

MINUTES OF THE MEETING OF THE  
CTA RETIREE HEALTH CARE TRUST

October 24, 2024

200 West Adams Street, 17<sup>th</sup> Floor  
Chicago, IL 60606

TRUSTEES PRESENT

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

ALSO PRESENT

Andrew Fuller	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
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Ronald Willis	Counsel on behalf of ATU Local 241 Appointed Trustee
Jeffrey Bora	Counsel on behalf of CTA appointed Trustee
Miguel Zarate	Investment Consultant, Marquette Associates
Michael Barry	Investment Consultant, Marquette Associates
Colleen Batty	Benefits Consultant, Segal Consulting
Dan A. Levin	Benefits Consultant, Segal Consulting
Nicole Z. Llorens	Actuarial Consultant, Segal Consulting

CALL TO ORDER

A quorum being present, the meeting was called to order at 10:44 a.m.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The Minutes of the September 20, 2024 meeting of the CTA Retiree Health Care Trust 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 adopted:

RESOLVED: That the Minutes of the CTA Retiree Health Care Trust meeting held on September 20, 2024 be approved as presented.

Mr. Bowen and Ms. Hampton abstained.

#### REPORT OF INVESTMENT CONSULTANT

The attention of the Trustees was directed to Mr. Zarate. Mr. Zarate directed the attention of the Trustees to the Retiree Health Care Trust Executive Summary as of September 30, 2024. A copy of that report was previously distributed to the Trustees and is attached and made part of these Minutes. The Fund's year-to-date return through September 30, 2024 was 10.7%. The Fund lost ground in September, returning 1.3% compared to its benchmark return of 1.5%. The U.S. equity composite returned 19.4% through September 30, 2024 which drove the positive returns. This outperformance is responsible for the 49.7% equity allocation compared to the policy target of 47%. The ending market value of the Fund's assets as of September 30, 2024 was \$1,004,313,085. As of yesterday, October 23, 2024, the value of the Fund's assets was \$1,099,893,477.61.

Real estate redemptions were then reviewed. A \$40 million redemption was put in for the Clarion Lion Properties Fund. \$28,306,237 remains outstanding. A full redemption was put in for the Heitman America Real Estate Trust. The report showed an outstanding redemption amount of \$5,962,413. However, Mr. Zarate reported that that amount is now closer to \$4.8 million. A \$5 million redemption was put in with Intercontinental U.S. REIF. \$4,856,070 remains outstanding. Commitments on private debt were then reviewed. The Fund made a \$15 million commitment to Turning Rock Partners Fund II. \$1,386,506 remains unfunded. A \$45 million commitment was made to the Carlyle Direct Lending Fund IV. \$25,258,568 remains unfunded.

Asset allocation was then reviewed. Fixed income allocation is underweight \$30,478,879. The total equity allocation is overweight \$29,595,694. The real estate composite is overweight

\$9,185,165. The policy allocation is 8% but the portfolio is 8.8% in real estate. Infrastructure is overweight 0.5%, with the portfolio being 5.5% made up of infrastructure investment while the policy target is 5%. The policy target was also 5% for private debt, however only 3.2% of the Fund's assets are allocated to private debt strategies. The Fund is \$19,669,296 underweight to that asset class.

Individual managers were then reviewed. Mr. Zarate said that for the month ending September 30, 2024, the non-U.S. equity composite underperformed its benchmark. It returned 0.6%, compared to the benchmark of 2.7%. The real estate composite also underperformed for the month, returning -0.3% compared to the benchmark return of zero. Individual manager performance was reviewed. Mr. Zarate highlighted IFM Global Infrastructure Fund performance of 2.6% for the month, compared to the benchmark return of 0.8%. He also said that private debt managers have not yet reported for September 2024.

Mr. Zarate then directed the attention of the Trustees to a Memorandum from Marquette Associates regarding the Heitman America Real Estate Trust. A copy of that Memorandum is attached and made part of these Minutes. The Trustees were reminded that in March 2020 a full redemption was put in for the Heitman Real Estate Trust. The value of the investment when the redemption was put in was \$38,742,659. By June 2024, the Fund had received \$43,585,434 in redemption proceeds. As of June 2024, the outstanding redemption amount was \$5,962,413. Mr. Zarate reported that the fund outperformed its index since 2021. Mr. Zarate reviewed the fund's performance turnaround. Marquette recommends that the Board consider rescinding the full redemption because of Heitman's performance turnaround and strategic improvements. Marquette will continue to monitor the fund closely. Heitman is underweight in office space and overweight in self-storage, which resulted in significant outperformance. Heitman also has low debt maturity.

Discussion ensued. It was the consensus of the Trustees that further discussion of Heitman be referred to the Investment Committee. Mr. Zarate was thanked for his report.

#### OLD BUSINESS

a. Summary of Litigation from Fund Counsel

Mr. Rosenblat reported that there was no pending litigation.

b. Segal Consulting Update

Mr. Levin reported that the Humana Contract Amendment No. 5 is presented for approval.

Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve Humana Contract Amendment No. 5 as presented.

Mr. Levin stated that open enrollment is going well. Mr. Sidrys noted that there is a \$15,000 allocation in the Aetna contract for a wellness benefit. Discussion ensued regarding Loyola Hospital being an in-network provider for Humana. Loyola will be out-of-network for HMO participants starting in 2025. For PPO participants, the Medicare reimbursement will be the same, so these participants could continue with their Loyola providers without any negative impact.

c. Software Upgrade

Mr. Sidrys reported that the project is a little behind schedule. It is anticipated that conversion to the Procentia system will be completed in the first quarter of 2025. They are currently in the data conversion phase.

#### NEW BUSINESS

The November 2024 meeting will be on Tuesday, November 26, 2024, which is the Tuesday before Thanksgiving. Mr. Sidrys commented on the Humana and Aetna providers. He said call wait-time is good. Other metrics were reviewed.

## 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 noted that there were no items under 7(c).

## 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 11:32 a.m.

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SECRETARY