

Meeting of the Trustees of the CTA Retirement Plan
January 25, 2024
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 January 25, 2024, 55 West Monroe, Chicago, Illinois commencing at 9:30 a.m. and adjourned at 10:39 a.m. Participants in the meeting were:

Appearances in Person:

Mr. Keith Hill, Chairman
Mr. Thomas McKone, Vice-Chairman
Mr. Joseph Burke
Mr. Woodrow Eiland
Ms. Theresa Fletcher-Brown
Mr. Jeremy Fine
Mr. Andrew Fuller
Mr. Tiant Gatewood
Ms. April Morgan

Alternate Trustees:

Mr. Christopher Kasmer (for John Burkard)
Mr. Mark Weems (for Ms. Pennie McCoach)
Mr. Michael Bowen (briefly for Ms. April Morgan)

Also Present:

Mr. Paul Sidrys, Executive Director
Ms. Rachel Bossard, Plan Counsel
Mr. Kweku Obed
Mr. Norman Buckwalter
Mr. Marqueal Williams

Consideration of Minutes from prior Meeting

The Chairman inquired as to the presence of a quorum. Mr. Sidrys called the roll and reported that a quorum was present.

Mr. Obed from Marquette confirmed that the minutes of the November 21, 2023 meeting accurately reflected their opinions. Mr. McKone made a motion to approve the minutes from the November meeting. The motion was seconded by Mr. Kasmer. The roll was taken, and the motion passed.

Mr. Gatewood made a motion to approve the minutes of the December meeting. Chairman Hill seconded the motion. The roll was taken, and the motion passed.

Investment Committee

The Investment Committee Report was given by Mr. Kweku Obed and Mr. Alberto Rivera. Mr. Rivera stated that the total market value as of January 24, 2024 was \$1,969,309,172.17, with a cash balance of \$11,653.180. Mr. Kweku reported that the final quarter of 2023 finished strong. Fixed income is very sensitive to interest rates and the Federal government has signaled that it is looking to at least pause on interest rates and make four rate cuts that would have a positive effect on the market. He stated that for the fourth quarter, the Plan had returns of 6.8 percent, 3.8 percent of that coming in from the month of December.

Mr. Obed stated that the U.S. Equity market also had a strong 2023, with core up 26.3 percent in the S&P 500, value up 11.5 percent, and growth up 42.7 percent. He stated that mid-cap growth was up 25.9 percent, core was up 26.5 percent for large cap and 17.2 percent for mid-cap. In summary, the U.S. stock market had a really strong return.

The global equity market also had a really good 2023, with emerging markets up 9.8 percent and EM small-cap up 23.9 percent. The big difference between the domestic and international markets is the exposure to technology. The U.S. stock market had significantly more technology, which affected the performance. With regard to real estate, there has been a short-term dislocation that has been the result of COVID, but in the long term, real estate continues to be a solid asset class. Generally speaking, real estate is underperforming, and infrastructure is over-performing, which makes diversification of the portfolio important. He stated that private equity has continued to be a solid contributor to performance and there have been positive results from both private credit as well as private equity allocations.

Mr. Obed stated that the year to date returns are 10.3 percent, which is comfortably ahead of the target rate of return. Fixed income came in at 8 percent and U.S. equity at 19.3 percent. ARGA did exceptionally well relative to the core EM index. He stated that infrastructure was up .6 percent and private equity at close to 6 percent return. The overweight in private equity has continued to come down. There is a redemption request in with Partners Group, also to address the overweight. The average annual rate of return for the portfolio is 8 percent.

The fixed income composite had a good 2023, a little ahead of the benchmark. The bank loan composite is up 11.3 percent. Emerging markets is up 12 percent. The U.S. equity composite is up 19.3 percent.

Mr. Obed reported that they have collected the RFP responses and are going through them. They will reach out to Mr. Sidrys and get dates on the calendar to discuss the responses.

Old Business

In response to an inquiry from the Chairman, Ms. Bossard reported that there was no litigation summary to report.

Mr. Sidrys reported that a draft report from Legacy regarding the payroll audit will be going out and that the special committee will be meeting on February 8th.

Mr. Buckwalter reported with regard to the software contract. He stated that they held a kickoff meeting with the staff and Procentia. They are working on a detailed schedule with the staff and the vendor on realistic and achievable deadlines for tasks that need to be completed. They are also working with interface points and opportunities for automation. The project is still in the startup phase, they are on budget, and there are no major issues to report.

Mr. Sidrys reported that he is working on one overall hardware and software upgrade plan, but they did have to replace one computer, which was at the end of its useful life. He reported that they are also looking at the IT contractors and their server needs in light of the cloud. He also talked with John Kallianis about a new board administration document management software that would allow the Trustees to have access to documents at all times.

After some discussion on particular budget items, Mr. Kasmer made a motion to approve the 2024 budget. The motion was seconded by Mr. McKone. The roll was taken, and the motion passed.

General Administration Committee

The General Administration Committee report was then given by Mr. Weems. Mr. Weems made a motion to approve the report including the items set forth in Section 7A through 7J. The motion was seconded by Mr. Williams. A roll call vote was taken. The motion passed unanimously. Mr. Weems announced at this time there were no requests for educational conference attendance.

Mr. McKone made a motion to approve the recommended billing rate increase for Burke Warren. Mr. Burke seconded the motion. The roll was taken, and the motion passed.

Ms. Bossard reported that her office was looking into the proposed policy increase for committee directed accounts and asked that the matter be deferred until the February meeting.

Ms. Bossard stated there was no need for an Executive Session. Mr. Eiland made a motion to adjourn which was seconded by Mr. Weems. The motion passed unanimously, and the meeting adjourned at 10:39 a.m.