

MINUTES OF THE MEETING OF THE  
CTA RETIREE HEALTH CARE TRUST  
February 22, 2024  
200 West Adams Street, Chicago, Illinois

TRUSTEES PRESENT

Thomas McKone	Chairman
Keith Hill	Secretary
April Morgan	
Joseph Burke	
Christopher Kasmer	
Pennie McCray-McCoach	
Andrew Fuller (via Teams)	

ALSO PRESENT

Marqueal Williams	Alternate Trustee
Georgette Hampton	Alternate Trustee
Michael Bowen	Alternate Trustee
Mark Weems	Alternate Trustee
Paul Sidrys	Executive Director
Elsa Trejo	Deputy Executive Director of Finance and Accounting
Hector Flores	Deputy Executive Director of Benefits and Operations
Stanley Mui	Accountant
Miguel Zarate	Investment Consultant, Marquette Associate
Dan Levin (via Teams)	Benefits Consultant, Segal Consulting
Anita Tanay	On behalf of the ATU Local 308 appointed Trustee
Colleen Batty	Benefits Consultant, Segal Consulting
Daniel A. Levin	Benefits Consultant, Segal Consulting
Nicole Z. Lorens	Actuarial Consultant, Segal Consulting
Barbara Zaveduk	Actuarial Consultant, Segal Consulting
Ronald Willis	Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich on behalf of the ATU Local 241 Appointed Trustee
Patrick N. Ryan	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.

CALL TO ORDER

A quorum being present, the meeting was called to order at 12:04 p.m.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The Minutes of the January 25, 2024, 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 unanimously adopted:

RESOLVED: To approve the Minutes as presented.

#### REPORT OF INVESTMENT COMMITTEE

Mr. Zarate directed the attention of the Trustees to the monthly update as of January 31, 2024. A copy of that report is attached and made part of these Minutes. The total Fund composite return for the period ending January 31, 2024 was 0.3%. Mr. Zarate noted high volatility through February 2024, but the trend continues to be positive for the Fund. He further discussed asset allocation in relation to the target allocation, noting that the Fund was low on its fixed income allocation. That would be partially addressed once real estate is redeemed, though the Fund remains overweight in equities due to the positive returns.

Mr. Zarate noted that cash flow was steady to start the year, with an overall balance of \$1,021,124,498.57 as of January 31, 2024.

Mr. Zarate reviewed the individual Investment Managers and noted that there were no recent changes with the focus remaining on having sufficient cash to pay benefits. Mr. Zarate further noted that individual manager performances was flat, with fixed income starting the year negative and large cap equities driving overall performance. Mr. Zarate noted that mid and small cap equities had not participated in the recent rally due to the higher interest rates. He noted that non-U.S. geopolitical issues and concerns over the Chinese economy had further impact on those returns.

For real estate, infrastructure and private debt, Mr. Zarate noted they returned 12% overall last year and were off to a good start this year. For the March investment committee meeting, Mr. Zarate anticipate discussing equities in particular, de-risking the plan, and managers on alert.

Mr. McKone asked for information regarding the Fund's long-term outlook and expected trends looking out 20-30 years. Ms. Zaveduk noted that she would work with Mr. Zarate to report back to the Trustees. Mr. Zarate was thanked for his report.

## OLD BUSINESS

### Litigation Report

Mr. Ryan noted that there was no litigation on which to report at this meeting, because Trustees had previously directed Mr. Rosenblat to remove the final case off the report.

### Payroll Audit Committee

Mr. Sidrys reported that the Audit Committee had met and set March 1, 2024, for the deadline to receive feedback from the local unions in response to the findings. Further action and information will be brought to the Trustees' attention as needed once the feedback is received and reviewed.

### Segal Update

Dan Levin discussed the Inflation Reduction Act and its impact on the Trust primarily starting in 2025. He briefly noted the changes in 2023 and 2024 but focused on the more significant changes coming in 2025, including the requirement that there be a \$2,000 out of pocket maximum cap. He further explained that participants may receive credits depending on various factors, such as the illness for which treatment is sought, the result of which could be participants paying less than \$2,000 but still hitting the \$2,000 out of pocket maximum.

Mr. Levin noted that there would be a reduction in federal reinsurance payments, putting more risk on the plans and less on Medicare. Federal aid will consist of mostly upfront subsidy payments, which is more beneficial to plans covering lower income earners. Thus, these changes are not expected to benefit RHCT as they might other plans. Mr. Levin noted that participants must

be allowed to pay the \$2,000 out of pocket over time. For instance a participant cannot be required to pay the entire \$2,000 out of pocket in January if a big expense occurred, but must be allowed to pay it over the course of the year.

Mr. Levin then discussed the Humana premiums for 2025 and noted that the rate guarantee included a caveat for changes caused by legislation. Thus, the Fund is likely to see rate increases in 2025 for Humana, but they will be monitored by Segal to ensure that they are not in excess of the amount required to address the legislative changes. He noted that Humana is unlikely to be able to provide information on the new premiums until August. This is because they need to see how the direct subsidy is going to be paid by the federal government in order to run their calculations.

Trustee Kasmer asked when the Humana rates would be reviewed. Mr. Levin noted that the review was expected to be set up either at an upcoming board meeting or general administration committee meeting. Mr. Sidrys confirmed there would be a separate meeting in April or May.

Mr. McKone asked about the factors on page 3 of Segal's report, and which would have the biggest impact. Mr. Levin explained it was hard to determine at this point, but the subsidies may be a bigger factor on the outcome. Mr. Levin was thanked for his report.

#### IT and Software Update

Mr. Sidrys reported that progress continues with the new software vendor and that the Fund is approximately 12% into the process with the vendor saying that the next milestone includes setting up secure off-site storage.

#### NEW BUSINESS

There was no new business to discuss.

REPORT OF GENERAL ADMINISTRATION COMMITTEE

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.

Mr. Kasmer then noted that Marqueal Williams was requesting to attend training at the educational conference as an alternate trustee with RHCT to pay 50% and the Pension Fund to pay 50%. Upon motion made and seconded, the following resolution was unanimously adopted:

RESOLVED: To approve the educational conference expenses for Mr. Williams by paying 50% of the costs.

EXECUTIVE SESSION

There was no need for an Executive Session.

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 12:36 p.m.

  
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SECRETARY