

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
December 17, 2020

TRUSTEES PRESENT

Thomas McKone	Chairman
Keith Hill	Secretary
Joseph Burke	
Mark Weems	(for 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.
Patrick N. Ryan	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Michael Bowen	Alternate Trustee for the CTA
John Burkard	Alternate Trustee
Georgette Hampton	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

CALL TO ORDER

The Chairman called the meeting to order at 11:05 a.m.

ROLL CALL

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

CONSIDERATION OF THE MINUTES FROM THE NOVEMBER 24, 2020 MEETING

The Minutes of the November 24, 2020 meeting had previously been distributed to the Trustees. A copy of those Minutes are attached and made part of these Minutes. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: To approve the Minutes of the November 24, 2020 meeting as presented.

Mr. Weems abstained.

INVESTMENT COMMITTEE ISSUES

The attention of the Trustees was directed to Mr. Zarate who referred the Trustees to the November 2020 Flash Report. A copy of that report is attached and made a part of these Minutes. He first reported that Parametric's parent company Eaton Vance is being purchased by Morgan Stanley. Also regarding Parametric, one of its portfolio managers is retiring. Mr. Zarate anticipates sending a follow-up memorandum to the Trustees on the changes at Parametric.

In November the Fund was up 6.8% matching its benchmark. Mr. Zarate said that fiscal year-to-date through November 30, 2020, the Fund is up 9.2%. As of yesterday, December 16, 2020, the market value of the Fund was \$1,028,023,773, a high water mark.

Mr. Zarate reviewed annualized performance for each composite asset class focusing on November 2020 returns. He then reviewed fixed income managers, all of whom had strong performances in November. For December, total equity performance lagged behind the MSCI ACWI 11.8% to 12.3%. Small cap managers underperformed the Russell 2000 Index by 4.4%. Mr. Zarate said this has been a difficult time for active managers. Individual manager performance was then reviewed.

Mr. Zarate anticipates that Parametric will be put on alert because of ownership and personnel changes. Mr. Zarate then directed the attention of the Trustees to his December 17, 2020 memorandum regarding rebalancing the portfolio. That memorandum was previously distributed to the Trustees and is attached and made part of these Minutes. Mr. Zarate recommended moving \$20 million from the Xponance S&P 500 Index Fund and \$5 million from the Artisan International Small Cap Fund. That money would be allocated as follows: \$10 million to MacKay Shields, \$10 million to Garcia Hamilton and \$5 million to TCW. This would bring the allocation closer to the policy targets. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That \$20 million be liquidated from the Xponance S&P 500 Index Fund and that \$5 million be liquidated from the Artisan International Small Cap Fund;

FURTHER RESOLVED: That \$10 million be added to MacKay Shields, \$10 million be added to Garcia Hamilton and \$5 million be added to TCW.

Mr. Zarate was thanked for his report.

OLD BUSINESS

2011-2017 Payroll Audit

Mr. Kallianis reported that the Payroll Audit Committee met. Legacy's preliminary audit report was distributed to the CTA, ATU 241 and ATU 308. The CTA has asked for additional time and 241 and 308 have provided specific comments. Mr. Kallianis said a Payroll Audit Committee meeting may be scheduled before the January Board meeting.

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. There were no questions on pending matters.

Segal Update of Significant 2020 Dates

Ms. Stawiarski said the Significant Dates Calendar for 2021 will be distributed at the January 2021 Board meeting.

NEW BUSINESS

2021 Budget

Mr. Kallianis addressed the proposed budget for 2021. A copy of the budget is attached and made part of these Minutes. The proposed budget has an increase of approximately \$8,000 over 2020. Mr. Kallianis noted increases in cyber and fiduciary insurance premiums and some increased costs related to the pandemic. Auditors confirm the allocation of shared costs with the Retirement Plan. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the 2021 budget be adopted as presented.

GENERAL ADMINISTRATION COMMITTEE ISSUES

Applications for Benefits and Bills and Remittances

Mr. Kasmer said 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. Kallianis said he would check to see whether IFEBP Conferences will continue to be free for the remainder of 2020.

Mr. Hill asked Mr. Kallianis how many people elected coverage as opposed to the HRA at the 2020 open enrollment. Discussion ensued. Mr. Kallianis will provide a detailed response to Mr. Hill by email.

EXECUTIVE SESSION

Mr. Hill moved that the Trustees go into Executive Session. Mr. Burke seconded the motion. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the Trustees go into Executive Session to consider an appeal.

The Trustees went into Executive Session at 11:47 a.m. At 12:30 p.m., open session resumed.

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

RESOLVED: To grant the appeal presented during 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 12:32 p.m.