

MINUTES OF THE MEETING OF THE
CTA RETIREE HEALTH CARE TRUST
Via Microsoft Teams Video Conference
October 27, 2022

RETIREE HEALTH CARE TRUST TRUSTEES PRESENT

Thomas McKone	Chairman
Keith Hill	Secretary
Joseph Burke	
Eric Dixon	
Andrew Fuller	
Christopher Kasmer	
April Morgan	

ALSO PRESENT

Paul Sidrys	Interim Executive Director
Stephen J. Rosenblat	Fund Counsel, CTA Retiree Health Care Trust Baum Sigman Auerbach & Neuman, Ltd.
Ron Willis	Counsel, Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich, on behalf of the ATU Local 241 appointed Trustees
Daniel Salemi	Counsel, Morgan, Lewis and Bockius on behalf of the RTA appointed Trustee
Jeffrey Bora	Counsel, Chicago Transit Authority on behalf of the CTA appointed Trustees
Anita Tanay	General Counsel for ATU Local 308, on behalf of the ATU Local 308 appointed Trustee
Miguel Zarate	Investment Consultant, Marquette Associates
Dan Levin	Benefits Consultant, Segal Consulting
Alexander Vesselinovitch	Counsel in the Williams case, Freeborn Peters
Mark Weems	Alternate Trustee

CALL TO ORDER

The Chairman called the meeting to order at 11:07 a.m. Roll was called and a quorum was declared present.

APPROVAL OF SEPTEMBER 29, 2022 MINUTES

The Chairman noted that there were Minutes for the regular and executive sessions previously distributed to the Trustees. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: That the Minutes of the September 29, 2022 Board of Trustees meeting are approved as presented.

Mr. Burke abstained.

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

RESOLVED: That the Minutes of the September 29, 2022 Executive Session Board of Trustees meeting are approved as presented.

Mr. Burke abstained.

REPORT OF INVESTMENT CONSULTANT

The attention of the Trustees was then directed to Mr. Zarate. Mr. Zarate referred the Trustees to the Marquette Flash Report as of September 30, 2022. A copy of that report is attached and made part of these Minutes. The returns for September 2022 were negative 6%. It was the third consecutive quarter where both bonds and stocks had negative returns. Fiscal year to date, the Fund is down -16.7% compared to the Index which is at -17.4%. Mr. Zarate reviewed the asset allocation compared to the policy targets. He noted that private debt allocations will be funded with two of the three recently selected managers having had the documentation completed. As of yesterday, October 26, 2029, the market value of the Fund's assets was \$983,945,666.96.

Mr. Zarate noted that there was an overweight to real estate. He will make recommendations on rebalancing. He expects to find opportunities in equities and fixed income and to move some assets from real estate into those allocations. Mr. Zarate then reviewed each of the asset classes. Individual manager performance was then reviewed. Kayne Anderson has held up well on a relative basis. The Lazard International portfolio outperformed its benchmark by 100 basis points in September. Artisan outperformed by over 200 basis points in September. William Blair also outperformed its benchmark. Discussion ensued regarding the relative attractiveness of treasuries which are returning about 4%. Mr. Zarate noted that the assumed rate of return is 6.85%

which means that higher returns would have to be generated from other investments. Discussion ensued regarding the relative performance of the Retiree Health Care Trust in comparison to the CTA Retirement Plan.

Mr. Zarate referred to an October 27, 2022 memorandum recommending rebalancing of \$20 million from the Clarion Core Real Estate Fund. Clarion currently has \$70 million in assets. He noted that if the Trustees approve the redemption of \$20 million, it would not come back quickly as there is a redemption queue. Mr. Zarate anticipates the redemption taking four quarters. He also noted that Heitman represents about \$10 million of the real estate portfolio and that has been in full liquidation mode. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To accept the rebalancing recommendation of redeeming \$20 million from the Clarion Core Real Estate Fund and to use those assets to rebalance to policy targets.

Mr. Zarate was thanked for his report.

OLD BUSINESS

Summary of Litigation from Trust Counsel

Mr. Rosenblat reported that his Summary of Litigation Report was distributed in the meeting materials. A copy of that report is attached and made part of these Minutes. He said there is no action required at this time, other than the fact that Mr. Vesselinovitch is on the call and is available for discussion on the Williams case during an executive session. Mr. Rosenblat was thanked for his report.

Update on 2022 Significant Dates

Mr. Levin addressed the Trustees. A copy of the 2022 Significant Dates was previously distributed to the Trustees and is attached and made part of these Minutes. He drew the attention

of the Trustees to the annual open enrollment period beginning November 1 and running through November 15, 2022.

Mr. Levin also noted that the next Trustees meeting will be on Tuesday November 22 in order to not conflict with Thanksgiving.

Mr. Levin addressed the issue of medical and dental vendor renewals. He reported that a targeted postcard mailing was done for approximately 220 retiree households that are currently in the HMO Illinois Plan with Blue Cross whose primary physician would not be available under the Aetna Select Plan.

Mr. Levin reported that implementations are going very well with Aetna. Aetna and Cigna, the new dental network provider, will be at the in-person enrollment meeting.

Mr. Levin reported that CVS/Caremark administers the prescription drug benefits for self-insured pre-Medicare PPO and will be handling the pre-Medicare HMO and Staff Plans effective January 1, 2023. The Retiree Health Care Trust has been part of a Chicagoland purchasing group. The current program expires December 31, 2023. The collective is beginning to perform an RFP for prescription drug coverage for January 1, 2024. No action is required at this time by the Board. Mr. Levin was thanked for his report.

NEW BUSINESS

General Administration Committee

Mr. Kasmer directed the attention of the Trustees to the applications for benefits, and bills and remittances previously distributed to the trustees and made a part of these Minutes. Discussion ensued regarding reimbursement for expenses of Fund Office independent contractors. Upon motion made and seconded, the following Resolution was unanimously adopted:

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

There were no requests regarding educational conferences.

EXECUTIVE SESSION

Mr. Rosenblat was asked whether an executive session was needed. He responded that Mr. Vesselinovitch is available to bring the Trustees up to date on the Williams case. Upon motion made by Mr. McKone and seconded by Mr. Burke, the following Resolution was unanimously adopted:

RESOLVED: That the Trustees go into Executive Session.

The Trustees entered executive at 11:46 a.m. Mr. Sidrys secured the room, excusing all non-Trustees, except for himself, alternates and counsel.

RESUMPTION OF REGULAR SESSION

The regular session resumed at 12:00 p.m. Mr. McKone reported that during the executive session, the Trustees discussed the ongoing litigation in the Williams case.

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 12:01 p.m.

SECRETARY