

MINUTES OF THE MEETING OF THE
CTA RETIREE HEALTH CARE TRUST
Via Microsoft Teams Video Conference
November 22, 2022

TRUSTEES PRESENT

Thomas McKone	Chairman Keith
Hill	Secretary
Joseph Burke	
Eric Dixon	
Andrew Fuller	
Christopher Kasmer	
April Morgan	

ALSO PRESENT

Paul Sidrys	Interim Executive Director
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Ron Willis	Counsel, Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich, on behalf of the ATU Local 241 appointed Trustees
Daniel Salemi	Counsel, Morgan, Lewis and Bockius on behalf of the RTA appointed Trustee
Jeffrey Bora	Counsel, Chicago Transit Authority on behalf of the CTA appointed Trustees
Anita Tanay	General Counsel for ATU Local 308, on behalf of the ATU Local 308 appointed Trustee
Miguel Zarate	Investment Consultant, Marquette Associates
Dan Levin	Benefits Consultant, Segal Consulting
Colleen Batty	Benefits Consultant, Segal Consulting
Kathleen Ehrhart	Litigation Counsel, Freeborn Peters

CALL TO ORDER

The Chairman called the meeting to order at 10:45 a.m. Roll was called and a quorum was declared present.

APPROVAL OF MINUTES OF PREVIOUS MEETINGS

The Chairman noted that Minutes from the August 25 and October 27, 2022 meetings were previously distributed to the Trustees and are attached and made part of these Minutes. For each of those days, there were three sets of Minutes, a joint session with the Retirement Plan, the regular

session and an executive session. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: That the Minutes of the joint session of the CTA Retiree Health Care Trust and the CTA Retirement Plan Board of Trustees meeting held on August 25, 2022 be approved as presented.

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

RESOLVED: That the Minutes of the regular and executive sessions of the Retiree Health Care Trust Board of Trustees meetings held on August 25, 2022 be approved as presented.

Mr. Fuller abstained.

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

RESOLVED: That the Minutes of the joint session of the CTA Retiree Health Care Trust and the CTA Retirement Plan Board of Trustees meeting held on October 27, 2022 be approved as presented.

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

RESOLVED: That the Minutes of the October 27, 2022 Board of Trustees meeting be approved as presented.

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

RESOLVED: That the Minutes of the executive session of the Board of Trustees meeting held on October 27, 2022 be approved as presented.

REPORT OF INVESTMENT COMMITTEE

The attention of the Trustees was then directed to Mr. Zarate. Mr. Zarate directed the attention of the Trustees to the October 2022 Flash Report. A copy of that report was previously distributed to the Trustees and is attached and made part of these Minutes. Mr. Zarate reviewed the Manager Status Report. Mr. Zarate then referred to the TCW Core Plus Fixed Income Fund. TCW Core Plus Fixed Income Fund was put on alert due to one of its four portfolio managers leaving that firm. Mr. Zarate is now confident that the management team is stable and that there will be no

further departures. Discussion ensued regarding the procedure for removing a manager from alert status. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That based on the recommendation of Marquette Associates, TCW be taken off alert status.

Eagle, Lazard and William Blair remain on alert status.

Mr. Zarate reported that October returns were improved and November, so far has been a good month. He said that 75% of the time, December is a positive month for returns. Year-to-date through October 31, 2022, the Fund returned -13.8%. The benchmark return for that period was -14.8%. Asset allocation versus targets were reviewed. There is an underweight to infrastructure due to the Fund being in queues for investments and waiting for money to be called. There is a similar situation with private debt. The summary of cash flows was reviewed. The ending market value as of October 31, 2022 was \$988.5 million. As of yesterday, November 21, 2022, the market value of the Fund's assets was \$1,011,074,305.88.

Mr. Zarate reviewed the performance of individual managers. Asset allocation for equities is very close to being on target. Mr. Zarate anticipates a difficult market for fixed income. He reviewed domestic and international equities. Discussion ensued regarding the overweight to real estate. Mr. Zarate reminded the Trustees that he had recommended a \$20 million redemption from Clarion, which as was accepted at the October Board meeting, and that Heitman is in liquidation mode with an expected \$9 million to be liquidated. There are queues for liquidation with both of these real estate managers. He anticipates that the Clarion redemption will take two or three quarters.

Mr. Zarate then referred the Trustees to a memorandum from Marquette Associates regarding requests for fee reductions from managers. The memorandum reviewed the request of

MacKay Shields and Kayne Anderson. Those managers agreed to fee discounts. The discounts come to almost \$30,000 annually.

Mr. Zarate recommended that the Investment Committee meet in January or February of 2023 to review asset allocation. Mr. Zarate was thanked for his report.

OLD BUSINESS

Summary of Litigation from Counsel

Mr. Rosenblat referred to the Litigation Report which was previously distributed to the Trustees. A copy of that report is attached and made part of these Minutes. He reported on the Okere case, saying that a hearing was held on October 11 and a three arbitrator panel found in favor of the Retiree Health Care Trust. Mr. Okere had thirty days to challenge the finding. The thirty days ran without a challenge being filed. He anticipates that judgment will be entered. Kathy Ehrhart from Freeborn Peters is available to review issues related to the Williams case during executive session.

Allocation of Local 241 Officer Hours

Mr. McKone asked Mr. Rosenblat for a status on this issue. Local 241's internal documents refer to its officers as "hourly employees." However, they are paid the same compensation each pay period. Chairman McKone asked Mr. Rosenblat to continue reviewing the matter.

Update on 2022 Significant Dates

Mr. Levin addressed the Trustees regarding significant dates for 2022 and 2023. Copies of significant dates were distributed to the Trustees and are attached and made part of these Minutes. He reported on finalizing the Aetna ASO Agreement. He then reviewed anticipated 2023 significant dates. He pointed out that the CVS contract ends December 31, 2023 and that the Retiree Health Care Trust has favorable pricing through the Chicago Agency Coalition that

includes many other City of Chicago related funds. The RFP process for that provider has been somewhat delayed. He also noted that the Group Administrators' contract expires June 30, 2023. Discussion ensued regarding whether there was an interest in doing a request for proposal to provide the administrative services currently provided by Group Administrators. Discussion ensued regarding the RFP process. Mr. Levin and Mr. Sidrys noted that Group Administrators has done a good job in the transition to Cigna and Aetna and has been responsive in working with Segal and the Trust staff. Discussion ensued regarding the market for providing administrative services such as those provided by Group Administrators. Mr. Sidrys will ask Group Administrators for a proposal to extend its contract. Mr. Levin was thanked for his report.

Scheduling of December Meeting

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

RESOLVED: To change the scheduled December 2022 meeting from December 22 to December 20, 2022.

NEW BUSINESS

Search for Executive Director/Interim Executive Director Contract

Mr. McKone reported that the contract with EFL Associates to conduct a search for an executive director has been completed and that EFL sent questions to the Search Committee. Mr. McKone proposed adding six months to the contract with Mr. Sidrys. Mr. McKone said that he would bring the matter to the meeting in December so that the Trustees have an opportunity to consider it.

General Administration Committee

Mr. Kasmer directed the attention of the Trustees to the applications for benefits, and bills and remittances previously distributed to the Trustees and made a part of these Minutes. Discussion ensued. It was noted that Greg Longhini and Phyllis Warner, both of whose applications

were in the materials distributed to the Trustees, require further comment. Mr. Longhini moved his requested retirement date to December 1, 2022 and Ms. Warner withdrew her application. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the bills and remittances be approved as amended.

There were no requests regarding educational conferences.

EXECUTIVE SESSION

Mr. Rosenblat was asked whether an executive session was needed. He responded that Ms. Ehrhart is available to bring the Trustees up to date on the Williams case. Upon motion made by Mr. Kasmer and seconded by Mr. Burke, the following Resolution was unanimously adopted:

RESOLVED: That the Trustees enter Executive Session.

The Trustees went into executive session at 11:50 a.m. Mr. Sidrys secured the room, excusing all non-Trustees, except for himself, alternates and counsel.

RESUMPTION OF REGULAR SESSION

The regular session resumed at 11:59 a.m. Mr. McKone reported that in the executive session, ongoing litigation in the Williams case was discussed.

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 12:00 p.m.

SECRETARY