

MINUTES OF THE MEETING OF THE
CTA RETIREE HEALTH CARE TRUST
50 South LaSalle Street, Chicago, IL
December 21, 2023

TRUSTEES PRESENT

Keith Hill	Chairman
Thomas McKone	Secretary
Joseph J. Burke (via Teams)	
Eric Dixon	
Andrew Fuller (via Teams)	
Christopher Kasmer (via Teams)	
April Morgan	

ALSO PRESENT

Michael Bowen	Alternate Trustee
Georgette Hampton	Alternate Trustee
Paul Sidrys	Executive Director
Hector Flores	Deputy Executive Director
Elsa Trejo	Deputy Executive Director
Stanley Mui	Fund Accountant
Miguel Zarate	Investment Consultant, Marquette Associates
Dan Levin (via Teams)	Benefits Consultant, Segal Consulting
Colleen Batty (via Teams)	Benefits Consultant, Segal Consulting
Barbara Zaveduk (via Teams)	Actuarial Consultant, Segal Consulting
Jeffrey Bora	Counsel on behalf of CTA appointed Trustees
Anita Tanay (via Teams)	Counsel on behalf of ATU Local 308 appointed Trustee
Ronald Willis	Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich, on behalf of the ATU Local 241 appointed Trustee
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.

CALL TO ORDER

A quorum being present, the meeting was called to order at 10:57 a.m.

PRESENTATION OF MINUTES FOR APPROVAL

The Minutes of the November 21, 2023, meeting of the CTA Retiree Health Care Trust were presented for approval. The Minutes were previously distributed to the Trustees. A copy of the Minutes is attached and made part of these Minutes. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: That the Minutes of the November 21, 2023 meeting be approved as presented.

Ms. Morgan abstained.

REPORT OF INVESTMENT CONSULTANT

Mr. Zarate directed the attention of the Trustees to the Monthly Update as of November 30, 2023. A copy of that report is attached and made part of these Minutes. Mr. Zarate first referred to the manager status report. MacKay Shields Core Plus and Eagle MCG are both on alert due to professional turnover. Heitman continues on the report in termination status due to poor performance.

November was an excellent month, returning 6%. Year-to-date through November 30, 2023, the Fund returned 8.2%. Asset allocation was reviewed. Mr. Zarate noted that the cash holdings are currently down to about \$5 million from the \$7,332,118 as of November 30, 2023. The ending market value of the Fund's assets as of November 30, 2023 was \$978,805.004. The market value of the Fund's assets as of yesterday, December 20, 2023, was \$1,009,779,691. Due to strong equity returns in November and December, Mr. Zarate anticipates rebalancing in the coming year.

Real estate redemptions were reviewed. Heitman still has \$8,120,392 in the queue for redemption. The \$40 million Clarion redemption has \$32,580,000 remaining. The entire \$5 million redemption for Intercontinental remains outstanding. Mr. Zarate reported that Intercontinental does not anticipate satisfying any of that redemption request until the 4th quarter of 2024.

Outstanding commitments were reviewed. Private debt manager, Turning Rock Partners Fund II has a \$15 million commitment of which \$2,550,253 remains unfunded. The Carlyle Direct Lending Fund IV has a \$30 million commitment of which \$19,023,750 remains unfunded.

Performance was then reviewed. Year-to-date through November 30, 2023 the Fund returned 8.2%. The total fixed income composite returned 5.1% for November 2023. The total equity composite returned 9.1% for the month. Year-to-date the U.S. equity composite returned 17.6% compared to the Russell 3000 Index which returned 19.6%. Underperformance compared to the benchmark was due to underweight in small and mid-cap stocks. U.S. fixed income manager, Garcia Hamilton underperformed year-to-date because that manager thought that interest rates would go down when, in fact, they went up. There was some correction in November 2023, where Garcia Hamilton returned 5.6% compared to the Bloomberg U.S. Treasury benchmark return of 4.5%.

Year-to-date the Lazard International Equity Fund outperformed its benchmark 15.1% to 10.1%. Meanwhile, the Artisan International Small-Mid Fund underperformed the MSCI ACWI Ex USA SMID Index, returning 2.8% compared to the index return of 9.3%.

Real estate managers were then reviewed. The real estate composite returned -10.5% compared to the benchmark return of -8.2%. Discussion ensued. Mr. Zarate was thanked for his report.

OLD BUSINESS

Mr. Sidrys reported that the Auditor General Report was issued earlier today.

Summary of Litigation from Plan Counsel

Mr. Rosenblat referred to the Litigation Report which was previously distributed to the Trustees and is attached and made part of these Minutes. The only matter on the report is the Williams case, which is concluding. There were no other matters on which he had to report.

Review and/or Approval of Pension Administration Software

The attention of the Trustees was directed to Norm Buckwalter from Segal Consulting. Mr. Buckwalter has assisted the Trustees in the RFP and contracting processing for Fund Office software. It was reported that the final contract was approved earlier in the day by the Retirement Plan. Currently there is a 90-10 split on costs associated with the program between the Retirement Plan and the Health Care Trust. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the Procentia contract as presented.

Segal Update

The attention of the Trustees was then directed to Mr. Levin. He reported that pricing on the CVS contract amendment is agreed upon. The new terms memorialize protections from last year's contract amendment. The new term is for three years. The contract covers non-Medicare participants. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the CVS contract Amendment No. 3.

Ms. Batty addressed the Trustees regarding enhancements to vision, hearing and dental benefits. She referred to a vision and hearing benefits summary prepared by Segal Consulting. A copy of that report is attached and made part of these Minutes. She reviewed hearing and vision options. Discussion ensued regarding the extent of the network for hearing benefits. Current Aetna hearing and vision benefits were reviewed. The Trustees considered the difference in benefit level between pre and post Medicare participants. The General Administration Committee will further consider options in 2024 for a possible change in benefits for 2025. It was noted that Humana is a fully insured plan.

The Humana contract extension amendments were presented for approval. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the Humana contract amendment be approved as presented.

IT Equipment and 2024 Budget

The Trustees deferred these matters until the next Board meeting.

GENERAL ADMINISTRATION COMMITTEE ISSUES

Mr. Kasmer noted that copies of applications for benefits and bills and remittances under Items 7(a) and (b) of the agenda 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: To approve Items 7(a) and (b), as presented.

There were no requests for education pre-approvals.

NEW BUSINESS

It was noted that Mr. Dixon will be retiring at the end of the year and that this is his last meeting of the Retiree Health Care Fund as a Trustee. He was thanked for his service and received well-wishes from the Trustees for a long and happy retirement.

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 11:46 a.m.



SECRETARY

