

MINUTES OF THE MEETING
BOARD OF TRUSTEES
CTA RETIREE HEALTH CARE TRUST
Via Microsoft Teams Videoconference
August 25, 2022

TRUSTEES PRESENT

Thomas McKone	Chairman
Keith Hill	Secretary
Joseph Burke	
Eric Dixon	
Theresa Fletcher-Brown	(for Andrew Fuller)
Christopher Kasmer	
April Morgan	

ALSO PRESENT

Mark Weems	Alternate Trustee
Marqueal Williams	Alternate Trustee
Paul Sidrys	Interim Executive Director
Elsa Trejo	Deputy Executive Director, Finance and Accounting
Jeffrey Bora	Chicago Transit Authority, Counsel on behalf of the CTA appointed Trustees
Daniel Salemi	Morgan, Lewis & Bockius, LLP, on behalf of the RTA appointed Trustee
Anita Tanay	General Counsel for ATU Local 308, on behalf of the ATU Local 308 appointed Trustee
Ronald Willis	Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich, LLP on behalf of the ATU Local 241 appointed Trustee
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Miguel Zarate	Investment Consultant, Marquette Associates
Dan Levin	Benefits Consultant, Segal Consulting
Nicole Llorens	Actuarial Consultant, Segal Consulting
Barbara Zaveduk	Actuarial Consultant, Segal Consulting

ROLL CALL

Roll was called and a quorum was declared present.

CALL TO ORDER

The Chairman called the meeting to order at 1:00 p.m.

APPROVAL OF JUNE 23, 2022 MEETING MINUTES

Chairman McKone noted that the Minutes of the June 23, 2022 regular session and executive session were previously distributed to the Trustees. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: That the Minutes of the June 23, 2022 meeting be approved as presented.

Mr. Weems abstained.

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

RESOLVED: That the Minutes of the June 23, 2022 executive session be approved as presented.

Mr. Weems abstained.

Mr. Burke joined the meeting at 1:09 p.m.

REPORT OF INVESTMENT CONSULTANT

Mr. Zarate referred the Trustees to the Marquette Associates July 31, 2022 Monthly Update. A copy of that report was previously distributed to the Trustees and is attached and made part of these Minutes. Mr. Zarate said that the July 2022 performance was excellent. The total Fund composite return for July was 5%, however, for the fiscal year-to-date, the return was -8.9%. There is an underweight to fixed income holdings of -3.3%. There is an overweight of 2.4% in real assets. U.S. equity and non-U.S. equity are also slightly out of balance with U.S. equity having a 1.3% overweight and non-U.S. equity having a -1.4% underweight. The ending market value as of July 31, 2022 was \$1,054,735,453. The ending market value as of yesterday, August 24, 2022, was \$1,046,523,386.65. Mr. Zarate reported that Turning Rock was funded yesterday.

Mr. Zarate reviewed each asset class and manager within that strategy. He reported that effective July 1, 2022, the Ullico Infrastructure Fund management fee went from 1.75% to 1.6%

Mr. Zarate directed the Trustees' attention to a Memorandum regarding Eagle Asset Management Mid-Cap Growth Fund. A copy of that Memorandum was previously distributed to the Trustees and is attached and made part of these Minutes. The Memorandum reported that one of Eagle Asset Management Mid-Cap Growth Fund's portfolio managers, Burt Boksen, is leaving his role as portfolio manager for the Mid-Cap Growth Fund. Marquette is recommending that Eagle Asset Management be put on alert status. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To accept the recommendation of Marquette Associates to put the Eagle Asset Management Mid-Cap Growth Fund on alert due to organizational changes.

Mr. Zarate was thanked for his report.

OLD BUSINESS a. September Board Meeting Date

Discussion ensued regarding the date of the September 2022 Board meeting. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the meeting of the Retiree Health Care Trust Board of Trustees be held on Thursday, September 29, 2022.

b. Summary of Litigation from Plan Counsel

Mr. Rosenblat referred the Trustees to the Legal Report which was previously distributed to the Trustees and is attached and made part of these Minutes. Mr. Rosenblat reported that the Okere matter was scheduled for arbitration for October 11, 2022. He also reported that in light of the dismissal of the Hampton case, it will be removed from the litigation report.

c. Implementation of Items from New C.B.A. and Allocation of Local 241 Officer

Hours

It was the consensus of the Trustees that discussion of this matter be deferred until a later meeting.

d. Update of 2022 Significant Dates

The attention of the Trustees was directed to Mr. Levin to review the Key Dates for CTA Retiree Health Care Trust – 2022. A copy of that document was previously distributed to the Trustees and is attached and made part of these Minutes. Discussion ensued regarding the enrollment meeting scheduled for November 3, 2022. Online virtual enrollment will also be available.

Medical and dental provider renewals were discussed. Mr. Levin noted that the non-Medicare HMO/PPO options will be self-insured through Aetna. Humana will also provide the Medicare supplement through the Humana Medicare Advantage Program. Cigna will provide a dental network. Mr. Levin then reviewed the concept of benefit indexing now that the benefits are self-insured. CVS is the vendor for the prescription drug benefit. These contracts will be effective January 1, 2023.

NEW BUSINESS a. Presentation of January 1, 2022 Actuarial Valuation

Ms. Llorens directed the attention of the Trustees to the draft Actuarial Valuation as of January 1, 2022. A copy of that report was previously distributed to the Trustees and is attached and made part of these Minutes. Ms. Llorens directed the attention of the Trustees to page 8 of the report. The present value of benefits was \$398,073,079. Anticipated retiree self-payments are (\$125,417,607) for a net present value of current retiree projected benefits of \$272,655,472. Future retirees were then reviewed. The present value of their benefits is \$589,556,872. Less anticipated retiree self-payments of (\$181,957,803), the net present value of future retiree benefits is

\$407,599,069. The present value of HRA benefits is \$66,646,615 for a total present value of projected benefits of \$746,901,156. The present value of active contributions is \$58,400,631. Assets are \$1,164,616,949. The statutorily required reserve is (\$35,260,788). Total income and assets are \$1,187,756,792. Income and assets in excess of projected benefits is \$440,855,636, for income and assets as a percentage of projected benefits of 159%. Changes since the last valuation included greater assets than expected, changes in covered population, changes to per capita claims and the minimum active contribution rate went from 3% to 1% compensation effective January 1, 2022. The current assumed rate of return is 6.85%. Projections were also done with a 6.5% assumed rate of return. That would reduce the income and assets as a percentage of projected benefits to 152.1%. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To accept the actuarial valuation as of January 1, 2022.

GENERAL ADMINISTRATION COMMITTEE ISSUES

Mr. Kasmer referred the Trustees to the applications for benefits, bills and remittances under items 7a. and b. of the Agenda. Upon motion made and seconded, discussion opened. Mr. Rosenblat reported that in the bills there is a \$480 charge from Burke Warren which is a passthrough charge for maintaining a database related to the Wakpamni bond cases. Since those cases have closed, he recommended discontinuing that service. The data will not be lost. There were no objections to discontinuing the service. The following Resolution was unanimously adopted:

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

Mr. Kasmer noted that there were no requests for education conference pre-approvals and that he would not be attending the International Foundation Annual Conference later this year, even though he was approved to do so.

EXECUTIVE SESSION

Upon motion made by Mr. McKone and seconded by Mr. Kasmer, the following Resolution was unanimously adopted:

RESOLVED: That the meeting go into an executive session.

Mr. Sidrys asked for people who were not trustees, alternate trustees, or counsel to excuse themselves from the meeting. During the executive session, the Trustees discussed the Williams case. At 2:49 p.m. upon motion made by Mr. Hill and seconded by Mr. Kasmer, the executive session ended. The vote was unanimous.

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 2:53 p.m.

SECRETARY