

MINUTES OF THE MEETING OF THE
CTA RETIREE HEALTH CARE TRUST

April 25, 2024
200 W. Adams Street, 17th Floor
Chicago, IL 60606

TRUSTEES PRESENT

Tom McKone	Chairman
Keith Hill	Secretary
Michael Bowen (for Andrew Fuller)	
Joseph Burke (via Teams)	
Christopher Kasmer (via Teams)	
April Morgan	
Mark Weems (via Teams)	

ALSO PRESENT

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

CALL TO ORDER

A quorum being present, the meeting was called to order at 12:25 p.m.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The Minutes of the March 28, 2024, meeting of the CTA Retiree Health Care Trust were presented for approval. The Minutes were previously distributed to the Trustees. The Minutes are

attached and made part of these Minutes. Mr. Rosenblat noted that the location of the meeting was corrected. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the Minutes be approved as corrected.

REPORT OF INVESTMENT COMMITTEE

The attention of the Trustees was directed to Mr. Zarate who referred to the Marquette Associates Executive Summary dated April 25, 2024. A copy of that report is attached and made part of these Minutes. Mr. Zarate noted that Eagle Mid-Cap Growth Fund is still on alert due to professional turnover and that Heitman has been in termination status since February 27, 2020. MacKay Shields' organizational issues will be addressed later in the meeting. Year-to-date through March 31, 2024 the Fund returned 4.4% compared to the policy benchmark return of 4.2%. The net investment change through March 31, 2024 was \$45,012,789. The market value of the Fund's assets as of March 31, 2024 was \$1,051,253,476.

Mr. Zarate reported that GQG was funded in April. Efforts are being made to rebalance back to the fixed income targets. As of yesterday, April 24, 2024, the total value of the Fund's assets was \$1,024,289,480.

Mr. Zarate elaborated on the slow real estate redemptions. Of the \$40 million redemption request made of the Clarion Lion Properties Fund, \$30,951,000 remains outstanding. \$7,335,826 remains outstanding from Heitman American Real Estate Fund. \$5 million was requested from Intercontinental U.S. REIF. All of that redemption remains outstanding. Mr. Zarate reviewed commitments to private debt. \$50,00,000 was committed to Turning Rock Partners Fund, of which \$1,702,742 remains unfunded. \$30,000,000 was committed to the Carlyle Direct Lending Fund IV of which \$16,740,900 remains unfunded.

Individual managers were then reviewed. Mr. Zarate noted that Garcia Hamilton has longer duration than the index which has led to some underperformance. TCW also struggles due to its longer duration than the index. He said that the Fund has focused on indexing the equity allocations in the portfolio. The Fund has excellent small-cap managers, but the asset class has been out of favor. Mr. Zarate discussed the State Street Quantitative Strategy. He also reviewed the Parametric 50% equity, 50% fixed income with an options overlay strategy. Intercontinental returned -4% year-to-date. Its underperformance is due to downtown office space holdings.

Mr. Zarate referred the Trustees to a March 2024 Memorandum regarding MacKay Shields Organizational Update. A copy of that memorandum is attached and made part of these Minutes. Mr. Zarate reported that after the co-head of Global Fixed Income left the firm, the new managers have led the team effectively. Consequently, Marquette is putting MacKay Shields back into compliance.

Next, Mr. Zarate reported that an investment committee meeting took place on April 11, 2024. The committee reviewed asset allocation. Discussion ensued regarding derisking the portfolio. This would involve reducing equity holdings from 38% to 35% and increasing volatility risk premium holdings from 5% to 8%. This would reduce the overall volatility. Discussion ensued regarding consolidating the large and mid-cap portfolios. Further discussion ensued regarding an RFP for an equity index strategy provider. Discussion ensued regarding adopting a new asset allocation and consolidating U.S. mid and large cap holdings into a 30% all-cap allocation with an additional 5% allocated to small-cap. In response to a question, Mr. Zarate said the volatility risk premium strategy is only U.S. equity and fixed income. Discussion ensued. Under the proposed asset allocation, the ten-year expected annual return would go from 7.35% to 7.38%. The expected

ten-year volatility would go from 9.15% to 8.81%. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To adopt the asset allocations as recommended by Marquette which reduces large cap equity holding from 38% to 35% and increases risk premium holdings from 5% to 8%.

Mr. Zarate was thanked for his report.

OLD BUSINESS

Summary of Litigation

Mr. Rosenblat reported that there was no pending litigation.

Report of Segal Consulting

Mr. Levin said that Segal was working on an experience study and long-term modeling.

EXECUTIVE DIRECTOR'S REPORT

Mr. Sidrys reported that the Software Update is proceeding well ahead of schedule and coding is being worked on.

Mr. Sidrys reminded the Trustees that they must fulfill, by May 1, 2024, an ethics disclosure requirement of 8 hours of educational training.

Mr. Sidrys then reported that a Humana and Aetna presentation meeting will be scheduled for May. Humana and Aetna representatives will review status and claims history. Mr. Sidrys said that he would distribute potential dates.

NEW BUSINESS

There was no new business scheduled to come before the Board.

REPORT OF GENERAL ADMINISTRATION COMMITTEE

Mr. Kasmer reported 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.

Education conference preapprovals for Elsa Trejo, Marqueal Williams and Local 308 Alternate Trustee James Battle were presented for approval. Upon motion made and seconded, the following resolution was unanimously adopted:

RESOLVED: That the education conference preapprovals for Ms. Trejo, Mr. Williams and Mr. Battle be approved.

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 12:55 p.m.

SECRETARY