

Meeting of the Retirement Plan for CTA Employees
Board of Trustees
November 21, 2023
VIA MICROSOFT TEAMS

Regular Session
Meeting Minutes

The Board of Trustees of the Retirement Plan for Chicago Transit Authority Employees, by way of Microsoft Teams and physical presence, and in compliance with the Illinois COVID-19 Executive Order, convened a meeting on November 21, 2023, at 200 West Adams Street, 17th Floor, Chicago, Illinois commencing at 9:30 a.m. and adjourning at 10:59 a.m. Participants in the meeting were:

Appearances in Person:

Mr. Keith Hill, Chairman
Mr. Thomas McKone, Vice-Chairman
Ms. Theresa Fletcher-Brown
Mr. John Burkard
Mr. Jeremy Fine
Mr. Woodrow Eiland
Mr. Tiant Gatewood
Mr. Eric Dixon
Ms. Georgette Hampton for April Morgan

Also Present in Person:

Mr. Paul Sidrys, Executive Director
Mr. Hector Flores, Deputy Executive Director
Ms. Lindsay Welbers, Court Reporter
Mr. Stanley Mui, Staff Accountant
Mr. Kweku Obed
Mr. Richard Burke
Ms. Rachael E. Brossard
General Counsel,
Burke Warren, MacKay & Serritella

Consideration of Minutes from Prior Meeting

Mr. Hill called the meeting to order at 9:30 a.m. Mr. Sidrys did the roll. Mr. Sidrys reported that a quorum was present.

Mr. Hill called for a motion to approve the minutes of the October 26, 2023 meeting. Mr. McKone called to the attendees' attention the correction in the spelling of Mr. Burkard's name. Mr. Burkard made a motion to approve the minutes of the October 26, 2023 meeting which was seconded by Mr. Dixon. Mr. Sidrys took the roll. He reported the motion passed unanimously.

Investment Committee

Mr. Obed gave the report in regard to the Investment Subcommittee. He stated at the close of business on November 20, 2023, the market value of the investment portfolio was \$1,885,275,927.38 and of that amount \$8,603,072.38 was in cash. In a broad view across the market, he stated that the equity market is up about nine percent across all segments, large, mid and small and the international markets is also having a good rebound. The October return for fixed income was negative. The equity market has gone through a pretty rough three-month period ending in October, but the market has rebounded. During this arising rate environment, growth is up 23.2% and value is down 1.8%. The market is bidding up the value of growth but not bidding up value. The international market is also following a pretty similar trend as the U.S. Market, a similar trend in the sense of short-term returns are in negative, long-term returns are slightly positive. The international markets are holding up pretty well. It is up almost nine percent for some of the major indices in the international markets. Real estate is definitely going through a rotation. Infrastructure is doing well. Real estate is through some repricing. Private equity has continued to be a very good addition for the portfolio.

In response to a question from Mr. McKone, he stated that it is Marquette's belief that the Plan should over emphasize value over growth. Mesirow is now recommending further investments in Aberdeen now known as HighVista and in Mesirow. The recommendation would be for \$20 million into HighVista's Fund X and \$20 million into Mesirow's Fund IX. The reason for the recommendation is for their consistency of performance and the ability of both managers to deliver good returns in both up and down equity environments. Mr. Obed said Marquette was also recommending approval to issue an RFP for one more private equity manager. Aberdeen and Mesirow are both small to middle market buyout managers. There are some large cap managers in the marketplace that Marquette thinks would be a good compliment to the small mid-market buyout exposure.

In response to a question from Mr. McKone about further private equity investments representation over allocation according to our allocation policy, Mr. Obed pointed out that there is a five percent leeway which the Plan is allowed to be within. He stated that the overweight has been consistent throughout the year. He recommends using Partners Group as a source of funding for the two new managers. As a result, the Plan would not be adding to the private equity portfolio allocation but would be shifting funds within the allocation. He views HighVista and Mesirow as basically a lateral rebalancing. The investment with the Private Group is effectively a placeholder for further

investment in private equity. In addition, the re-upping would permit the Fund to have a position in every vintage year. Mr. Obed added that he made this recommendation rather than changing the allocation because of the timing factor and also the ability to look at the reallocation in the future. In addition, the Partners Group funding can be used as a source of liquidity in the future if there is the desire to rebalance the portfolio rather than taking funds from equity and fixed income. Mr. Obed reminded the attendees that the allocation policy is to be revisited in about a year although it can be revisited at any point in time but is scheduled for a review in about a year.

Mr. Obed stated it was his hope that the responses to the RFP could be in by the first quarter and then a recommendation could be forthcoming. Mr. Obed stated that the recommended investments In Aberdeen and Mesirow and the allocation would not be an additional private equity allocation because the Plan would be funding it from another already existing private equity manager, namely the Partners Group. Mr. Obed stated that he did not recommend holding off on the RFP because that would not change the allocation percentages but that the Trustees would have options if they so chose to do so. He added that if the Trustees would fully redeem the Partners Group it would address Mr. McKone's as well as Mr. Fine's questions in regard to the allocation program, but he added to hold off in issuing the RFP might well take away the options available to the Trustees. Mr. Fine then made a motion to follow Marquette's recommendation of moving from the Partners Group \$20 million to HighVista Fund X and \$20 million to Mesirow and the remaining balance of the \$80 million which is in the Partners Group would be \$40 million and the Plan would then liquidate that position. It would move forward with issuing the RFP and at some later date and decide whether or not to move forward with an additional allocation.

The motion will also have a recommendation to have a subcommittee in the near future look at the allocation. The motion was seconded by Mr. Gatewood. Mr. Sidrys then did the roll call on the motion. The motion passed unanimously.

Old Business

Mr. Hill then called for the report of litigation which was given by Richard Burke. He stated there was no active litigation presently. The Williams case has been settled and there was a hearing in regard to the Nesbitt matter in regard to sentencing.

Mr. Sidrys then gave a report in regard to the negotiation of the new software package. He stated that negotiations were on-going in regard to the contract with the hope that it could be brought for consideration to the December Board meeting.

General Administration Committee:

Mr. Dixon gave the report of the General Administration Committee. The Board package was included in the material distributed to the Trustees. He elicited a motion to approve the applications and the bills mentioned in item 6A through 6J of the report. The motion to approve was made by Mr. Gatewood and seconded by Mr. Burke. The motion passed on a vote of eleven yeases and no zeroes. It was passed unanimously.

Mr. Dixon then stated there was a request from Mr. Kasmir to attend the IFEBP Conference with the cost to be shared equally between the Retirement Plan and Health Care Trust. It is an on-line conference that Mr. Kasmir has already completed. Mr. Gatewood made a motion to approve which was seconded by Chairman Hill. Mr. Burke also seconded the motion which had been made by Mr. Gatewood. A roll call vote was taken by Mr. Sidrys. The motion passed unanimously.

Mr. Sidrys then spoke of the Corvel Disability Management Contract which was up for consideration to be continued. Mr. Sidrys recommended a contract extension of three years with a fee increase in the disability contract which had been negotiated down to 3.5%. Mr. Hill made a motion to accept the recommendations by Mr. Sidrys which was seconded by Mr. Gatewood. A roll call vote was taken. The motion carried on a vote of eleven yeases.

Mr. Sidrys spoke of a recommendation to purchase limited upgrades for the IT hardware and software. Mr. Burkard made a motion to table the recommendation. Mr. Sidrys did not object.

Mr. Hill inquired as to whether there would be a need for an Executive Session. He was advised that there was no such need. Mr. Gatewood the made a motion to adjourn which was seconded by Trustee Fletcher-Brown. Mr. Sidrys did a roll call vote. The motion carried and the meeting adjourned at 10:59 a.m.