

MINUTES OF THE MEETING OF THE
CTA RETIREE HEALTH CARE TRUST
Via Microsoft Teams Video Conference
December 20, 2022

TRUSTEES PRESENT

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

ALSO PRESENT

Georgette Hampton	Alternate Trustee
Paul Sidrys	Interim Executive Director
Elsa Trejo	Finance Officer
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Ronald Willis	Counsel, Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich, on behalf of the ATU Local 241 appointed Trustee
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

CALL TO ORDER

The Chairman called the meeting to order at 11:05 a.m. Roll was called and a quorum was declared present.

APPROVAL OF MINUTES OF PREVIOUS MEETINGS

The Chairman noted that Minutes of the November 22, 2022 regular and executive sessions were previously distributed to the Trustees and are attached and made part of these Minutes. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the Minutes of the November 22, 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 November 22, 2022 Board of Trustees meeting be approved as presented.

REPORT OF INVESTMENT CONSULTANT

Mr. Zarate directed the attention of the Trustees to the Marquette Monthly Update dated November 30, 2022. A copy of that report was previously distributed to the Trustees and is attached and made part of these Minutes. Mr. Zarate reported that the Fund experienced two consecutive months of positive returns. The return for November 2022 was 4.4%, slightly behind the index return of 4.8%. Mr. Zarate was not optimistic about returns for the month of December. Through November 2022, the fiscal-year-to-date return was -10.1%, slightly ahead of the policy benchmark return of -10.7%.

Asset allocations have remained consistent since the prior month. There was a \$17.5 million capital call on infrastructure which will reduce the underweight to that asset class. Cash for that will come from fixed income. As of November 30, 2022, the ending market value of the Fund's assets was \$1,029,272,506. Mr. Zarate reported that as of yesterday, December 19, 2022, the Fund's assets were \$1,008,716,149.81. Mr. Zarate reported that one more private debt manager, Monroe Capital, is still in the completing documentation phase. He also said that some alternative managers have not yet reported for November 2022, which is recorded as a zero return

on the November monthly reports. The U.S. equity composite's return was 5.4% versus the Russell 3000 at 5.2%. Core plus fixed income managers, MacKay and TCW, lag their benchmarks. Mr. Zarate reviewed individual manager performance. He was asked about redemptions from real estate managers. He said that there is a \$20 million redemption for Clarion and Heitman has about \$9 million left in its liquidation. Real estate managers are paying redemptions slowly. Clarion is anticipated to pay-out just 10% of the requested redemptions for the 4th quarter.

Mr. Zarate directed the attention of the Trustees to a memorandum from Marquette Associates regarding the outstanding commitment to infrastructure. A copy of that memorandum is attached and made part of these Minutes. The memorandum requests consideration of reducing the commitment to infrastructure. The RHCT recently received a capital call of \$17.5 million and an additional call for the remaining \$17.5 million would put the RHCT over its target. Marquette reevaluated the commitment to infrastructure and recommends reducing the remaining commitment from \$17.5 million to \$10 million. Mr. Zarate reported that the would be affected manager, ULLICO, agreed to this reduction in anticipation that the Trustees will consider additional commitments in the future. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the recommendation of reducing the outstanding infrastructure commitment from \$17.5 million to \$10 million.

Finally, Mr. Zarate reported that TCW reduced its fee by approximately \$80,000 per year.

Mr. Zarate was thanked for his report.

OLD BUSINESS

Report of Fund Counsel

Mr. Rosenblat reminded the Trustees that the Litigation Report had previously been distributed to them. A copy of that report is attached and made part of these Minutes. Mr.

Rosenblat noted that there is a hearing on the Williams case on the next day, which will address the meaning of the Retirement Plan agreement. He anticipated a need for an executive session at the January meeting to review that and any discussions that had taken place between our counsel and counsel for the Plaintiffs.

Allocation of Local 241 Officer Hours

Mr. Rosenblat said that he is reviewing the question on the criteria necessary to determine whether employees are hourly or salaried. He anticipates responding to the Trustees prior to the January Board meeting.

Update on Significant Dates

Mr. Levin reviewed key dates with the Trustees. Significant dates for 2023 were distributed to the Trustees and are attached and made part of these Minutes. He reviewed RFP activity. The prescription benefit manager RFP with the coalition of City of Chicago related funds is underway. Mr. Levin reported that the Cook County Pension Fund has concluded negotiations with CVS for an extension.

Search for Executive Director and Interim Executive Director Contract

Mr. McKone reviewed with the Trustees the status report from EFL Associates, the firm retained to assist in selecting a permanent executive director. EFL Associates met with the search committee and subsequently had some discussions with individual members regarding what the Retiree Health Care Trust is looking for in an executive director. EFL is drafting a position specification which will be sent to the search committee for review and approval.

It was also noted that the Agreement with Paul Sidrys to serve as Interim Executive Director expires at the end of 2022. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve extending the Agreement with Mr. Sidrys through June 30, 2023.

NEW BUSINESS

Group Administrators Contract

Group Administrators, the third-party administrator that assists with certain administrative functions, expires on July 1, 2023. Group Administrators proposed a three-year extension with a 2.9% fee increase for each of those years. Discussion ensued. Mr. Levin offered that Segal could review the proposal. There also could be a formal RFP done for the work performed by Group Administrators. Discussion ensued. The Trustees considered various options. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To direct that Segal Consulting negotiate with Group Administrators on behalf of the Fund to extend that Agreement.

Approval of Proposed Budget for 2023

Mr. Sidrys directed the attention of the Trustees to a proposed budget for 2023. Discussion ensued regarding whether the budget should be approved given the fact that it was not listed on the Agenda. It was the consensus of the Trustees that the budget will be on the January meeting agenda for approval.

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 part of these Minutes. Upon motion made and seconded, the following Resolution was unanimously adopted:

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

There were no requests regarding educational conference pre-approvals.

EXECUTIVE SESSION

There was no need for an executive session.

ADJOURMENT

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 11:46 a.m.

SECRETARY