

MINUTES OF THE MEETING OF THE
CTA RETIREE HEALTH CARE TRUST

June 27, 2024

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

TRUSTEES PRESENT

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

ALSO PRESENT

Michael Bowen	Alternate Trustee
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
Stanley Mui	Accountant
Anita Tanay	Counsel on behalf of the 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.
Miguel Zarate	Investment Consultant, Marquette Associates
Michael Barry	Investment Consultant, Marquette Associates
Nicole Llorens (via Teams)	Actuarial 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 12:12 p.m.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The Minutes of the May 23, 2024 regular session of the CTA Retiree Health Care Trust were previously distributed to the Trustees are attached and made part of these Minutes.

Consequently, the reading of the Minutes was dispensed with. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the Minutes of the CTA Retiree Health Care Trust held on May 23, 2024 be approved as presented.

The Minutes of the Joint Executive Session held with the CTA Pension Plan on May 23, 2024 were previously distributed to the Trustees and are attached and made part of these Minutes. Consequently, the reading of the Minutes was dispensed with. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the Minutes of the Joint Executive Session of the CTA Retiree Health Care Trust and the CTA Pension Plan held on May 23, 2024 be approved as presented.

REPORT OF INVESTMENT COMMITTEE

The attention of the Trustees was directed to Mr. Zarate. Mr. Zarate referred the Trustees to the June 27, 2024 Executive Summary prepared by Marquette Associates for the CTA Retiree Health Care Trust. A copy of that report is attached and made part of these Minutes. Mr. Zarate directed the attention of the Trustees to the Return Summary on page 4. The Fund returned 2.8% in May. Year-to-date through May 31, 2024, the Fund returned 4.3%, matching the policy benchmark. Asset class returns were reviewed. The U.S. equity composite returned 9.4% year-to-date. The total volatility risk premium composite returned 7.4%. Equity returns have been positive. Real estate and fixed income have been a drag on returns. The Fund is currently somewhat overweight to equities with the policy target being 47% and the current allocation at 52.6%. The ending market value as of May 31, 2024 of the Fund's assets was \$1,047,162,196.

Mr. Zarate reviewed the status of redemptions on real estate holdings. There is a full redemption in for Heitman with \$6,784,561 remaining outstanding. There is a \$40 million dollar redemption with Clarion Lion Properties Fund. \$29,032,038 remains outstanding. A \$5 million

redemption was submitted with Intercontinental U.S. REIF. The entire \$5 million remains outstanding. Mr. Zarate then directed the attention of the Trustees to private debt commitments. A \$15 million commitment was made to Turning Rock Partners Fund II. \$1,386,506 of that commitment remains unfunded. A \$30 million commitment was made to the Carlyle Direct Lending Fund IV. \$14,384,388 of that commitment remains unfunded. Mr. Zarate pointed out that the total volatility risk premium composite allocation was recently increased to 8%. Currently, the portfolio has 4.6% allocated to that asset class with Parametric Defense Equity Fund being the manager. U.S. fixed income has been underperforming.

Mr. Zarate reviewed individual managers. Fixed income managers have been positioned for lower interest rates, but interest rates have not been lowered. Mr. Zarate reviewed the non-U.S. equity holdings. Discussion ensued regarding Artisan. 5% of its assets are in one stock which is down 18%. Mr. Zarate opined that real estate valuations are close to the bottom. Intercontinental is poorly positioned because of its office building holdings.

Mr. Zarate directed the attention of the Trustees to a June 27, 2024 Memorandum regarding rebalancing recommendations. A copy of that Memorandum is attached and made part of these Minutes. The Memorandum explained that the Fund currently has a 5% target allocation to private debt. The pace of capital calls is slower than expected and the allocation to private debt currently stands at 3% of total Plan assets compared to the 5% target allocation. The Fund is currently approximately \$20 million underweight to its allocation. Consequently, Maquette is recommending that the commitment to the Carlyle Direct Lending Fund IV be increased an additional \$15 million. Mr. Zarate explained that Carlyle is an evergreen fund that allows for contributions and redemptions throughout the life of the fund. Turning Rock Fund II is a closed-end fund that is no longer taking capital and has a finite life. Marquette recommends using

evergreen funds due to their more favorable liquidity feature. Discussion ensued. Upon motion made and seconded the following resolution was unanimously adopted:

RESOLVED: To accept the recommendation of Marquette Associates to increase the commitment to the Carlyle Direct Lending Fund IV by \$15 million.

Mr. Zarate then directed the attention of the Trustees to a Memorandum regarding the Intercontinental U.S. REIF Fund. A copy of that Memorandum is attached and made part of these Minutes. Intercontinental U.S. REIF is an \$11.9 billion open-ended core real estate fund. As of March 31, 2024, there was a redemption queue of approximately \$1.14 billion, which is approximately 13% of the fund's net asset value. The fund had a gross negative return of -3.72% for the first quarter of 2024 and underperformed its benchmark in the trailing one and three year periods. It has outperformed on a ten-year and since inception basis. Returns are anticipated to be -10% to -14% in 2024, before turning positive in 2025. The Memorandum explained the repositioning of the fund's assets from offices to multi-family and industrial holdings. Discussion ensued regarding its debt. Marquette recommended that the manager be put on alert. Upon motion made and seconded the following resolution was unanimously adopted:

RESOLVED: To accept the recommendation of Marquette Associates to put Intercontinental U.S. REIF on alert.

Mr. Zarate was thanked for his report.

OLD BUSINESS

Summary of Litigation from Plan Counsel

Mr. Rosenblat reported that there was no pending litigation. The Trustees thanked him for his report.

Segal Consulting Update

The attention of the Trustees was directed to Mr. Levin. Mr. Levin reported that one of the networks in northwest Indiana, the Community Foundation of Northwest Indiana, which has

provided services to 104 covered lives over the last three years has terminated from the Humana Network. Humana has contacted these participants with alternate providers. Discussion ensued regarding currently hospitalized participants. Mr. Levin said he believed there was a transition of care plan for hospitalized participants. There have been a number of instances where providers are leaving networks over the last one and half years by not renewing their contracts. Discussion ensued regarding what is being done to accommodate individuals who no longer have their providers in-network. Discussion ensued regarding additional information on the 104 who may be impacted by this. Discussion ensued regarding lodging a complaint with Humana.

Discussion ensued regarding the 2025 Humana renewal updates. There was a zero percent rate guarantee through 2025. However, the guarantee was contingent on no change to legislative or regulatory rules. The Inflation Reduction Act could increase the prescription drug coverage amount. There is also a change in calculating medical risk scores. Humana said they will provide draft renewals by mid-July. Mr. Levin was thanked for his report.

Update Regarding Software Update

Mr. Sidrys reported that the software transition and upgrade is on track. Procentia will be paid pursuant to the contract as everything is on schedule.

Executive Director Update

Discussion ensued regarding the performance review of Mr. Sidrys. Mr. Sidrys met with the Chairman and the Secretary of the Fund and will focus on certain performance areas.

The value of the Fund's assets as of yesterday, June 26, 2024, was \$1,061,847,663.54.

NEW BUSINESS

Discussion ensued regarding upcoming Board meetings, including the August 2024 Board meeting which is scheduled to be on the final day of the Democratic National Convention. Discussion further ensued regarding the July 2024 Board meeting. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the July 2024 Board of Trustees meeting be canceled.

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.

Mr. Kasmer said there were no education conference preapprovals for consideration. He was thanked for his report.

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 12:58 p.m.

SECRETARY