

MINUTES OF THE MEETING
BOARD OF TRUSTEES
CTA RETIREE HEALTH CARE TRUST
Via Microsoft Teams Videoconference
Pursuant to the Governor's Executive Order 2021-18
May 27, 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
Elsa Trejo	Fund Office Staff
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
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
Michael Bowen	Alternate Trustee
Georgette Hampton	Alternate Trustee
John Burkhard	Alternate Trustee
Mark Weems	Alternate Trustee
Marqueal Williams	Alternate Trustee
Miguel Zarate	Investment Consultant, Marquette Associates
Brendan Hopkins	Investment Consultant, Marquette Associates
Barbara Zaveduk	Actuary, Segal Consulting
Dan Levin	Benefits Consultant, Segal Consulting
Dorothy Stawiarski	Benefits Consultant, Segal Consulting

CALL TO ORDER

The Chairman called the meeting to order at 11:49 a.m.

ROLL CALL

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

CONSIDERATION OF THE MINUTES FROM THE APRIL 22, 2021 MEETING

The Minutes of the April 22, 2021 meeting had previously been distributed to the Trustees. A copy of those Minutes are attached and made part of these Minutes. 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 22, 2021 meeting as presented.

REPORT OF THE INVESTMENT COMMITTEE

Mr. Zarate presented the Marquette Associates monthly update as of April 30, 2021. A copy of that report was previously distributed to the Trustees and is attached and made a part of these Minutes. In addition to the monthly update, the Trustees also received the First Quarter Executive Summary Dated March 31, 2021 from Marquette Associates. That document is also attached and made part of these Minutes. Mr. Zarate first directed the attention of the Trustees to the first quarter report. Total assets as of March 31, 2021 were \$1,063,753,320. The actual asset allocation versus policy targets were reviewed. There was a slight underweight to fixed income and real estate. There was a slight overweight to equities. Mr. Zarate reviewed the market value history of the Fund. \$24.2 million was added to the overall assets in the first quarter of 2021. \$257.4 million in assets were gained in the twelve months preceding March 31, 2021. He then reviewed the total fund composite. Performance was good in the first quarter. Year-to-date, the

Fund was up 2.2%, slightly ahead of the policy benchmark of 2%. Fixed income returns were negative for the first time in a long time. The Fund's U.S. fixed income composite outperformed the index. U.S. equities were up 7.2%. Small cap was up 13.8%. Year-to-date for the first quarter of 2021, the total equity composite was up 6%.

Mr. Zarate then directed the attention of the Trustees to the April 2021 Monthly Update. A copy of that report is attached and made part of these Minutes. All managers are in compliance, except Heitman America Real Estate which was terminated and is in liquidation mode. Year-to-date through April 30, 2021, the Fund has returned 5.2%, outperforming the policy benchmark of 4.8%. The April 30, 2021 market value was \$1,093,682,891. As of this morning, Mr. Zarate reported assets of \$1,096,811,043.89. Mr. Zarate reported that the Fund is in queues for both real estate and infrastructure investments. Mr. Zarate confirmed for Mr. McKone that the final return for 2020 was 12.4%. Mr. Zarate was thanked for his report.

OLD BUSINESS

Payroll Audit Committee

Mr. Kallianis reported that the Joint Payroll Audit Committee meeting that was previously scheduled was cancelled due to scheduling conflicts. He will work to schedule a meeting before the June Board meeting.

Summary of Litigation

Mr. Rosenblat referred to the Litigation Report prepared by his firm that was previously distributed to the Trustees. A copy of that report is attached and made part of these Minutes. Mr.

Rosenblat said that in light of the settlement with Dilworth Paxson, that matter will be removed from the next report. There were no other matters on which he reported and there were no questions on any other matters.

Segal Update on Significant Dates

Ms. Stawiarski referred the Trustees to the Calendar. She reported that vendor contract renewals for the Humana Care Advantage Plan, Blue Cross Blue Shield HMO Plan and the Caremark Prescription Drug Plan are upcoming. Humana will be renewing for Plan design only. Blue Cross Blue Shield will be renewing only for the HMO Plan because the PPO contract was guaranteed through the end of 2022. The Caremark Prescription Plan applies to retirees in the Blue Cross Blue Shield PPO. Ms. Stawiarski was thanked for her report.

GENERAL ADMINISTRATION COMMITTEE ISSUES

In light of some technical difficulties in the Alliant representatives joining the meeting, Mr. Kallianis reported that he was providing corrected information regarding the retirement date of Kathleen Herman.

Mr. Kasmer referred to the applications for benefits and bills and remittances, which he said appeared to be in order. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve Items 7(a) and (b) on the Agenda, applications for benefits and bills and remittances.

Mr. Kasmer then referred the Trustees to Item 7(c) of the Agenda which was a request for approval of expenses for attending the IFEBP Annual Conference. Mr. Hill, Mr. Williams, Mr. Dixon and Mr. Weems request half of their expenses to be paid for by the Retiree Health Care Trust. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That Items 7(c) be approved.

Mr. Kasmer reported that Humana made a presentation to the General Administration Committee on updates for the past year. The Committee also reviewed the Caremark prescription benefit manager renewal. Mr. Kasmer asked Mr. Levin for comments. The Committee considered various options and recommended Option 2. Segal recommended a limited RFP. If no action is taken, the contract will renew automatically by its terms. Discussion ensued. Mr. Levin recommended an updated contract, even if there is little to no change in the terms. Option 1 would be for Segal to negotiate more favorable terms as part of the renewal. Option 2 would be a \$30,000 limited RFP to the incumbent and Blue Cross. Discussion ensued. Mr. Levin did not believe that Caremark or any prescription benefit managers negotiate in good faith without there being some sort of RFP process. They tend to delay information sharing in negotiating until it is too late for the client-fund to make a change. The contract is governed by the City of Chicago Coalition renewal. There are additional terms that each member of the City Coalition, including the RHCT, negotiates separately. Mr. Levin reviewed specific examples of what might be subject to individual negotiations. The cost of the limited RFP would be \$30,000. Mr. Levin anticipates a savings of between \$60,000 and \$200,000 through a limited RFP. Further discussion ensued. Upon motion made and seconded, the following Resolution failed:

RESOLVED: To adopt Option No. 2 to perform a limited RFP for a fee of \$30,000 to Segal Consulting.

Mr. Levin will work with Caremark on an updated contract.

FIDUCIARY AND CYBER SECURITY INSURANCE

Craig Goesel and Bruno Amici were introduced to the Trustees. They are with Alliant, the RHCT's insurance brokers. A presentation book from Alliant was previously distributed to the Trustees, and is attached and made part of these Minutes. The fiduciary policy is for \$10 million

in coverage for Trustees and staff. There is approximately a one percent premium increase over last year for the same coverage. Regarding cyber security coverage, Mr. Goesel reported that ransom demands are so widespread that insurance companies are moving out of the cyber security space. The cyber liability coverage is for \$2 million. Doubling of premiums has not been uncommon. Mr. Goesel recommended increasing the cyber security deductible from \$25,000 to \$100,000 to keep the premium increase down. The \$2 million in coverage is based on benchmarking of similar funds. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To accept Option 2 for the fiduciary and cyber security coverage with the \$100,000 deductible on cyber liability insurance.

EXECUTIVE SESSION

Upon motion made by Mr. Kasmer and seconded by Mr. Burke the following Resolution was unanimously adopted.

RESOLVED: That the Trustees go into Executive Session.

Mr. Kallianis confirmed that the only people continuing to participate in the meeting were Trustees, counsel for the appointing authorities, Mr. Rosenblat, Mr. Kallianis and the court reporter. The Executive Session began at 1:05 p.m.

At 1:17 p.m., the regular session resumed. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: To deny the appeal of Mr. Okere.

Mr. Dixon abstained.

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 1:20 p.m.