

**Meeting of the Trustees of the CTA Retirement Plan**  
**November 26, 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 November 26, 2024 at 50 S. LaSalle Street, Chicago, Illinois commencing at 9:44 a.m. and adjourned at 10:59 a.m. Participants in the meeting were:

**Appearances:**

Mr. Keith Hill, Chairman  
Mr. Thomas McKone, Vice-Chairman  
Mr. Marqueal Williams (for Woodrow Eiland)  
Mr. Tiant Gatewood  
Ms. Theresa Fletcher-Brown  
Mr. Michael Bowen  
Ms. April Morgan  
Mr. Joseph Burke (remote)  
Mr. Andrew Fuller (remote)  
Ms. Pennie McCoach (remote)  
Mr. John Burkard

**Alternate Trustees:**

Mr. Chris Kasmer  
Mr. Mark Weems (remote)  
Mr. Woodrow Eiland (remote joined 10:06 a.m.)

**Also Present:**

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

## **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. Fletcher-Brown made a motion to approve the minutes from the October 24, 2024 Board Meeting. The motion was seconded by Mr. Burke. Mr. McKone noted one correction. The roll was taken, and the motion passed.

## **Investment Committee**

The Investment Committee Report was given by Mr. Kweku Obed. Mr. Obed reported that due to an issue with the portal, he was unable to report the market values.

Mr. Obed reported that the market has been extremely generous. There has been some volatility in the international markets following the election. With quality leaning in the portfolio, we are still expecting pretty decent results for the month. In the U.S. market, small cap is up 11.28 through the close of business yesterday. Mid cap is almost 9 percent. The broad market is up 6 percent. The Russell 1000 almost 6 percent. The AG index is up 60 basis points. The return of 7.5 percent doesn't include the alternatives which are lagged. We can expect Black Friday and Cyber Monday earnings to help. Election years are typically positive for the markets. Things are leaning toward a strong finish for the end of the year.

In October the AG index was down to the tune of 2.5 percent. Fixed income was slightly positive at 1.9 percent. There was much uncertainty surrounding the election. There have been pretty nice returns in the domestic equity market. Value is still lagging, but it is up 15.4 percent year to date. The outlook for value continues to be positive, as does the outlook for growth. October was a volatile month, but traders and market players now seem somewhat bullish around the new administration and its pro-market sentiment. On the flip side, there are tariffs, which are not going to be a stabilizer in the market. Small caps have rallied and are up close to 12 percent in the month of November. We have avoided a recession and interest rates are coming down. The market is still trending upwards, but we can expect to see movement both up and down on a daily basis based upon policy announcements such as tariffs. The S&P was up 21 percent through the end of October. Growth is up 24 percent for the month. Over the 10 year period, there has been an average annual return of 13 percent. Even if this is a very strong year, it doesn't guarantee that 2025 will be a strong year.

International markets have held up nicely with the ACWI ex-U.S. up 8.6 percent, EAFE is up 6.8 percent, international small cap is up 4.1 percent, and emerging markets up 8.3 percent. Trade wars could cause destabilization in countries such as China, Mexico and Canada. Mr. Obed expects the allocation to global low vol to really help the portfolio. He contends that the Plan made a good decision to exist hedge funds and look at other areas of diversification. We are seeing positive 3Q returns for the Odyssey indexes. Many facets of real estate are performing nicely. Interest rates coming down has helped the appreciation for real estate. Infrastructure has been a good diversifier and he expects it to be a steady source of returns. Private equity has also been a good diversifier, particularly in the longer term. Private credit has also been a good diversifier.

In response to a question from Mr. McKone, Mr. Obed reported that aside from tariffs affecting the Plan, another thing to think about is potentially bringing down some of the international exposure. Some of it depends on what the Fed policy looks like. The key theme is volatility.

Through the end of October, the Plan is up 7.5 percent, which is a little behind the index. However, the expectation is that we will see a nice bump. The portfolio typically does well where there is volatility. The over weights and underweights are well within the acceptable ranges under the policy. The fixed income composite over the year to date period is up a little bit relative to the benchmark. The Plan was in line with the AG index for the month. Symphony has held up in the volatile environment. Emerging market debt is up 5.5 percent. Symphony is up 8.7 percent. The Plan has seen value contribute pretty positively, with Lomax rallying over the last quarter, Paradigm up 17 percent year to date, and Northern Trust S&P 500 Index up 21 percent. The large cap composite is up over 19 percent. In the mid cap space, Denali has held up nicely. Xponance is up 12.6 percent over the year to date period. For small caps, Ariel is up 9.2 percent, over the benchmark at 7.5 percent. Channing is up 11.7, compared to the benchmark at 7.5. For low vol, Fidelity is up 14 percent, Rhumblin Index is up 8.2 percent. Brown's performance normalized as the year matured. LSV is holding up nicely at 7.2 percent. The emerging markets index is up 10.7 and Arga is up 11.8, J. O. Hambro is up 5.3 percent versus the benchmark at 8.3, so there is definitely some volatility in the international markets. Real estate is seeing some nice turnaround in the market, including positive returns for Heitman, JPMorgan and PRISA. Infrastructure is up 7.2 percent.

Mr. Obed then presented a recommendation for an asset allocation. Private credit has been very helpful for the portfolio. The Plan invested in Crescent in 2016 and re-upped in 2021. For the 2016 allocation, Crescent called \$23 million and returned \$28 million. For the 2021 allocation, they called 28 million and returned 7 million back. For every dollar invested, it appreciated to \$1.30 for the 2016 vintage. For 2021, for every dollar invested, it appreciated to \$1.20. Mr. Obed made a recommendation for another \$35 million allocation to Crescent Fund IX.

In response to a question from Mr. McKone, Mr. Obed reported that while Crescent has not called all of the previously allocated funds, the allocations have worked out well for the Plan and we haven't had to worry about being underweight in this asset class. It will be important to make sure the Plan has another manager or two in the roster later in the year. Mr. Obed reported that they will revisit the asset allocation on a periodic basis.

Mr. McKone made a motion to approve the recommendation. The motion was seconded by Mr. Weems. The roll was taken, and the motion passed.

Mr. Sidrys reported that the Illinois Auditor General determined that the actuarial valuation and the expected target rate of return of 8.25 percent are not unreasonable in the aggregate.

## **Old Business**

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

Norm Buckwalter from Segal reported that the pension software project is just 5% off target. The project is 66% complete. The team has worked hard to finalize the data conversation and balance out the 30 plus years of records and data in the existing pension system. The cleanup has been ongoing and will be into January. They also started system testing internally and by Buck Actuaries. They have been successful in getting real time payroll feeds. The interfaces are on track, balancing and reconciling. The CTA payroll team has been very helpful. Over the next couple of months, the focus will be high quality testing. 25% of the schedule is focused on this because it is the most critical part, ensuring that the system is working and producing the expected results. He expects to see some change management over the next couple of months as the staff works through the new system. The team is working really hard and well together. Both Segal and Procentia are on track, slightly under contract projections. The project is on track to hit the schedule and budge in Q1.

Mr. Sidrys provided a brief update regard cybersecurity and the information provided by BDO Seidman. Mr. Buckwalter noted that the new Procentia system should help with cybersecurity too.

## **General Administration Committee**

The General Administration Committee report was then given by Ms. McCoach. Mr. Gatewood made a made a motion to approve the report including the items set forth in Section 7A 1 through 7A 11 on the agenda. The motion was seconded by Mr. Burke. A roll call vote was taken, and the motion passed.

Mr. Sidrys gave a reminder regarding trustee educational obligations and options for fulfillment.

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