

MINUTES OF THE MEETING OF THE
CTA RETIREE HEALTH CARE TRUST
May 25, 2023

TRUSTEES PRESENT

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|---------------------------------------|-----------|
| Keith Hill | Chairman |
| Thomas McKone | Secretary |
| Joseph J. Burke (via video) | |
| Mark Weems (via video) for Eric Dixon | |
| Andrew Fuller (via video) | |
| Christopher Kasmer | |
| April Morgan | |

ALSO PRESENT

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| Georgette Hampton | Alternate Trustee |
| Paul Sidrys | Interim Executive Director |
| John Kerulis | Payroll Auditor, Legal Professionals |
| Dan A. Levin | Benefits Consultant, Segal Consulting |
| Nicole Llorens | Actuarial Consultant, Segal Consulting |
| Barbara Zaveduk | Actuarial Consultant, Segal Consulting |
| Miguel Zarate | Investment Consultant, Marquette Associates |
| Stephen J. Rosenblat | Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd. |
| Ronald Willis | Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich, on behalf of the ATU Local 241 appointed Trustee |
| Anita Tanay | Counsel for ATU Local 308 Trustee |
| Jeffrey Bora | Counsel for CTA appointed Trustees |

CALL TO ORDER

Roll was taken and a quorum was declared present at 11:00 a.m.

PRESENTATION OF MINUTES FOR APPROVAL

The Minutes of April 27, 2023 regular and executive session meetings were previously distributed to the Trustees. Consequently, the reading of the Minutes was dispensed with. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the Minutes of the April 27, 2023 regular and executive session meetings as presented.

REPORT OF INVESTMENT COMMITTEE

The attention of the Trustees was directed to Mr. Zarate who referred to the Marquette Associates April 30, 2023 Update. A copy of that report was previously distributed to the Trustees and is attached and made part of these Minutes. The Fund returned 0.7% in April 2023. Year-to-date through April 30, 2023, the Fund returned 4.8%, compared to the policy benchmark return of 5.1%. Year-to-date through April 30, the net investment return was 48,506,062. As of April 30, 2023, the market value of the Fund's assets was \$1,037,680,490. Mr. Zarate reported that as of yesterday, the market value of the Fund's assets was \$1,032,241,087.92. Discussion ensued regarding the debt ceiling extension issue facing Congress.

Mr. Zarate reviewed unfunded commitments and unsatisfied redemptions. The Fund made a redemption request of Clarion for \$20 million, of which \$18 million is still outstanding. He reminded the Trustees that there is a full redemption request for Heitman and that \$8,603,644 remains outstanding. For private debt, a \$15 million commitment was made to Turning Rock Partners Fund II. \$4,404,231 remains outstanding on that commitment. A \$30 million was made to the Carlyle Direct Lending Fund IV. \$22,500,000 remains outstanding on that commitment.

Mr. Zarate reported that managers are close to their targets. Equity managers are mostly indexed. Active small cap managers outperformed their benchmarks. Non-U.S. equity manager Lazard International Equity performed well. Artisan underperformed because of its health care holdings. Real estate managers generally performed slightly negative.

Mr. Zarate directed the attention of the Trustees to a May 25, 2023 memorandum regarding rebalancing. A copy of that memorandum is attached and made part of these Minutes. Mr. Zarate discussed upcoming cash needs. He noted that unsatisfied redemptions to Heitman of \$8.6 million and from Clarion of \$18 million are unlikely to meet current cash needs. Consequently, he

recommends redemption of an additional \$20 million from Clarion and \$5 million from Intercontinental. The Fund currently has an 8% real estate target. Discussion ensued regarding redemption queues. Real estate redemption queues are beginning to stabilize. The Heitman queue is approximately \$1.6 billion which represents approximately 15.2% of the net asset value of the fund. Clarion has a \$2.6 billion redemption queue which represents approximately 14.8% of the net asset value of the fund. Intercontinental has a queue of approximately \$740 million which represents approximately 7% of the net investment value of the fund. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To adopt the recommendation of Marquette Associates to add an additional \$20 million to the Clarion redemption and to request a \$5 million redemption from Intercontinental.

Mr. Zarate then referred the Trustees to the updated investment policy as of May 2023. A copy of the update policy was previously distributed to the Trustees and is attached and made part of these Minutes. Certain allocations were adjusted. The U.S. fixed income target increased 5% to 27%. The emerging markets debt allocation was removed. The large cap non-U.S. equity target increased from 6% to 8%. The emerging markets target for equity was reduced to zero (emerging markets small cap equity target remained the same at 2%). The real estate equity target was reduced from 10% to 8%. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the revised asset allocation policy as presented.

Mr. Zarate was thanked for his report.

OLD BUSINESS

A. Legacy Audit

Mr. Kerulis summarized the status of the field audit being conducted by Legacy Professionals. Legacy is reviewing contributions made by the CTA and Locals 241 and 308. He said the field work is progressing smoothly. The field work for the CTA is completed. The work related to Locals 241 and 308 is mostly done. He anticipates reviewing the findings with the Payroll Audit Committee as early as June or July. There being no questions, Mr. Kerulis was thanked for his report.

B. Summary of Litigation from Plan Counsel

Mr. Rosenblat reported that the Litigation Report was included in the meeting materials and is attached and made part of these Minutes. Discussion ensued regarding a hearing in the Williams case which was held earlier this morning. Notice to class members will be sent out by June 24 and the final approval hearing is scheduled for October 23, 2023. Mr. Rosenblat was asked about how Trustees should respond to questions about the settlement. Mr. Rosenblat said that people should be referred to the Williams case website and to counsel for the Plaintiffs. Mr. Rosenblat was thanked for his report.

C. Segal Update

The Trustees were referred to Dan Levin who directed their attention to the key dates calendar prepared by Segal. A copy of the Key Dates was previously distributed to the Trustees and is attached and made part of these Minutes. He reported on the coalition pharmacy benefit manager RFP process. The winning provider is expected to be selected on July 14, 2023. The three bidders are the incumbent CVS, OptumRx and Blue Cross Blue Shield of Illinois. Mr. Sidrys

is a voting member of the coalition on behalf of the Retiree Health Care Trust. The Retiree Health Care Trust is not required to return the coalition's winning bidder.

Mr. Levin then referred to the contract amendment for 2022/2023 for CVS. He reported that CVS made concessions requested by Segal. He will have a final report on the CVS amendment at the June meeting. There being no further questions, Mr. Levin was thanked for his report.

D. Executive Director Position

Mr. McKone reviewed with the Trustees the report from EFL and Associates. The final total applicant count was 25. All professional reference conversations have been completed with summary reports provided. The comprehensive background investigation report is largely complete. There is one outstanding court check that is awaiting response. The unsuccessful finalist candidates have been thanked for their interest. Formal action is anticipated at the June Board meeting. Chairman Hill thanked Mr. McKone for that report.

GENERAL ADMINISTRATION COMMITTEE ISSUES

Mr. Kasmer noted that the Trustees received copies of the bills and remittances and applications for benefits, which 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 referred to requests for educational conference preapprovals. There were requests for Mr. Hill, Mr. Dixon, Mr. Weems, Mr. Williams and for Ms. Trejo in the Fund Office to attend educational conferences. The costs will be shared equally with the Retirement Plan. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the for education conference preapprovals as presented.

NEW BUSINESS

Mr. Mckone raised possibly canceling the July 2023 Board meeting. He suggested that a decision be made at the June meeting. He is not currently aware of any business that will require a July 2023 Board meeting.

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 adjourn.

The meeting was adjourned at 11:28 a.m.



SECRETARY