

MINUTES OF THE MEETING
BOARD OF TRUSTEES
CTA RETIREE HEALTH CARE TRUST
200 West Adams Street, 17th Floor, Chicago, Illinois
June 27, 2019

TRUSTEES PRESENT

Keith Hill	Chairman
Thomas McKone	Secretary
Joseph J. Burke	
Kenneth Franklin	
John Burkard	(for Christopher Kasmer)
April Morgan	
Paul Sidrys	

ALSO PRESENT

John V. Kallianis	Executive Director
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Richard Burke	Burke, Warren, McKay & Serritella, PC
Aaron Stanton	Burke, Warren, McKay & Serritella, PC
Alex Vesselinovitch	Freeborn Peters
James P. Daley	Jackson Lewis, P.C. on behalf of the CTA appointed Trustees
Anita Tanay	General Counsel, on behalf of ATU Local 308 appointed Trustee
Daniel R. Salemi	Morgan Lewis & Bockius, LLP on behalf of the RTA appointed Trustees
Justin Lannoye	Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich on behalf of the ATU Local 241 appointed Trustee
Miguel Zarate	Investment Consultant, Marquette Associates

CALL TO ORDER

The meeting was called to order at 11:48 a.m.

ROLL CALL

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

APPROVAL OF MINUTES OF PREVIOUS MEETING

The Minutes of the May 23, 2019 Board of Trustees 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 unanimously adopted:

shared with the Retirement Plan. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the Minutes of the May 23, 2019 Board of Trustees meeting as presented. Mr. Burkard abstained.

REPORT OF INVESTMENT CONSULTANT

Mr. Zarate directed the attention of the Trustees to the Marquette Associates meeting book, a copy of which is attached and made part of these Minutes. For fiscal year-to-date through May 31, 2019, the Fund has returned 7% compared to the policy benchmark which returned 7.2%. As of June 26, 2019, the invested assets were valued at \$882,840,615.24. May returns were down 2.5%, but bounced back about that amount in June to-date. Annualized performance of each manager net of fees was then reviewed. Special attention was given to Garcia Hamilton which underperformed its benchmark due to an overly conservative strategy. Great Lakes outperformed its benchmark year-to-date based on a very good performance in April. Mid-cap managers' returns were consistent with their indices. Kane Anderson, a small-cap value manager, returned 8.6% year-to-date, outpacing the Russell 2000 value index which returned 6.7%. Mr. Zarate then noted the underperformance of Matarin Capital Management which returned year-to-date 4% compared to the Russell 2000 Index which has returned 9.3%. Matarin has a qualitative value tilt and its qualitative bias has hurt performance. Discussion of Matarin ensued. It will have been managing assets for the Fund for three years in August 2019. Marquette has been in touch with them

regarding their performance. Value has been out of favor. Mr. Zarate was thanked and excused from the meeting.

EXECUTIVE SESSION

At 12:04 p.m., Mr. McKone moved that the Trustees go into Executive Session. Mr. Burke seconded the motion. The question was called. The following Resolution was unanimously adopted:

RESOLVED: To move into Executive Session.

At 12:20 p.m., the Trustees resumed an open session. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: To concur with Counsel's recommendations regarding terminating the tolling agreement with Greenberg Traurig, authorizing the refiling of the Fund's claims against Greenberg Traurig and Dillworth in a single lawsuit filed in the Circuit Court of Cook County and voluntarily dismissing the remaining claims in South Carolina against the aforementioned Defendants.

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

RESOLVED: To uphold the administrative decision regarding the appeal that was considered during Executive Session.

OLD BUSINESS

Mr. Kallianis first addressed an update on the payroll compliance audit being conducted by Legacy Professionals. Legacy has completed entering the timesheets for Local 241. They are now entering contribution information for part-time Union officers for the 6-1/2 year audit period. Next, they will contact the CTA for review of part-time Union officers for the audit period.

Mr. Kallianis then addressed the issue of the request for proposal that was conducted for an outside investment consultant. He reminded the Trustees that they are required to conduct an RFP every five years for that position. They were two finalist firms – NEPC and the incumbent

firm, Marquette Associates. The Investment Committee met on June 17 to interview the two finalists. He reported that it was the consensus of the Committee that the Trustees approve a five-year agreement with Marquette. The contract amount would be for \$170,000 per year. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the proposal from Marquette Associates to provide investment consulting services for a five-year period through June 30, 2024 with a fee of \$170,000 per year.

Mr. Rosenblat referred to the litigation report that was previously distributed to the Trustees. He said that no action was required other than the action already taken following the conclusion of the Executive Session.

Mr. Kallianis said that Dorothy Stawiarski from Segal Consulting will lead the discussion on the pre-Medicare PPO and HMO. The General Administration Committee met on June 17, 2019 to consider those providers. Ms. Stawiarski reminded the Trustees that they requested at the last Committee meeting a comparison of performance guarantees that Blue Cross Blue Shield offered in response to the current RFP compared to the previous performance guarantees in the current contract. The guarantees in the proposed agreement are better terms than what is in the current agreement. The total percentage of administrative charge at risk increased from 15% to 20%. For pre-Medicare retirees, Blue Cross Blue Shield offers a fully-insured HMO and a self-funded PPO. Cigna also bid on this assignment. However, the non-hospital provider network on the HMO for Cigna is smaller and would cause significant disruption to the participants. Blue Cross Blue Shield offered a cap on the administrative fee increase with the PPO at 1% for year two, and a 2% increase for year three. They offered a total of \$75,000 credit to be used over the three years which can be used for wellness, communications or general program management.

Based on their review, Segal Consulting recommended Blue Cross Blue Shield as the preferred provider. On motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To accept the Blue Cross Blue Shield proposal for pre-Medicare retirees.

Ms. Stawiarski distributed a calendar update which is attached and made part of these Minutes. The annual Humana meeting will take place on July 31 or August 1 at the Segal offices. Mr. Kallianis said that this would be a special meeting of the General Administration Committee and it would also count as educational towards educational requirements. She also noted that the open enrollment meeting will take place on November 1, 2019.

NEXT MEETING DATE

The Chairman said that there had been discussions about moving and/or cancelling various meeting dates. Discussion ensued. On motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the July 25, 2019 meeting be cancelled, the August meeting be moved to August 29, 2019 and the September meeting be moved to September 19, 2019.

Mr. Burkard noted that the meeting materials included applications for benefits, bills and remittances. On motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve applications and payment of bills and remittances as presented.

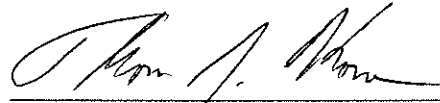
There were no requests for approval or reimbursement for educational conferences.

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 12:32 p.m.



SECRETARY

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