

Meeting of the Trustees of the CTA Retirement Plan
October 24, 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 October 24, 2024 at 200 W. Adams Street, Chicago, Illinois commencing at 9:46 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. Michael Bowen
Ms. Georgette Hampton (for April Morgan)
Mr. Joseph Burke (remote)
Mr. Andrew Fuller (remote)
Ms. Pennie McCoach (remote)
Mr. John Burkard (remote)

Alternate Trustees:

Ms. Michelle Townsend
Mr. Chris Kasmer (remote)
Mr. Mark Weems (remote)
Mr. Marqueal Williams

Also Present:

Mr. Paul Sidrys, Executive Director
Ms. Rachel Bossard, Plan Counsel
Mr. Jeff Bora
Ms. Lindsay Goodman (remote)
Mr. Ronald Willis (remote)
Mr. Hector Flores
Mr. Kweku Obed (virtual)
Mr. Norman Buckwalter (remote)
Mr. Stanley Mui
Ms. Elsa Trejo
Mr. Alberto Rivera

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. Gatewood made a motion to approve the minutes from the September 20, 2024 Board Meeting. The motion was seconded by Mr. Burke. The roll was taken, and the motion passed.

Investment Committee

The Investment Committee Report was given by Mr. Alberto Rivera. Mr. Rivera reported that the Plan's total market value through October 23, 2024 was \$2,072,722,826.35 with a cash balance of \$50,387,294.

Mr. Rivera reported that the Fed cut interest rates by 50 basis points in September. This led to a strong tailwind across the market, including fixed income. After more than two years, the yield curve normalized during the third quarter. The Ag, loan index and emerging market debt all had a positive quarter. With regard to U.S. equity, year to date, large cap has dominated, with large cap growth returned 24.5 percent. The Magnificent Seven drove over 50 percent of the S&P return in September. Excluding energy, all of the sectors were positive for the quarter, with utilities being the top performing sector. This is largely due to AI developments. Global equity performance was strong, but still trailed domestic equity. Once the dollar strengthens this can be a drag on the international performance since everything is converted to U.S. dollars. Real estate is finally seeing the beginnings of a turnaround. The preliminary third quarter performance paints a strong picture in terms of performance stabilization. Infrastructure continues to be a good diversifier for the portfolio while providing the income stream. Private equity performance has been a bit muted. Private credit continues to benefit from attractive yields and has been a consistent top performer.

In response to a question from Mr. McKone, Mr. Rivera reported that there hasn't been a lot of transaction activity on the private equity side, which is why returns are muted. There are signs of it picking back up.

Year to date, the Plan is at 8.8, trailing the return of 9.9 for the total fund policy benchmark. Therefore, while the Plan is meeting the target rate of return, it is lagging the policy index. This is due to the value tilt that the portfolio has. However, the value tilt has proven to be a good diversifier and hold up over time. Fixed income is performing as expected. Bank loans have outperformed by over 100 basis points. The narrow market has hindered the performance of the large cap managers, Edgar Lomax and Paradigm. With regard to small cap, Ariel and Channing are both comfortably ahead of their benchmarks. With regard to Global Low Vol, Fidelity is underperforming. This is partly due to the benchmark having an allocation to Tesla, whereas Fidelity does not. IFM Global Infrastructure is positioned to take advantage of projected growth rate. Private equity is keeping up with the benchmark.

Old Business

In response to an inquiry from the Chairman, Ms. Bossard reported that there was no litigation summary to report, but that Plan participant Stephen Brown did file a formal appeal through his counsel.

Norm Buckwalter from Segal reported that the pension software project is in yellow light status. The project is 62% complete and is about 7% behind schedule. Everyone has been working hard to keep pushing the data conversion work forward. All of that has to be in place in order to start the testing. There are some old records still being cleaned up, which will likely take until the end of the year. This month, they also successfully pulled multiple payroll cycles from CTA payroll and HR files. The CTA payroll team has been very helpful. It is anticipating that the testing will begin in mid-November. Buck Actuaries will perform some of the calculation audits in the new system. The focus over the next months will be on high quality testing. They have set aside 25% of the schedule for testing. They are pushing hard to cut over to the new system in Q1 of next year. The Segal and Procentia budget are still tracking exactly to the contract. Buck consulting is an additional expense, but there is an existing service agreement with the Plan. They are on track to hit all targets.

General Administration Committee

The General Administration Committee report was then given by Ms. McCoach. Mr. Burkard made a motion to approve the report including the items set forth in Section 7A through 7K on the agenda. The motion was seconded by Mr. Gatewood. A roll call vote was taken, and the motion passed.

Mr. Sidrys reported on some of the statistics that the Plan office has been tracking. In September, there were a total of 354 calls, and in October there were 310 as of the meeting date. Mr. Flores pointed out that those were only general calls and that employees receive an additional 40-60 calls to them directly. There were 75 walk-in appointments in September and 62 so far in October. Mr. Sidrys also reported that the Plan office is hiring a customer service representative and that he will send the job posting to Local 241.

Mr. Gatewood made a motion to adjourn. Mr. Burkard seconded the motion. A roll call vote was taken. The motion passed unanimously.