

MINUTES OF THE MEETING
BOARD OF TRUSTEES
CTA RETIREE HEALTH CARE TRUST
Via Microsoft Teams Videoconference
Pursuant to the Governor's Executive Order 2020-18
November 24, 2020

TRUSTEES PRESENT

Thomas McKone	Chairman
Keith Hill	Secretary
Joseph Burke	
Kenneth Franklin	
Christopher Kasmer	
April Morgan	
Paul Sidrys	

ALSO PRESENT

John V. Kallianis	Executive Director
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Michael Bowen	Alternate Trustee for the CTA
John Burkard	Alternate Trustee
Andrew Fuller	Alternate Trustee
Mark Weems	Alternate Trustee
Marqueal Williams	Alternate Trustee
James P. Daley	Jackson Lewis, on behalf of the CTA appointed Trustees
Ronald M. Willis	Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich, on behalf of the ATU Local 241 appointed Trustee
Anita Tanay	General Counsel for ATU Local 308, on behalf of the ATU Local 308 appointed Trustee
Daniel R. Salemi	Morgan Lewis & Bockius, LLP on behalf of the RTA appointed Trustee
Miguel Zarate	Investment Consultant, Marquette Associates
Dan Levin	Benefits Consultant, Segal Consulting
Dorothy Stawiarski	Benefits Consultant, Segal Consulting
Barbara Zaveduk	Actuary, Segal Consulting
Eric VanderPloeg	Burke Warren MacKay & Serratella, PC, Special Counsel on Wakpamni Bond Matters

CALL TO ORDER

The Chairman called the meeting to order at 11:20 a.m. and asked that participants mute their microphones.

ROLL CALL

Mr. Kallianis called roll and a quorum was declared present.

CONSIDERATION OF THE MINUTES FROM THE OCTOBER 22, 2020 MEETING

The draft Minutes of the October 22, 2020 meeting had previously been distributed to the Trustees. A copy of those Minutes are attached and made part of these Minutes. A typographical error in the description of the Retirement Plan's website was noted. Mr. Rosenblat said he would correct the error. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the Minutes of the October 22, 2020 Meeting as corrected.

INVESTMENT COMMITTEE ISSUES

The attention of the Trustees was directed to Mr. Zarate who referred the Trustees to the October 2020 Flash Report. A copy of that report is attached and made a part of these Minutes. In October, the Fund was down -1.1% compared to the index which returned 1.3%. Mr. Zarate said that fiscal year-to-date, the Fund is up approximately 2.2%. The ending market value as of October 31st was \$948.5 million. Mr. Zarate said that as of yesterday, November 23, 2020, the market value of the Fund was \$1,002,292,537.53.

Mr. Zarate then reviewed the asset allocations. The biggest underweight in allocations is in real assets which is a reflection of the liquidation of Heitman which will be allocated to fixed income once the liquidation is complete. An underweight in real assets is anticipated until money

is called on the new allocations. Generally though, the allocations are very close to the policy targets.

Mr. Zarate focused on the October 2020 returns. There was slight outperformance on fixed income due primarily to the U.S. fixed income holdings. Emerging market debt has had a very good November so far. The U.S. equity composite returned -1.8% compared to the total market at -2.2%. Small cap was up 2.4%. The Fund had very strong performance from non-U.S. equity managers. Managers have outperformed on the equity side. Mr. Zarate discussed which sectors of the market were performing well, noting that small and large cap and growth and value fall in and out of favor.

Mr. Zarate then directed the attention of the Trustees to proposed investment policy changes. A copy of the proposed policy was distributed to the Trustees and is attached and made part of these Minutes. He noted that the assumed rate of return of the document is 6.85%, where it was previously 7%. He also noted a change in the mandate for TCW, going from an opportunistic fixed income manager to a core-plus fixed income manager. The guidelines reflected that change. Finally, there is a change regarding prohibitions on ownership of stocks associated with assault weapons. The proposed language changes the policy's restrictions from "sale" to "manufacturer" which would include manufacturers of assault weapons, but not retail stores that sell them. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To adopt the revised Investment Policy, as presented.

Discussion then ensued regarding efforts to pursue managers that have been historically under-represented. Mr. Zarate said that he would present proposed language on that to the Board at a future meeting. Mr. Zarate was thanked for his report.

OLD BUSINESS

2011-2017 Payroll Audit

Mr. Kallianis reported that the Payroll Audit Committee met. The Preliminary Audit Report was distributed to the CTA, ATU 241 and ATU 308. Their comments are due back to Legacy by December 7, 2020. A Payroll Audit Committee meeting may be scheduled for January, after comments are received by Legacy.

Summary of Litigation from Plan Counsel

Mr. Rosenblat noted that the Litigation Report has been distributed to the Trustees and is attached and made part of these Minutes. He said that there are matters regarding the Wakpamni Bond litigation that should be addressed during Executive Session. There were no questions on other pending matters.

Segal Update of Significant 2020 Dates

Ms. Stawiarski addressed the Trustees. She reported that Humana has brought Northwestern and Rush Hospital systems into their HMO Network, effective January 1, 2021. Ms. Stawiarski reviewed the Significant Dates Calendar.

GENERAL ADMINISTRATION COMMITTEE ISSUES

Applications for Benefits and Bills and Remittances

Mr. Kasmer noted that information on applications for benefits and bills and remittances had previously been distributed to the Trustees. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve applications for benefits and bills and remittances as presented.

Mr. Kasmer noted that there were no requests for educational conference preapprovals, however he said that all IFEBP Conferences are free for the remainder of 2020.

EXECUTIVE SESSION

Mr. Franklin moved that the Trustees go into Executive Session. Mr. Kasmer seconded the motion. The vote was taken. The motion to go into Executive Session passed unanimously at 11:50 a.m.

At 12:12 p.m., open session resumed.

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

RESOLVED: To approve and accept the recommendations provided by Burke Warren MacKay & Serratella, PC during the 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 12:14 p.m.