

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
February 25, 2021

TRUSTEES PRESENT

Keith Hill	Chairman
Thomas McKone	Secretary
Joseph Burke	
Eric Dixon	
Christopher Kasmer	
April Morgan	
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
Dan Levin	Benefits Consultant, Segal Consulting
Dorothy Stawiarski	Benefits Consultant, Segal Consulting
Miguel Zarate	Investment Consultant, Marquette Associates
Brendon Hopkins	Investment Consultant, Marquette Associates
Georgette Hampton	Alternate Trustee
John Burkard	Alternate Trustee
Mark Weems	Alternate Trustees

CALL TO ORDER

The Chairman called the meeting to order at 10:45 a.m.

ROLL CALL

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

CONSIDERATION OF THE MINUTES FROM THE JANUARY 28, 2021 MEETING

The Minutes of the January 28, 2021 meeting had previously been distributed to the Trustees. A copy of those Minutes are attached and made part of these Minutes. Ms. Morgan requested that her name appear as being present on the first page of the Minutes although she did note that her joining the meeting was recorded in the Minutes. It was also noted that the spelling of Mr. Dixon's name should be corrected. Finally, Mr. Burke was present for the January 28, 2021 meeting, but the Minutes did not reflect his attendance. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To adopt the Minutes of the January 28, 2021 meeting with the corrections noted.

Mr. Rosenblat will distribute corrected Minutes to the Trustees.

REPORT OF THE INVESTMENT COMMITTEE

Mr. Zarate directed the attention of the Trustees to the January 31, 2021 Monthly Update from Marquette Associates. A copy of that report is attached and made part of these Minutes. He said that for January 2021, the Fund had slightly negative returns consistent with the benchmark. Both returned -0.3% for January 2021. He said that February had strong returns. As of yesterday, February 24, 2021, the Fund's assets were \$1,063,270,166.09. The returns for February so far are approximately 3.2%. The Fund is slightly overweight to equities, but Mr. Zarate is not recommending rebalancing at this time. The mid-cap and non-U.S. equity allocations are overweight. He reported that the Heitman Real Estate liquidation is going slowly. Intercontinental will likely call about \$25 million at the end of the quarter. Intercontinental is one of the newer real estate managers. Assets as of January 31, 2021 were \$1,037,663,811. Mr. Zarate then reviewed annualized performance for the one month ending January 31, 2021. Each manager was reviewed.

Under U.S. fixed income, the TCW Opportunity Core Plus Fixed Income Fund returned -0.32% compared to its benchmark which returned -0.7%. He also highlighted the return of small-cap manager, Kayne Anderson, which was 6% for the month compared to the Russell 2000 Value Index which returned 5.3%. The Amalgatrust Copeland Fund and Lazard are underperforming and are being closely monitored by Mr. Zarate.

Mr. Zarate was asked to review the status of Heitman. He said that the Trustees authorized a redemption from Heitman. The Trustees then decided to hire Intercontinental with a commitment of \$25 million. He said that the Fund is in the queue and probably that money will be called at the end of the first quarter. The Fund also hired another real estate manager, American Realty Advisors. That is a value-added strategy. There was a \$25 million to them as well. They are not calling money quickly. He noted that the advantage of this is that since Heitman is redeeming slowly, that will match nicely with the slow moving queue of American Realty Advisors. Heitman's queue is very market-dependent.

Mr. Zarate then directed the attention of the Trustees to a revised Investment Policy Statement dated February 2021. A copy of that document is attached and made part of these Minutes. Mr. Zarate said that the revised statement adds diversity and inclusion language consistent with what the Retirement Plan adopted. The Policy requires investment managers to report to Marquette on diversity within their firms. Many of the managers already provide that kind of information through a data base called eVestment Alliance, so there should not be much of an additional burden as far as reporting is concerned. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the revised Investment Policy be adopted as presented.

Mr. Zarate was thanked for his report.

OLD BUSINESS

Payroll Audit

Mr. Kallianis reported on the 2011 through 2017 payroll audit. Local 241 provided comments and supplemented those comments last week and Local 308 has also provided comments. The CTA provided comments indicating that they needed more time to review the findings. Mr. Kallianis reported that he understands that the CTA's payroll department and the auditors are working together to resolve issues identified by the auditors. He anticipated a Payroll Audit Committee being held prior to the March Board meeting.

Litigation Report

Mr. Rosenblat was asked for a summary of ongoing litigation. Mr. Rosenblat referred the Trustees to the Litigation Report which was previously distributed to the Trustees and is attached and made part of these Minutes. He reported that he did not believe that there was any action required today and offered to answer any questions regarding ongoing litigation. Mr. Rosenblat was asked whether he was recommending a Joint Executive Session with the Pension Plan to discuss the *Williams* case concurrent with the March Board meeting. Mr. Rosenblat said that he had not discussed the matter with the Burke Warren firm, but did not believe there is any reason not to have a joint meeting to discuss the developments in the *Williams* case. Mr. Rosenblat was thanked for his report.

Update from Segal on Federal Legislation

The attention of the Trustees was then directed to Mr. Levin who had a presentation on recent legislation affecting the Retiree Health Care Trust. He said he would review the No Surprises Act and various transparency rules. Mr. Levin referred to the Summary of the No Surprises Act and Transparency Final Rule presentation materials that were previously submitted

to the Trustees. A copy of that report is attached and made part of these Minutes. Mr. Levin said that not all of the new legislation and final transparency rules will apply to retiree-only plans and Medicare covered individuals. That being said, carriers may include retirees and non-Medicare participants for administrative convenience. The No Surprise Act protects patients from surprise billing for emergency services or an unexpected out-of-network provider. It introduces a complex rule-making arbitration system. The transparency components will become effective January 1, 2022. I.D. cards will be required to show deductible and out-of-pocket maximum information. There will be an enhanced explanation of benefits requirement which will require rate and cost sharing information. Plans will need to offer price comparison guidelines by telephone and on-line. Transparency rules will also require machine readable files. Again, Transparency Final Rules do not apply to retiree-only plans, however pre-Medicare retiree plans may end up compliant for logistical reasons by the various providers. Effective January 1, 2022, plans must make public in-network rate files, out-of-network allowed amount files and prescription drug negotiated rate files. Effective January 1, 2023, cost-sharing for 500 items and services listed in the rules and effective January 1, 2024, cost-sharing for all covered items and services must be made publically available.

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 7(a) and (b), applications for benefits and bills and remittances.

Segal Update on 2021 Significant Dates

Ms. Stawiarski said that there were no updates at the end of March. 1095 forms are due to be submitted to the IRS by the end of March. Mr. Kallianis said that normally, there is an in-person open enrollment, but he is not sure what will happen in 2021.

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 11:45 a.m.