses would be eligible. The company anticipates a participation rate of approximately 10%. The maximum fee per participant is \$385. Naturally

Slim recommended starting the program right after the first of the year. They believe that is when it is most effective.

Discussion ensued regarding the difficulty in verifying the effectiveness of the program. There will be biometric measures that can be reviewed at the end of the year to determine what improvement have made by those who participated in the program. Discussion ensued regarding whether this program could be offered independently or through the Blue Cross Blue Shield network. Discussion ensued regarding how Naturally Slim differs from Weight Watchers, Atkins and other similar programs. It was noted that Naturally Slim does not sell any food products. Mr. Hill questioned whether other possible providers should be considered for this assignments.

The program involves ten weekly classes. The classes cost \$38.50 per class per person. The Fund would be charged the \$38.50 only when the enrolled person attends the class. After the initial ten classes, there are an additional seven, but costs per participant are capped at \$385. Further discussion ensued regarding the ability to identify the success of the program in dollars. Discussion ensued regarding the effectiveness of a program that begins after retirement, when many of the negative health conditions attributable to a job have already begun. Naturally Slim says that positive behavior can reverse many of those conditions. Mr. Kasmer moved to engage Naturally Slim for an amount not to exceed \$100,000 over the course of the next 12 months to provide services to participants and their spouses. Mr. Sidrys seconded the motion. Discussion ensued regarding limitations on benefits that can be provided by a health plan. Discussion ensued. Mr. Levin said that because biometrics are measured, he believes that this benefits is appropriate for a health plan. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: To retain Naturally Slim for twelve months for a fee capped at \$100,000.

Mr. Hill requested a review of indexing prices assessed to participants. Mr. Kallianis said that in 2008 or 2009, the Trustees decided to use the medical consumer price index to adjust copays, deductibles and other costs, but not premiums. Mr. Levin said that Segal can provide a response to that request. The Board decides premiums on an annual basis, but other costs are indexed to the medical inflation number. Although there is one index number for each year, it is applied to many different costs of the Plan. Mr. Kallianis was also asked to provide the backup on the decision made by the Board to not revisit this every year.

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 12:47 p.m.