

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
January 28, 2021

TRUSTEES PRESENT

Keith Hill	Chairman
Thomas McKone	Secretary
Joseph Burke	
Eric Dixon	
Christopher Kasmer	
April Morgan	(and Georgette Hampton)
Paul Sidrys	

ALSO PRESENT

John V. Kallianis	Executive Director
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
James P. Daley	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
Michael Bowen	Alternate Trustee appointed by the CTA
John Burkard	Alternate Trustee appointed by the CTA

CALL TO ORDER

The Chairman called the meeting to order at 12:23 p.m.

ROLL CALL

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

CONSIDERATION OF THE MINUTES FROM THE DECEMBER 17, 2020 MEETING

The Minutes of the December 17, 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 December 17, 2020 meeting as presented.

Ms. Hampton and Mr. Dixon abstained.

ELECTION OF OFFICERS

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

RESOLVED: To elect Keith Hill as Chairman of the Fund.

Ms. Morgan joined the meeting.

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

RESOLVED: To elect Thomas McKone as Secretary of the Fund.

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

RESOLVED: To elect April Morgan as Co-Chair of the General Administration Committee.

It was noted that Christopher Kasmer will continue as the other Co-Chair of the Committee.

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

RESOLVED: To elect Eric Dixon as Co-Chair of the Investment Committee.

It was noted that Paul Sidrys will continue as the other Co-Chair of the Committee.

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

RESOLVED: To appoint Eric Dixon to the General Administration Committee.

REPORT OF THE INVESTMENT COMMITTEE

Mr. Zarate directed the attention of the Trustees to the Executive Summary through the Third Quarter of 2020, dated September 30, 2020. A copy of that report is attached and made a part of these Minutes. He reported that although first quarter returns were down, second and third quarter returns were very strong. The market value of the Fund on September 30, 2020 was \$959,441,108. Mr. Zarate said that there was more portfolio rebalancing during 2020 than normal because of the increased volatility. There has been good steady growth since October 1, 2015, when the market value of the Fund's assets was approximately \$705.6 million. Through the third quarter, the high market value was reached on August 31, 2020 at \$975.7 million. Although the Fund underperformed at about 2% versus the benchmark earlier in the year, during the third quarter, the Fund returned 5.2% versus the policy benchmark at 4.7%. Year-to-date through September 30, performance was 3.3%, lagging behind the policy benchmark which returned 4.5%. Mr. Zarate reviewed the individual manager performance. Managers had a strong recovery in the third quarter.

Mr. Zarate directed the attention of the Trustees to the Monthly Update dated December 31, 2020. A copy of that report is attached and made part of these Minutes. The Fund returned 2.9% in December 2020, 8.9% for the fourth quarter of 2020 and 12.5% for the year. The asset allocation is close to the targets with a slight underweight in real assets. Mr. Zarate said this reflects the money the Fund is getting back from Heitman, a terminated real estate manager. There is also a slight overweight in U.S. equities based on the strength of the December market. As of yesterday, January 27, 2021, the market value of the Fund's assets was \$1,044,964,284.91.

Mr. Zarate addressed the \$17 million underweight to real estate. He expects that Intercontinental will begin calling on some of their committed capital. The Fund committed \$25

million to Intercontinental. He also said that he is moving to reduce the fixed income allocation because he anticipates very low interest rates going forward.

American Realty Advisors has a \$25 million commitment as well. That Fund has a queue. On the infrastructure side, \$12.5 million has been committed to both Ullico and IFM. Money from those managers will be called over the next four to five quarters.

He then directed the attention of the Trustees to the annualized performance of the Fund. Individual managers were reviewed. Equity managers had strong absolute performance. It has been a difficult environment for active managers. Lower quality stocks drove the market, as did the most expensive stocks. Active managers typically do not purchase the most expensive stocks with the anticipation of their value continuing to rise. Artisan and William Blair performed well in the international space. SSGA had a strong absolute return, but disappointed in comparison to its benchmark.

Regarding alternative managers, Parametric returned 7.4% for the quarter. Mr. Zarate was thanked for his report.

OLD BUSINESS

Payroll Audit

Mr. Kallianis reported that the CTA has not yet responded to the report sent to it prepared by Legacy. Locals 241 and 308 provided some detail on questions they had with the report. Mr. Kallianis said he would be in touch with Legacy and the CTA to move that part of the audit process along.

Litigation Report

Mr. Rosenblat referred the Trustees to the Litigation Report previously distributed to the Trustees. A copy of that report is attached and made part of these Minutes. Mr. Rosenblat said

that no further action is necessary at this time, but that he would answer questions if any of the Trustees had any on pending matters. There were no questions and Mr. Rosenblat was thanked for his report.

Segal Update of Significant 2021 Dates

Ms. Levin referred to the 2021 Calendar. A copy of the Calendar is attached and made part of these Minutes. The Calendar has monthly meeting dates and a General Administration Committee meeting schedule for June. The June meeting is typically when Humana makes its annual presentation. Most participants are in the Humana Post-65 Medicare Program. He also noted that vendor renewals are typically addressed in July. The August Board meeting is typically when the draft valuation is reported. There is typically a General Administration Committee meeting in September to review retiree contribution rates. Enrollment activities are typically done in October and November.

Mr. Levin said that were some new legislation issues that he would address at the February Board meeting.

NEW BUSINESS

Update on HRA Enrollment

Mr. Kallianis said that last month the Trustees asked for an update. The Health Reimbursement Accounts began January 1, 2018. Accounts can be accessed by former CTA employees once they reach age 65. The program is administered by Group Administrators. There is approximately \$7.15 million spread over 556 participants enrolled in the HRA currently. The average account size is \$12,855. \$2.9 million has been used and approximately \$4.2 million is still in those accounts. In response to a question, the Trustees were advised that the Group Administrators contract is through June 30, 2023.

GENERAL ADMINISTRATION COMMITTEE

Applications for Benefits and Bills and Remittances

Mr. Kasmer reported that applications for benefits and bills and remittances were circulated and everything appeared to be in order. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve Agenda Items 9(a) and (b), applications for benefits and bills and remittances.

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 1:10 p.m.