

MINUTES OF THE MEETING OF THE
CTA RETIREE HEALTH CARE TRUST
Hybrid In-Person and Microsoft Teams Video Conference
January 26, 2023

TRUSTEES PRESENT

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

ALSO PRESENT

Marqueal Williams	Alternate Trustee
Paul Sidrys	Interim Executive Director
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Daniel Salemi	Morgan, Lewis and Bockius on behalf of the RTA appointed Trustee
Anita Tanay	On behalf of the ATU Local 308 appointed Trustee
Miguel Zarate	Investment Consultant, Marquette Associates
Dan Levin	Benefits Consultant, Segal Consulting
Colleen Batty	Benefits Consultant, Segal Consulting
Elsa Trejo	Deputy Executive Director — Finance and Accounting
Hector Flores	Deputy Executive Director of Benefits and Operations
Stanley Mui	Fund Office
Jeffrey Bora	Counsel on behalf of the CTA appointed Trustees

CALL To ORDER

The Chairman called the meeting to order at 11:10 a.m. Roll was called and a quorum was declared present.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The Chairman noted that the Minutes of the December 20, 2022 Board of Trustees meeting were previously distributed to the Trustees and are attached and made part of these Minutes. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That the Minutes of the December 20, 2022 Board of Trustees meeting are approved as presented.

INVESTMENT COMMITTEE ISSUES

Mr. Zarate directed the attention of the Trustees to Marquette's Third Quarter Investment Report through September 30, 2022. A copy of that report is attached and made part of these Minutes. September 2022 returns were down 6%. For the quarter, the return was -6.7%. Almost \$20 million was spent for benefits and expenses in the first three quarters of 2022. There was also an investment loss of \$ 190.3 million during that period.

Mr. Zarate then directed the attention of the Trustees to the December 31, 2022 Monthly Update. A copy of that report is attached and made a part of these Minutes. For the year ending December 31, 2022, the Fund returned -13.1%. The beginning market value for the year ending December 31, 2022 was \$1,168,321,310. The ending market value was \$993,463,670. Mr. Zarate reviewed the asset allocation versus targets. He said that 2023 is off to a strong start. As of yesterday, January 25, 2023, the ending market value of the Fund's assets was \$1,031,369,940.

Mr. Zarate said that managers have generally been meeting expectations. Garcia Hamilton had a good year. He noted that TCW lagged its benchmark. Discussion ensued regarding monitoring managers. Lazard had a value-bent strategy but still struggled. Stock selection was the problem for its performance. Style drift was discussed. Discussion ensued regarding investment queues. Redemption has been put into Clarion for \$20 million. Mr. Zarate expects that it will be satisfied over the next several quarters. Clarion is a core real estate manager.

Mr. Zarate then directed the attention of the Trustees to a January 2023 Memorandum regarding the Monroe Capital Private Credit STARR Fund. A copy of that Memorandum is attached and made part of these Minutes. Mr. Zarate reviewed the Memorandum with the Trustees.

He reminded them that the Board approved an investment in the Monroe Capital Private Credit STARR Levered Feeder Fund last year. On January 6, 2023, Marquette was notified by Monroe Capital that that fund would not be going forward. Mr. Zarate presented several options. First, the Trustees could approve investment in Monroe's Unlevered Fund, which has an expected return of 9% to 12% compared to the 12% to 14% anticipated from the Levered Fund. Monroe offered a fee concession discounting the annual management fee from 1.25% to I and lowering the performance fee from 15% to 10%. Additionally, Monroe offered to reimburse the Trust for legal fees incurred in completing documents for the Levered vehicle. The Board could also rescind the \$15 million commitment to Monroe. When that commitment was made, the Board also committed \$30 million to the Carlyle Direct Lending Fund IV and \$15 million to Turning Rock Partners Fund II. The overall Fund asset allocation for private debt was 5%. With those two managers in place, the Fund is allocated approximately 4.5% to private debt. Mr. Zarate reported that Turning Rock is likely to come to market with a new fund in 2023 and that the Carlyle Fund is an evergreen fund which allows the Trustees to increase commitments if they so desire. Finally, Mr. Zarate said that the search could be revisited. Marquette is not recommending that, given the size and scope of both Carlyle and Turning Rock. Mr. Zarate believes that the private debt allocation is sufficiently diversified with even just two managers. Marquette continues to have confidence in Monroe and that the unlevered vehicle is an appropriate substitute given its expected return and fee structure. The initial IRR for the Monroe Unlevered Feeder Fund is 9.2%. Discussion ensued regarding the target returns of both Carlyle and Turning Rock. It was the consensus of the Board that the matter be deferred to the February 2023 Board Meeting. Mr. Zarate was thanked for his report.

OLD BUSINESS

Report of Fund Counsel

Mr. Rosenblat reported to the Trustees that the Litigation Report had previously been distributed to them. A copy of that report is attached and made part of these Minutes. Mr. Rosenblat said that there was no action required by the Board at this meeting. He reported that in the Williams case, Judge Horan continued the matter until March 24, 2023, at which time a hearing will be held on reconsideration of the motions that were granted by the previous Judge. Mr. Rosenblat was thanked for his report.

2023 Budget

Mr. Sidrys presented a 2023 budget. A copy of the proposed budget was previously distributed to the Trustees, and is attached and made part of these Minutes. Upon motion made and seconded, the following Resolution was unanimously adopted: RESOLVED: To approve the 2023 budget as presented.

Update on Significant Dates

Mr. Levin referred to the key dates for 2023. Those dates were previously submitted to the Trustees and are attached and made part of these Minutes. Mr. Levin reported that he has met with Group Administrators regarding a contract extension. Group Administrators administers the HRA Debit Card Program. He expects to have a report to the Trustees prior to the next Board meeting.

Executive Director Search

Mr. McKone reported that EFL provided a written status report to the Search Committee. He read the report to the Committee, a copy of which is attached and made part of these Minutes. The posting of the executive director position is anticipated to be made prior to the next Board Meeting. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve reimbursement of advertising expenses incurred by EFL consistent with its contract, those expenses being allocated equally with the Retirement Plan.

Allocation of 241 Officer Hours

Mr. Rosenblat referred to a Memorandum previously distributed to the Trustees regarding allocation of 241 Officer hours. There being no questions, the Chairman moved on to the next agenda item.

GENERAL ADMINISTRATION COMMITTEE ISSUES

Applications for Benefits and Bills and Remittances

A question was raised regarding medical review for certain benefits. Discussion ensued.

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

RESOLVED: To approve Items 7.a. Applications for Benefits and b. Bills and Remittances.

Request for Pre-Approval of Expenses for Educational Conferences

Under 7.c., there was a request for pre-approval for Mr. McKone to attend the Trustee and Administrators Conference sponsored by the International Foundation for Employee Benefit Plans. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve reimbursement for Mr. McKone to attend the IFEBP Trustee and Administrators Conference with the expenses being shared equally with the Retirement Plan.

Executive Session

There was no request for an Executive Session.

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 12:07 p.m.

SECRETARY

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