

Meeting of the Trustees of the CTA Retirement Plan
February 22, 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 February 22, 2024 at 200 W. Adams, Chicago, Illinois commencing at 9:46 a.m. and adjourned at 10:39 a.m. Participants in the meeting were:

Appearances:

Mr. Keith Hill, Chairman
Mr. Thomas McKone, Vice-Chairman
Mr. Joseph Burke
Mr. Woodrow Eiland
Ms. Theresa Fletcher-Brown
Mr. Andrew Fuller
Ms. Pennie McCoach

Alternate Trustees:

Mr. Christopher Kasmer (for John Burkard)
Ms. Michelle Curran (for Jeremy Fine)
Ms. Michelle Townsend (for Tiant Gatewood)
Ms. Georgette Hampton (for April Morgan)

Also Present:

Mr. Paul Sidrys, Executive Director
Mr. Richard Burke, Plan Counsel
Ms. Rachel Bossard, Plan Counsel (remote)
Mr. Kweku Obed
Mr. Norman Buckwalter
Mr. Marqueal Williams
Ms. Anita Tanay

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. Kasmer made a motion to approve the minutes from the January 25, 2024, with the corrections as noted on the record. The motion was seconded by Mr. Burke. The roll was taken, and the motion passed.

Election of Board Officer

Mr. Hill made a motion to nominate Ms. Pennie McCoach to serve as the Chair of the General Administration Committee. The motion was seconded by Mr. McKone. The roll was taken, and the motion passed.

Investment Committee

The Investment Committee Report was given by Mr. Brad Hampton. Mr. Hampton stated that the market continues to be reactionary to interest rates. He reported that despite rates being pretty negative to the start the year, the impact on the portfolio is minimal. The feds are expecting 3 to 4 percent growth in Q1 of 2024, with unemployment rates staying fairly low and growth being driven by the U.S. consumer. Mr. Hampton explained that we are still seeing a very concentrated, very growth heavy market. The concern is with small cap companies, rather than large cap companies. Emerging markets continue to be plagued by China in terms of absolute performance, but the portfolio has benefited from active managers like ARGA. The portfolio has been well positioned with low volatility, public deposits and diversification. Although there are questions about office space, real estate remains to be a solid asset class. Mr. Hampton stated that the Plan can expect infrastructure to correlate to rates. He added that private equity is still performing strongly.

In response to a question from Mr. McKone, Mr. Hampton explained that investors and manufacturers seem to be moving out of China and focused on diversifying their production base out of China due to the geopolitical risk there.

Mr. Hampton reported that the global low volatility composite finished up just under a half percent through January, which is pretty strong comparatively. He reported that active management is up about .6 percent over the last year and emerging markets are up 7.7 percent over the three year number. He also reported that the broad markets are down 4.7 percent and the real estate composite is down 3.4 percent. Finally, Mr. Hampton stated that the private equity composite is open ended and in the process of redemption to compensate for the overweight.

The total market value as of February 21, 2024 was \$1,970,985,585, with a cash balance of \$11.7M.

Mr. Sidrys reported that the Investment Committee Meeting was scheduled for February 26, 2024.

Old Business

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

Mr. Sidrys reported that the Payroll Audit Committee met on February 8, 2024 and reviewed the draft report from Legacy. The Committee should provide feedback to the auditors by March 1, 2024.

Norm Buckwalter from Segal reported that the pension software project is slightly ahead of schedule and is 12.5 percent complete. He reported that staff has worked very hard to balance their day-to-day work and still make forward progress on the project. They have completed the contractual start of the planning and initial data collection. Mr. Buckwalter reported that he expects some data will need to be cleaned up over the coming months. Over the next several weeks, they expect to get the initial development environments set up in Microsoft Azure. Within the next couple of months, the staff should be able to get the first look at the configuration. Both Procentia and Segal are on budget.

Mr. Burke reported on the policy change for committee-directed accounts. He explained that over the years, the role of Northern Trust in the investments has become less active and the Board has become more closely involved with investment decisions. The Trust Agreement currently places a cap of 17.5% on committee-directed accounts and Mr. Burke recommended that the Board strike the cap to be more in line with the current investment structure and to move Northern Trust from a fiduciary capacity to a custodial relationship, which is really how it is acting presently. Mr. McKone made a motion to accept the recommendation. The motion was seconded by Mr. Kasmer. The roll was taken, and the motion passed.

General Administration Committee

The General Administration Committee report was then given by Ms. McCoach. Mr. Eiland made a motion to approve the report including the items set forth in Section 7A through 7J. The motion was seconded by Mr. Burke. A roll call vote was taken. The motion passed unanimously. Ms. McCoach reported that there were two requests to attend the IFEBP educational conference. One from Mr. Eiland (100% RP) and one from Mr. Williams (50% RP). Mr. Hill made a motion to approve. The motion was seconded by Mr. Kasmer. A roll call vote was taken. The motion passed unanimously.

Mr. Burke reported on the Plan's approach to the CTA's COVID Reinstatement Policy. He explained that a memorandum was circulated to the Trustees with a recommendation on how to treat different employees under the different circumstances presented in order to implement the policy established by the CTA.

Mr. Burke reported that there was a need for an Executive Session to discuss potential litigation. Mr. Kasmer made a motion to go into Executive Session. The motion was seconded by Ms. McCoach. A roll call vote was taken. The motion passed unanimously.

During Executive Session a discussion was held on the Plan's participation in potential class litigation.

The meeting was adjourned by motion. (Transcript cut off)