

MINUTES OF THE MEETING
BOARD OF TRUSTEES
CTA RETIREE HEALTH CARE TRUST
Via Microsoft Team Pursuant to the Governor's Executive Order 2020-18
June 25, 2020

TRUSTEES PRESENT

Thomas McKone	Chairman
Keith Hill	Secretary
Kenneth Franklin	
Christopher Kasmer	
Paul Sidrys	
Joseph Burke	
April Morgan	

ALSO PRESENT

Marqueal Williams	Alternate Trustee for ATU Local 241
Andrew Fuller	Alternate Trustee for CTA
John V. Kallianis	Executive Director
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Elsa Trejo	Finance Officer
Miguel Zarate	Investment Consultant, Marquette Associates
Jesus Jimenez	Investment Consultant, Marquette Associates
Ronald M. Willis	Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich, on behalf of the ATU Local 241 appointed Trustee
Anita Tanay	General Counsel for ATU Local 308, on behalf of the ATU Local 308 appointed Trustee
Dan Levin	Benefits Consultant, Segal Consulting
Barbara Zaveduk	Actuarial Consultant, Segal Consulting
Dorothy Stawiarski	Benefits Consultant, Segal Consulting
James P. Daley	Jackson Lewis, on behalf of the CTA appointed Trustees
Daniel R. Salemi	Morgan Lewis & Bockius, LLP on behalf of the RTA appointed Trustees

CALL TO ORDER

A quorum being present, the meeting was called to order at 12:15 p.m. Because the meeting was being held through Microsoft Teams, Mr. Kallianis identified other attendees at the meeting, including the court reporter.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The Minutes of the May 28, 2020 Board of Trustees Meeting were previously distributed to the Trustees. Consequently, the reading of the Minutes was dispensed with. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: That the Minutes of the May 28, 2020 Board of Trustees meeting be approved as presented.

Mr. Sidrys abstained.

REPORT OF THE INVESTMENT COMMITTEE

Mr. Zarate directed the attention of the Trustees to the Marquette Associates Executive Summary as of March 31, 2020. That report was previously sent to the Trustees and is attached and made part of these Minutes. The market value of the Fund on January 1, 2020 was \$933,378,060. The ending market value was \$815,315,102. For the quarter ending March 31, 2020 the Fund returned -12.4%. Asset allocation was reviewed. The Fund was -3.8% underweight to all equities and -1.1% underweight to non-US equities. The Fund was overweight 1.7% to fixed fixed income and 1.9% to real estate. Net investment change for the first quarter was -\$114,017,786. Net cash flow was -\$4,045,171. Performance for individual managers was then reviewed.

Mr. Zarate then directed the attention of the Trustees to the May 31, 2020 monthly update from Marquette Associates. A copy of that report was distributed to the Trustees and is attached and made part of these Minutes. May was a strong month returning 3.4% versus the benchmark

which returned 2.7%. On a fiscal year basis, the total return is -3.4% net of fees versus the benchmark at -1.8%. There have been steady returns from fixed income and strong returns from equities. Mr. Zarate reported that as of yesterday total assets in the Fund were \$906,021,528.57. Mr. Zarate then reviewed the asset allocation and policy targets. He reported that there was re-balancing during March and April with \$20 million in March and \$8 million in April moving from fixed income to the Piedmont S&P 500 Index Fund. That re-balancing to targets contributed to the Fund's overall recovery.

Great Lakes and Matarin are being liquidated. Fixed income managers are outperforming their benchmarks by 60 basis points. Emerging markets debt has been the biggest driver. Mr. Zarate said equity returns were 40 basis points above the broad benchmark with much of that outperformance coming from the mid-cap composite. International small cap managers, particularly Artisan, performed well. Core plus fixed income managers are doing well compared to their benchmarks. Mr. Zarate was thanked for his report.

OLD BUSINESS

Mr. Kallianis reported on the 2011 to 2017 payroll audit being conducted by Legacy.

REPORT FROM FUND COUNSEL

Mr. Rosenblat said that the litigation report is up on the screen and has previously been distributed to the Trustees. A copy of that report is attached and made part of these Minutes. Mr. Rosenblat reported that there is nothing pressing regarding ongoing litigation. There were no questions for Mr. Rosenblat.

REPORT FROM SEGAL CONSULTING

Ms. Stawiarski said that there were updated items for the 2020 calendar. She reported that this past Monday was the annual meeting with Humana to review that firm and utilization for the Medicare Advantage Plan. Segal will request vendor renewals from Met Life for the dental plan, from Humana Medicare Advantage Plan and for the Blue Cross/Blue Shield HMO Plan. Discussion ensued regarding scheduling additional general administration committee meetings. Mr. Kallianis reported that there will be a GA committee meeting in September at a date to be determined for the setting of premiums. There being no further questions for Segal, Ms. Stawiarski Stawiarski and Mr. Levin were thanked for their reports.

REPORT OF GENERAL ADMINISTRATION COMMITTEE

Mr. Kasmer reported that copies of the applications for benefits and bills and remittances were distributed to the Trustees. Copies of those documents are attached and made part of these Minutes. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the applications for benefits and bills and remittances.

There was no request for educational conference pre-approvals.

APPEAL AND EXECUTIVE SESSION

There was one appeal which would be discussed during Executive Session. Discussion ensued regarding the appeal.

Mr. Hill requested that he receive information on the cost of providing the health care benefits for the retirees. Specifically, he was interested in the cost of benefits paid out and premiums paid. Discussion ensued. Mr. Kallianis agreed to provide to Mr. Hill the information he requested, including fees paid to Blue Cross/Blue Shield, Caremark, Humana, Met Life and

other direct providers of medical benefits to the retirees. The Group Administrators fee would be included.

Mr. Kasmer moved that the Trustees go into Executive Session. Mr. Hill seconded the motion. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the Trustees go into Executive Session.

The Trustees went into Executive Session at 12:47 p.m.

At 12:56 p.m. the Trustees ended the Executive Session and the Open Session resumed.

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

RESOLVED: That the memorandum prepared by the Executive Director regarding the appeal of Eddie Hill be adopted.

Mr. Franklin abstained.

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 12:57 p.m.