

MINUTES OF THE MEETING  
BOARD OF TRUSTEES  
CTA RETIREE HEALTH CARE TRUST  
200 West Adams Street, 17<sup>th</sup> Floor, Chicago, Illinois  
February 28, 2019

TRUSTEES PRESENT

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

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	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 the CTA appointed Trustees
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 11:30 a.m.

ROLL CALL

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

## APPROVAL OF MINUTES OF PREVIOUS MEETING

The Minutes of the January 24, 2019 meeting had previously been distributed to the Trustees. Consequently, the reading of the Minutes was dispensed with. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: To approve the Minutes of the January 24, 2019 meeting as distributed.

## NOMINATION OF OFFICERS

Mr. McKone nominated Keith Hill for the position of Chairman. Mr. Sidrys seconded the nomination. Mr. Hill declined the nomination.

Mr. Hill then nominated Mr. Franklin to be Chairman. The nomination was seconded by Mr. Franklin. Roll was called. There were four no votes and three yes votes. Consequently, the election of Mr. Franklin to be Chairman failed.

Mr. Hill nominated Marqueal Williams. Mr. Rosenblat interjected that in order to serve as Chairman the individual must be a Trustee, not an alternate. Mr. McKone then nominated Mr. Hill to be Chairman of the Retiree Health Care Trust. The nomination was seconded by Mr. Sidrys. Role was then taken. There were six yes votes and one no vote. Mr. Hill was elected as Chairman.

Mr. Hill thereupon nominated Mr. McKone to be Secretary. The motion was seconded by Ms. Morgan. Role was then called. The motion carried with five yes votes, one no vote and one abstention. Mr. Hill then began chairing the meeting.

In response to a question from the Chair, Mr. Kallianis reported that the General Administration Committee is chaired by Mr. Kasmer. Mr. McKone, along with Mr. Kasmer, will serve as Co-Chairs of the General Administration Committee. Chairman Hill appointed Mr. Franklin to also serve on the General Administration Committee. The attention of the Trustees

was then directed to the Investment Committee. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That for the General Administration Committee the Chairman is Mr. Kasmer, Co-Chair is Mr. McKone and Mr. Franklin serves on the Committee.

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

RESOLVED: That Mr. Sidrys be the Chairman and Mr. Franklin be the Co-Chairman of the Investment Committee.

#### REPORT OF INVESTMENT COMMITTEE

The attention of the Trustees was directed to Mr. Zarate who gave the report on behalf of the investment consultant, Marquette Associates. Mr. Zarate directed the attention of the Trustees to the Marquette Associates January 2019 Market Environment Report. A copy of that report was distributed to the Trustees and is attached and made a part of these Minutes. Mr. Zarate reviewed U.S. Equity Index returns as of January 31, 2019, noting a steep rebound following the decline in December 2018. Active managers did particularly well during January 2019. Mr. Zarate noted that it has been difficult for active managers to succeed. The Russell 2000 Value Index price earnings ratio is about 12, which based on valuation, is the most compelling area of the market.

Mr. Zarate directed the attention of the Trustees to page 20 of his report which is a return summary through January 31, 2019. For January 2019, the Fund returned 4.9% compared to its policy benchmark of 4.7%. Asset allocations versus the policy targets were reviewed. All asset classes are close to their policy targets. Mr. Zarate reported that as of February 27, 2019, the total value of the Fund's invested assets was \$856,960,074.20. He pointed out that for January 2019, the Fund's equity return was 9% compared to the index which returned 7.9%. Great Lakes, which

is a large cap value manager, outperformed by a significant amount in January. He noted that the small cap composite underperformed. The Kayne Anderson portfolio underperformed. Longer term they have performed well. Some recent underperformance is due to the fact that they do not invest in REITs, Real Estate Investment Trusts, which make up a part of the Index.

Mr. Sidrys reported that the Investment Committee met two weeks ago and reviewed candidates for managing the international small cap equity allocation. The Committee considered three finalist candidates and received presentations from them. The consensus of the Committee was to retain Artisan Partners and to follow the manager that left OFI and went to Artisan. The Committee recommended that \$25 million be allocated to Artisan and \$50 million be allocated to the S&P 500 Index Fund. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To allocate \$25 million to Artisan International Small Cap Equity Fund and \$50 million to the S&P 500 Index Fund.

#### OLD BUSINESS

Mr. Kallianis reported that Mr. Kemparas from Legacy Professionals reported at the Retirement Plan meeting on the 2011 through 2017 payroll audit. He provided a written summary which is attached and made part of these Minutes.

The Chairman directed the attention of the Trustees to Item 7(b) of the Agenda regarding the status of contributions for unrepresented employees, ATU apprentices and Local 1 iron workers. Mr. Rosenblat reported that a status hearing is set for March 27<sup>th</sup> in that case. He said he has been working with the parties to try to resolve a couple of groups and their status regarding contributions. He invited questions of which there were none.

Mr. Rosenblat then referred the Trustees to the Summary of Litigation Report which was included in the meeting materials and is attached and part of these Minutes. Mr. Rosenblat reported that no action was required of the Board today and that he anticipated that Mr. Vesselinovitch will attend the meeting in March to review the Williams and Hampton cases. Mr. McKone asked about the Wheatley case. Mr. Rosenblat replied that a motion to dismiss Mr. Wheatley's third amended complaint will be filed by March 6, 2019. Mr. Rosenblat invited further questions of which there were none.

#### REPORT OF BENEFITS CONSULTANT

Discussion ensued regarding going out of order to address certain issues. Upon made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To change the order of business moving Item 8(a) up to be discussed along with 7(d).

The attention of the Trustees was then directed to Ms. Stawiarski from Segal Consulting. She reported that she did not have any updates to the calendar since the January meeting. Discussion ensued regarding the possibility of a separate meeting to review assumptions used in the annual valuation. The meeting for that discussion is tentatively scheduled for August 22, 2019.

Mr. Levin then addressed the question of an RFP for non-Medicare medical coverage. Mr. Levin said that the RFP has been somewhat delayed. The delay has been due to attorneys for Blue Cross having difficulty in agreeing to a data disclosure agreement. He anticipates the RFP will be distributed on March 13<sup>th</sup> rather than February 28<sup>th</sup>. Mr. McKone noted that this an open procurement which requires vendors to not have contact with Trustees during the RFP process. Mr. Kallianis said that he would notify the Trustees when the RFP is released.

Mr. Kallianis then directed the attention of the Trustees to the renewal of the consulting agreement with Segal Consulting. Discussion ensued regarding when the effective date of the updated payment schedule would begin. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the proposed Segal rates, effective March 1, 2019.

Mr. Franklin asked Mr. Kallianis if a built in 2% increase is common in service providers contracts. Mr. Kallianis responded that there are built-in increases in billing rates for some service providers. The Segal contract has a notice provision for termination, but can otherwise be terminated at will. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To accept the revised Agreement with Segal Consulting.

Mr. Kallianis then addressed the question of an RFP for investment consulting services. Mr. Kallianis noticed that several comments have been incorporated into the draft RFP. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the issuance of the Request for Proposal for investment consulting services.

#### REPORT OF GENERAL ADMINISTRATION COMMITTEE

Mr. Kasmer noted that there were no requests for educational conferences under item 9(c) so he moved that items 9(a) and (b) on the agenda be approved. The motion was seconded. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve items 9(a) and (b) on the agenda.

ADJOURNMENT

There being no requests for an executive session, upon motion made and seconded the following Resolution was unanimously adopted:

RESOLVED: That the meeting be adjourned.

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