

Meeting of the Trustees of the CTA Retirement Plan
May 23, 2024
VIA MICROSOFT TEAMS AND IN PERSON

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 May 23, 2024 at 50 South LaSalle Street, Chicago, Illinois commencing at 9:44 a.m. and adjourned at 10:24 a.m. Participants in the meeting were:

Appearances:

Mr. Keith Hill, Chairman
Mr. Thomas McKone, Vice-Chairman
Mr. Woodrow Eiland
Mr. Tiant Gatewood
Ms. Theresa Fletcher-Brown
Mr. Jeremy Fine (virtual)
Ms. April Morgan
Mr. Joseph Burke (virtual)
Mr. Andrew Fuller (virtual)
Ms. Pennie McCoach
Mr. John Burkard (virtual)

Alternate Trustees:

Ms. Georgette Hampton
Mr. Mark Weems
Mr. Marqueal Williams
Mr. Chris Kasmer (virtual)
Ms. Michelle Curran (virtual)
Ms. Michelle Townsend

Also Present:

Mr. Paul Sidrys, Executive Director
Ms. Rachel Bossard, Plan Counsel
Mr. Hector Flores
Mr. James Battle
Mr. Kweku Obed
Mr. Alberto Rivera
Mr. Norman Buckwalter (virtual)
Mr. Brad Hampton (virtual)
Mr. Stanley Mui

Ms. Elsa Trejo
Ms. Anita Tanay (virtual)
Ms. Lindsay Goodman (virtual)
Mr. Jeff Bora
Mr. Ron Willis
Mr. Hector Flores

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.

Ms. McCoach made a motion to approve the minutes from the regular and joint April 25, 2024 Board Meetings. Mr. The motion was seconded by Mr. Burke. The roll was taken, and the motion passed. The roll was taken, and the motion passed.

Investment Committee

The Investment Committee Report was given by Mr. Kweku Obed. Mr. Obed reported while May is shaping up to be a good month, April saw some volatility. The Plan's total market value through May 22, 2024 was \$1,986,287,685.39 with a cash balance of \$58,694,356.06. Cash is currently yielding over 5%. The U.S. market is up over 5%. The international market is up around 4%. Fixed income is also up. The portfolio is structured in risk-seeking assets, which are positioned to give an expected rate of return that exceeds the 8.25%.

Interest rates, the Fed, and inflation are driving the market right now. Spending during COVID increased the money supply and has had an inflationary impact on the economy. There was an expectation of interest rate cuts in 2024, but that didn't happen. Fixed income returns were down in the month of April. The Leverages Loan Index was up 70 basis points during April. Growth has done very well and the Magnificent Seven have driven the performance of the U.S. stock market. Value still has an average annual return of 8.5% over a ten-year period. As far as U.S. equity, large-cap has continued to dominate, midcap has held up pretty well, small cap has lagged. The global equity market has held up pretty well to date in 2024. Global equity lagged in April. Technology accounts for a third of the U.S. market and only 12 % of the international markets. In April, growth came down because of the cooling off of IT prices. International markets held up better. Real estate continues to lag, but appears to be coming out of the rut it has been in. Infrastructure has held up pretty well. Private equity has continued to perform exceptionally well, as has private credit.

Fixed income was down about 2%. The U.S. equity market was down a bit double that amount. Fixed Income Composite has improved in May. Both U.S. and non-U.S. equities have held up. Real estate is positioned for a rebound. Infrastructure has been a strong performer. The RhumbLine and AmalgaTrust are performing in line with the index. Symphony was up 60 basis points, while the core index was down 2.5. Northern Trust S&P 500 Index Fund is up 6% year to date. The MidCap Index and Denali are positive year to date. Ariel and Channing have been strong performers, with Channing up 2.3%. Global Low Vol is down 2.3%. ARGA has been steady.

Brown has been more volatile. J O Hambro is up in the mid-single digits. IFM is holding up nicely. Private equity is up 4.6% over target.

In response to a question from Mr. McKone, Mr. Obed explained that the Plan received a 54 million redemption from Partners Group in April. He also explained that it is too early to make a major shift in real estate, which has been a good diversifier.

Old Business

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

Norm Buckwalter from Segal reported that the pension software project is still in green light status, slightly ahead of schedule, below budget and is 33 percent complete. He reported that they have an all-day on site meeting on May 30th. Procentia will be walking them through the system screens and work processes. The complete system is not scheduled until the end of the year, but this is the first of several touchpoints where the team gets to look at the new system. Data conversion work is progressing. They have started interface discussions with Northern Trust, which will eliminate manual entry. They are using an interactive approach to the project to get feedback from people along the way. Kudos to the Plan Office staff who have worked extra hours to move this project along. Procentia has completed the first of their contract requirements and he expects them to invoice soon.

General Administration Committee

The General Administration Committee report was then given by Ms. McCoach. Mr. Gatewood made a motion to approve the report including the items set forth in Section 7A through 7J. The motion was seconded by Mr. Hill. A roll call vote was taken. The motion passed unanimously. Ms. McCoach reported that there were no requests to attend educational conferences at this time.

Mr. Burke reported on the status of the participant appeal and that we would have a more complete report next month.

Mr. Eiland made a motion to adjourn. Ms. McCoach seconded the motion. A roll call vote was taken. The motion passed unanimously.

A Joint Session was held with the Trustees of the Retiree Healthcare Trust. During the Joint Session a discussion was held on the process for providing the performance evaluation to Mr. Sidrys.