

MINUTES OF THE MEETING OF THE
CTA RETIREE HEALTH CARE TRUST
Hybrid In-Person and Microsoft Teams Video Conference
February 23, 2023

TRUSTEES PRESENT

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

ALSO PRESENT

John Burkard	Alternate Trustee
Michael Bowen	Alternate Trustee
Georgette Hampton	Alternate Trustee
Marqueal Williams	Alternate Trustee
Paul Sidrys	Interim Executive Director
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Ronald Willis	Counsel, Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich, on behalf of the ATU Local 241 appointed Trustee
Anita Tanay	Counsel on behalf of the ATU Local 308 appointed Trustee
Jeffrey Bora	Counsel on behalf of the CTA appointed Trustees
Miguel Zarate	Investment Consultant, Marquette Associates
Dan Levin	Benefits Consultant, Segal Consulting
Elsa Trejo	Deputy Executive Director – Finance and Accounting
Stanley Mui	Fund Office

CALL TO ORDER

A quorum being present, the Chairman called the meeting to order at 10:41 a.m.

ELECTION OF OFFICERS

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

RESOLVED: To elect Keith Hill as Chairman and Thomas McKone as Secretary.

APPROVAL OF MINUTES OF PREVIOUS MEETING

The Chairman noted that the Minutes of the January 26, 2023 Board of Trustees meeting were previously distributed to the Trustees and are attached and made part of these Minutes. It was further noted that the Minutes distributed to the Trustees reflected that Mr. Dixon was present. In fact, Mr. Weems attended in Mr. Dixon's place. Upon motion made and seconded, the following Resolution was adopted:

RESOLVED: To approve the Minutes as corrected.

Mr. Dixon abstained.

REPORT OF INVESTMENT CONSULTANT

Mr. Zarate directed the attention of the Trustees to the Marquette Associates' Monthly Update Dated January 31, 2023. A copy of that report is attached and made part of these Minutes. First Mr. Zarate noted that Eagle MCG, Lazard International Equity and William Blair Emerging Markets Leaders Fund are on alert status. They will continue to be on alert status. Returns for January and early February have been strong. Inflation is higher than expected and high job growth has continued. As a result, interest rates will likely rise. The January 2023 return was 4.7% with some managers not yet reporting. The ending market value as of January 31, 2023 was \$1,039,681,364. As of yesterday, total assets of the Fund were \$1,023,783,822.44.

Equity markets are still volatile. Individual managers were reviewed. Mr. Zarate anticipates that the redemption from Clarion will take approximately four quarters to pay out. Equity returns for January 2023 were 7.2%. The small cap composite return was 10.7%. Mr. Zarate continued his review of each of the managers. Discussion ensued regarding investment manager searches which should be anticipated in 2023. Mr. Zarate does not anticipate much

manager turnover in the current year. Discussion ensued regarding asset allocation revisions and derisking the portfolio. Lazard, Eagle and William Blair performance will be reviewed at a future investment committee meeting.

Discussion then ensued regarding Monroe Capital. This matter was continued from the January Board meeting. Mr. Zarate reminded the Trustees that originally three managers were selected for the private credit allocation. At the January Board meeting, the Trustees were advised that Monroe Capital decided to not go forward with its Private Credit STARR Levered Feeder Fund, which was the vehicle selected by the Trustees. At the January meeting, the Trustees tabled the decision on how to move forward with that private credit allocation. Discussion ensued regarding the possibility of not allocating at all to Monroe Capital. Further discussion ensued. Marquette's January 2023 memo was reviewed and is attached and made part of these Minutes. The memorandum recommended either moving into the Monroe Unlevered Fund or to rescind the \$15 million private debt commitment for Monroe. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To withdraw the allocation to Monroe Capital Private Credit.

OLD BUSINESS

a. Summary of Litigation from Plan Counsel

Mr. Rosenblat said that the litigation report was previously sent to the Trustees. A copy of the report dated February 23, 2023 is attached and made part of these Minutes. Mr. Rosenblat said he understands that there has been a request to have an executive session regarding the Williams case. The executive session was scheduled for February 24, 2023. Mr. McKone asked about restitution in the Galanis criminal proceedings. Mr. Rosenblat said that he understood that the

U.S. Attorney's office in the Southern District of New York is aware that the Fund is entitled to restitution if there is any recovery from the defendants.

b. Update on 2023 Significant Dates

Mr. Levin reported that there were no changes from the prior month's report.

c. Group Administrators' Contract

Mr. Levin reported that Segal was charged with determining whether the Trust should go to market or to negotiate a renewal with Group Administrators. He recommended that the Fund renew with Group Administrators. The current fee is \$6.90 per member per month. The extension calls for a fee increase effective July 1, 2023 to \$7.10 per member per month and another increase effective July 1, 2025 to \$7.40 per member per month. Discussion ensued. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the recommended contract extension with Group Administrators.

d. Pharmacy Benefits Management RFP

Mr. Levin reported that the City of Chicago is driving the coalition which is negotiating for the City of Chicago and related entities for a prescription benefit manager. He reported that progress has been slow.

e. Internal Controls Review

Mr. Sidrys reported on the Plante Moran extension of statement of work. They are reviewing policies and procedures. These will include procurement policies. Plante Moran will be invited to make a presentation to the Trustees at the March meeting.

f. Executive Director Search

Mr. McKone read the status report from EFL which has been retained to conduct the search to hire a permanent Executive Director. A copy of that report is attached and made part of these Minutes. Mr. McKone reported that there have been 12 applicants and vetting interviews are scheduled for March 2, 2023.

GENERAL ADMINISTRATION COMMITTEE ISSUES

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

Mr. Kasmer noted that applications for benefits and bills and remittances were previously distributed to the Trustees. Discussion ensued. It was noted that on payroll, salary allocation was 75% for Retirement Plan and 25% for Retiree Health Care. However, in fact, for the executive director position, the allocation is 50/50. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve items 8.a. and b. with modifications.

c. Educational Conferences

Mr. Kasmer reported that there were no requests for educational conference pre-approvals.

NEW BUSINESS

a. Special Executive Session for Litigation

A special executive session for litigation has been scheduled for Friday, February 24, 2023.

b. Annual Review of Major Vendors

There will be a General Administration Committee meeting scheduled to review Humana, Aetna and Cigna.

EXECUTIVE SESSION

No Executive Session was held.

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 11:30 a.m.



SECRETARY

I:\MINUTES\RHCT\2023\2023 RHCT Feb 23 Minutes.sjr.kp.docx