

MINUTES OF THE MEETING  
BOARD OF TRUSTEES  
CTA RETIREE HEALTH CARE TRUST  
Via Microsoft Teams Videoconference  
March 24, 2022

TRUSTEES PRESENT

Thomas McKone	Chairman
Keith Hill	Secretary
Joseph Burke	
Eric Dixon	
John Burkard	(for Christopher Kasmer)
April Morgan	
Paul Sidrys	

ALSO PRESENT

John V. Kallianis	Executive Director
Georgette Hampton	Alternate Trustee
Michael Bowen	Alternate Trustee
Mark Weems	Alternate Trustee
Andrew Fuller	Alternate Trustee
Miguel Zarate	Investment Consultant, Marquette Associates
Brendan Hopkins	Investment Consultant, Marquette Associates
Dan Levin	Benefits Consultant, Segal Consulting
Ronald Willis	Dowd Bloch Bennett and Cerone, On behalf of the ATU Local 241 appointed Trustee
Daniel Salemi	Morgan Lewis & Bockius, LLP on behalf of the RTA appointed Trustee
Jeffrey Bora	Chicago Transit Authority, Counsel on behalf of the CTA appointed Trustees
Anita Tanay	General Counsel for ATU Local 308, on behalf of the ATU Local 308 appointed Trustee
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.

CALL TO ORDER

The Chairman called the meeting to order at 12:05 p.m.

ROLL CALL

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

## CONSIDERATION OF MINUTES OF PREVIOUS MEETINGS

Chairman McKone advised that there were five sets of Minutes from prior meetings for the Trustees' consideration. The Minutes of the December 21, 2021 Executive Session, the Minutes of the February 7, 2022 Regular and Executive Session and the Minutes of the February 7, 2022 Regular and Executive Sessions were previously distributed to the Trustees. A copy of those Minutes are attached and made a part of these Minutes. Consequently, the reading of the Minutes was dispensed with. Minutes of the regular meeting held of February 24, 2022 were first presented for consideration. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: That the Minutes of the February 24, 2022 Meeting are approved.

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

RESOLVED: That the Minutes of the February 24, 2022 Executive Session are approved.

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

RESOLVED: That the Minutes of the February 7, 2022 meeting are approved.

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

RESOLVED: That the Minutes of the February 7, 2022 Executive Session meeting are approved.

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

RESOLVED: That the Minutes of the Executive Session from the meeting on December 21, 2021 are approved.

## REPORT OF INVESTMENT COMMITTEE

Mr. Zarate directed the attention of the Trustees to the Flash Report dated February 28, 2022. A copy of that report is attached and made a part of these Minutes. The report was previously distributed to the Trustees. Mr. Zarate said that the Russian invasion of Ukraine has wreaked havoc on the markets. In February, the value of the Retiree Health Care Trust declined 1.9%.

Fiscal year-to-date, the Funds returned -5.5% compared to the benchmark return of -5.3%. Asset allocation was reviewed. Fixed income holdings are underweight 5.4% in regard to the policy target which is 37%. Mr. Zarate noted that the recently revised investment policy is reflected in the report. Steps have been taken to reduce the fixed income exposure by reducing emerging market debt from 5% to 3%. The investment allocation is moving towards the new policy targets that were added a couple months ago.

The market value of the Fund's assets on February 28, 2022 was \$1,100,388,916. As of yesterday, February 23, 2022, the market value of the Fund's assets was \$1,105,243,376.07. The cash position is approximately \$6.8 million. Mr. Zarate anticipates capital calls in March which will require cash.

Mr. Zarate directed the attention of the Trustees to a report on the total fund composite. Both equities and fixed income returns have suffered this year. Mr. Zarate discussed raising cash to fund new investment commitments. Approximately \$6.7 million was invested in the American Strategic Value Realty Fund. The commitment was for \$25 million. IFM called \$12.5 million for its infrastructure fund. ULLICO has not yet called any capital, but it has projects in the pipeline.

Individual managers were then reviewed. Fixed-income manager Garcia Hamilton has performed well versus the benchmark but it is still negative in absolute terms. MacKay Shields and TCW have performed well. The Prudential Emerging Markets Debt Fund has seen a sell-off. Russian and Ukrainian bonds, which make up about 3% of that portfolio. Mr. Zarate said that the Eagle Mid-Cap and Kayne Anderson Funds have struggled recently, but have been excellent long-term performers. Kayne Anderson has had no energy holdings and that has been the only sector up. Lazard's performance was 90 basis points ahead of the benchmark. The Artisan International Small and Mid-Cap Fund and the William Blair Emerging Market Fund have struggled. Artisan's

performance has been hurt by holdings in health care and information technology. William Blair has significant holdings in China. China continues to be a big portion of the index and one of the worst performing markets so far year-to-date. Chinese cities have recently shut down in response to COVID outbreaks. Parametric protected some on the downside. Bonds continued to sell off through March. The Fed raised interest rates a quarter point (.25). Real estate has performed well. Mr. Zarate was thanked for his report.

## OLD BUSINESS

### Report from Joint Payroll Audit Committee

Ms. Morgan reported on behalf of the Committee. She reported that the Committee met on March 16, 2022, at which time they received an update on the status of the 2011-2017 payroll audit. The RHCT sent an invoice for \$29,480.86 to the CTA for discrepancies identified in the 2011-2017 audit report. It was reported that the CTA authorized payment of that amount. The Fund Office staff updated the 2011-2017 earnings for the full-time and part-time union officers identified in the audit. That new information would be reflected in the annual statements that are mailed to participants. The ATU Appointed Trustees asked for summaries of the updates for their members. At the Committee meeting, Mr. Kallianis also reported that the meeting to discuss the completion of the submission of time sheets was delayed due to scheduling conflicts by the participants. That meeting will be rescheduled. The Committee discussed the revised engagement letter with Legacy for the audit covering the subsequent period.

Mr. McKone requested Mr. Rosenblat review the changes he suggested. Mr. Rosenblat said that the changes were designed to treat the CTA 241 and 308 similarly.

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

**RESOLVED:** To adopt the engagement of Legacy as presented.

### Summary of Litigation from Plan Counsel

Mr. Rosenblat referred to the litigation report which was previously distributed to the Trustees and was on the shared screen. He said that there is a hearing scheduled at the end of April in the Williams case, and that Mr. Vesselinovitch was available to answer questions the Trustees may have for him on how the hearing will likely proceed. Mr. Rosenblat was asked if there was a need for an Executive Session. He responded that in his view no, but if the Trustees have questions, an Executive Session could be called. Seeing no questions, Chairman McKone thanked Mr. Rosenblat.

### Update on 2021/2022 Significant Dates

The attention of the Trustees was then directed to Mr. Levin. He said that there were no changes regarding significant dates, but did want to discuss the RFP process. He received intent to bid forms from Blue Cross, UHC, Aetna and Cigna. There were a total of eight bidders on the dental benefit, the four that presented intent to bid forms for the medical plus four additional. Mr. Levin anticipates a May General Administration meeting to select finalists. Mr. Kallianis was asked to work with Mr. Levin on scheduling a GA Committee meeting in early May. Mr. Levin was thanked for his report.

### New Business

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

RESOLVED: To change the main meeting date from May 26, 2022 to May 27, 2022.

Chairman McKone also noted that either the June or July meeting is often cancelled.

Mr. Hill said that due to technical difficulties, he intended to abstain from approval of certain Minutes presented earlier in the meeting. He went on to say that the February 7 meeting, which discussed the premium change for health care, and one of the February 24 meetings were ones that he was recorded as voting to approve the Minutes but preferred to abstain.

#### General Administration Committee Issues

Mr. Burkard reported that the Trustees have received the applications for benefits, bills and remittances in the Board materials. Upon motion made and seconded, the following Resolution was unanimously adopted:

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

There was also a request for pre-approvals from Mr. Kasmer and Mr. Hill for the annual IFEBP Conference. The cost would be split and shared between the Retiree Health Care Trust and the Pension Trust. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve payment for attendance at the IFEBP Conference for Mr. Kasmer and Mr. Hill.

Mr. Burkard was thanked for his report.

#### EXECUTIVE SESSION

Chairman McKone noted that Mr. Vesselinovitch was available to answer questions regarding the Williams case. Discussion ensued regarding whether there were any questions for Mr. Vesselinovitch. There being no questions for Mr. Vesselinovitch, he was thanked for being available.

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 12:50 p.m.

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SECRETARY

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