

MINUTES OF THE MEETING
BOARD OF TRUSTEES
CTA RETIREE HEALTH CARE TRUST
Via Microsoft Teams Videoconference
January 27, 2022

TRUSTEES PRESENT

Thomas McKone	Chairman
Keith Hill	Secretary
Joseph J. Burke	
Eric Dixon	
Christopher Kasmer	
April Morgan	
Paul Sidrys	

ALSO PRESENT

John V. Kallianis	Executive Director
Elsa Trejo	Finance Director
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 Salemi	Morgan Lewis & Bockius, LLP on behalf of the RTA appointed Trustee
Jeff Bora	Counsel on behalf of the CTA appointed Trustees
Colleen Batty	Benefits Consultant, Segal Consulting
Dan Levin	Benefits Consultant, Segal Consulting
Barbara Zaveduk	Actuarial Consultant, Segal Consulting
Miquel Zarate	Investment Consultant Marquette Associates
Brendan Hopkins	Investment Consultant, Marquette Associates
Michael Bowen	Alternate Trustee
Mark Weems	Alternate Trustee
Marqueal Williams	Alternate Trustee

CALL TO ORDER

The Chairman called the meeting to order at 11:30 a.m.

ROLL CALL

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

CONSIDERATION OF THE MINUTES OF THE DECEMBER 21, 2021 MEETING

The Minutes of the December 21, 2021 meeting had previously been distributed to the Trustees. A copy of those Minutes is 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: That the Minutes of the December 21, 2021 meeting are approved as presented.

ELECTION OF OFFICERS

It was noted that the Chairman and Secretary positions need to be filled for 2022. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That Thomas McKone be elected Chairman.

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

RESOLVED: That Keith Hill be elected Secretary.

REPORT OF THE INVESTMENT COMMITTEE

Mr. Zarate directed the attention of the Trustees to the Marquette Associates Retiree Health Care Trust Monthly Update dated December 31, 2021. A copy of that report is attached and made part of these Minutes. In December, the Fund recovered nicely after a negative return in November. Fiscal year-to-date the Fund returned 13%. U.S. equities returned 26.3% and the real estate composite return was 21.9%. The asset allocation was reviewed. Fixed income is underweight -4.6%, while U.S. equities are overweight 3.8%. The ending market value of the Fund as of December 31, 2021 was \$1,167,083,968.

January returns have not been good. As of yesterday, Mr. Zarate reported the market value of the Fund's assets was \$1,107,913,335.65.

Individual managers were reviewed. Mr. Zarate reported disappointing returns from Kayne Anderson due to poor stock selection. However, Amalgatrust did very well offsetting Kayne Anderson's underperformance. Non-U.S. equity managers were reviewed. Lazard underperformed. Artisan had a difficult year. William Blair's returns were hurt by their exposure to China. Mr. Zarate reported that Parametric met expectations. Real estate returns were positive.

He then directed the attention of the Trustees to a Memorandum dated January 27, 2022 which addressed Investment Committee recommendations. A copy of that Memorandum is attached and made part of these Minutes. The Investment Committee met on January 11, 2022 to review the performance of Lazard Asset Management and modifications to the asset allocation. Lazard Asset Management representatives attended the Investment Committee meeting. They discussed their performance issues. Lazard proposed a reduced fee schedule. The current fee is 75 basis points for less than \$50 million and 50 basis points for over \$50 million. The proposed schedule from Lazard reduces the fee for less than \$50 million to 65 basis points. Marquette recommended that the Board place Lazard on alert status and accept the fee reduction. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To accept the Lazard fee reduction.

The Committee also considered revising the asset allocation. The Committee recommended an allocation of 7% for broad fixed income, 15% for core plus fixed income, 3% for emerging market debt, for a total fixed income allocation of 25%. The new allocation reduces the overall fixed income allocation from 37% currently, to 25%. The U.S. equity allocation remains unchanged. The volatility risk premium allocation goes from 3% to 5%. Infrastructure allocation increases from 3% to 5% and private debt goes from 0% to 5%. Discussion ensued.

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

RESOLVED: To adopt the new asset allocation and direct that a Request for Proposal be issued for a private debt manager.

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

RESOLVED: To adopt the revised Investment Policy.

Mr. Zarate was thanked for his report.

OLD BUSINESS

A. Payroll Audit Committee

Mr. Kallianis reported that the Committee is scheduled to meet on February 10, 2022.

B. Summary of Litigation Report

Mr. Rosenblat directed the attention of 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 there are no matters that require action today. There were no questions and Mr. Rosenblat was thanked for his report.

C. Update on 2021/2022 Significant Dates

The attention of the Trustees was directed to Mr. Levin. Mr. Levin directed the attention of the Trustees to the Update on Significant Dates. He reported that since last month's calendar, the only changes have been to correct a typographical error. No board meeting has been scheduled for July 2022.

D. Segal Recommendations/Decisions on 2022 RFPs

Mr. Levin referred the Trustees to a January 11, 2022 report on possible RFPs to be conducted in 2022. A copy of that report is attached and made part of these Minutes.

Mr. Levin reviewed the report and discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To issue an RFP for the HMO and PPO Plans to cover participants under age 65.

The Trustees then considered dental coverage. Mr. Levin reminded the Trustees that the dental plan is voluntary and premiums are paid 100% by participants. If an RFP is done, there could be more competitive pricing. An RFP may benefit the participants even though it will not be a strict cost benefit for the Fund. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To direct that Segal prepare a Request for Proposal for dental coverage.

Mr. Levin was thanked for his report.

NEW BUSINESS

Agreed upon procedures benefits review for 2020/2021 (a.) and commercial insurance and property/casualty insurance proposals (b.) were deferred to the February meeting.

GENERAL ADMINISTRATION COMMITTEE ISSUES

a. and b. Applications for Benefits and Bills and Remittances

Mr. Kasmer reported that applications for benefits and bills and remittances had been provided to the Trustees for their review. Upon motion made and seconded, the following Resolution was unanimously adopted:

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

c. Educational Conferences Preapprovals

Mr. Kasmer noted that the Board previously approved him to attend the International Foundation for Employee Benefits Conference in Orlando in February. However he is not going to attend that conference.

d. Budget

Mr. Kallianis directed the attention of the Trustees to the proposed 2022 budget. A copy of that proposal is attached and made part of these Minutes. He noted an anticipated 4.6% increase in investment costs for 2022 due to higher custodial and investment management fees. The budget includes a 5% increase for staff salaries effective January 1, 2022. The last salary increases were in 2019. Discussion of salary increases ensued. Discussion ensued regarding an agreed upon procedure proposal from Mitchell and Titus. The Health Care Trust would share those expenses with the Retirement Plan. Most of the work on that project would be on behalf of and paid for by the Retirement Plan. Discussion ensued regarding anticipated litigation costs in 2022. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the proposed budget be approved.

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 12:28 p.m.

SECRETARY

I:\MINUTES\RHCT\2022\January\2022 Jan 27 RHCT Minutes (FINAL) sjr.kp.docx