

Meeting of the Trustees of the CTA Retirement Plan
March 20, 2025
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 March 20, 2025 at 50 S. LaSalle Street, Chicago, Illinois commencing at 9:37 a.m. and adjourned at 10:19 a.m. Participants in the meeting were:

Appearances:

Mr. Keith Hill
Mr. Tom McKone
Mr. Joe Burke – (remote)
Ms. April Morgan – (remote – arrived in person at 10:07)
Mr. Andrew Fuller – (remote)
Mr. Mike Bowen (for Jeremy Fine)
Ms. Theresa Fletcher-Brown
Mr. Tiant Gatewood
Mr. Woodrow Eiland
Mr. Mark Weems (for Penny McCoach)
Mr. John Burkard

Alternate Trustees:

Mr. Chris Kasmer (remote)
Mr. Marqueal Williams

Also Present:

Mr. Paul Sidrys, Executive Director
Ms. Rachel Bossard, Plan Counsel
Mr. Ron Willis – (remote)
Ms. Lindsay Goodman – (remote)
Mr. Norm Buckwalter – (remote)
Mr. Jeff Bora – (remote)
Ms. Anita Tanay
Mr. Hector Flores
Mr. Stanley Mui
Ms. Elsa Trejo
Mr. Alberto Rivera – (remote)
Mr. Gary Behnke

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. Sidrys noted two corrections to the minutes. Mr. Gatewood made a motion to approve the minutes from the February 27, 2025 Board Meeting. The motion was seconded by Mr. Weems. The roll was taken, and the motion passed.

Investment Committee

The Investment Committee Report was given by Mr. Kweku Obed. Mr. Obed reported the market value of the Plan to be \$2,032,736,146.54.

Mr. Obed reported that there are interesting trends developing for 2025 with volatility in the traditional equity side of things and tariffs on the international side. Private market exposure has been extremely beneficial for the Plan from a diversification perspective. Real estate and infrastructure continue to be good diversifiers as well. Value is holding up well. Growth is not holding up well. It is good that the Plan has quality tilt in the portfolio. International markets are doing slightly better than the U.S. markets. Min vol index is up for the month and year-to-date. Emerging markets are up. REITS are continuing to trend upward. According to Mr. Obed, we can continue to have confidence in the positioning of the portfolio and the 8.25 rate of return. The plan is to have a subcommittee meeting in the second quarter to discuss asset allocation. The portfolio has typically done very well in a down environment. 2022 is a good example of that. It will be April or May before we receive the final numbers for 2024, but things are looking good.

For the month of February, fixed income was up 2.2 percent and up year-to-date 2.7 percent. Since 2022, we've seen a higher correlation between the equity market and the fixed income market. Leveraged loans have held up relatively well in this environment, as well as emerging market debt exposure. On the U.S. equity side of things, the trend is one of a correlation and a selloff and value is performing better than growth. With regard to small caps, Mr. Obed reported continuing to be confident with the active managers despite the volatility. Global equities have done really well. International markets have rallied despite the announcement of tariffs. With regard to real estate, this is an area of the market where the Plan has downside protection. Infrastructure is viewed as a positive contributor to the portfolio in the both long term and in volatile environments, as it helps cushion some of the volatility. The Plan has about 280 million in private equity that has lagged. The expectations for 4Q continue to trend more on the positive side. With regard to infrastructure, the estimated returns were lower than the actual returns, but led to a 20 basis point bump on the final returns. Private credit continues to be a good diversifier.

From a performance standpoint, the Plan is down 30 basis points. It is a little behind the benchmark, but significantly better than the broader market. The Plan has a very strong U.S. tilt on the equity side. Round Line is performing with the benchmark. Baird and Marquette Trust are also holding up with the benchmark. The Plan's managers are performing on the fixed income domestic side. With regard to the more opportunistic fixed income, like Symphony, we are not seeing huge deviations from the benchmark. Edgar Lomax is up 3.5 percent for the month and 8.3

percent year-to-date. Paradigm is pretty strong given the value leaning of that portfolio. The Plan is seeing protection from volatility from the S&P 500 Index Fund. With regard to the mid cap side of things, Denali is holding up better than the index. Ariel and Channing have had a turnaround month-to-date in their relative performance and are holding up well year-to-date. As the market goes through extreme volatility, we continue to see global low vol hold up really well with returns in double digit territory. Northern Trust is holding up in line with the benchmark. Brown is lagging the benchmark year-to-date. LSV is going to be positive contributor, as well as Argo with a 2.8 percent result. JO Hambro has been a little more on the downside, but with downside protection year-to-date. The direction of the private market composite appears to be positive. Infrastructure came in at 2.4 percent for the month. IFM came in at 40 basis points and has averaged around 10.7 percent pre year since 2018. The outlook is positive for closed end real estate.

In response to a question from Mr. McKone, Mr. Obed stated that he hoped to be able to sechedule an investment committee meeting for April or May.

Summary of Litigation

Ms. Bossard reported that there was a pro se Complaint for Administrative Review filed my Steven and Shondra Brown against the Board and the CTA. The Complaint appears to have been filed late. Ms. Bossard will keep the Trustees posted.

Old Business

Mr. Behnke reported on the software update. He stated that the system in yellow status and about 9% behind schedule. It is currently at 77% completion, but should be at 86%. The main driver for delay is the data conversion work. This has been compounded by team member having medical issues and being out of the office again this month. The second primary delay has been in testing and the issues identified during testing. Procentia has been accommodating of the unplanned changes, but it is taking some extra effort. They had to stop the actuarial testing until system updates are done. They expect the actuaries will restart the testing in April. They started the secure interface testing with Northern Trust and have been sending files back and forth to test and reconcile the results. They are also getting regular files from the CTA payroll system. They are starting to discuss a go-live date and tentatively targeting May 28th. This will be dependent on getting the system calculations finalized through the actuaries.

General Administration

The General Administration Committee report was then given by Mr. Weems. Mr. Weems made a made a motion to approve the report including the items set forth in Section 7A 1 through 10 on the agenda. The motion was seconded by Mr. Gatewood. A roll call vote was taken, and the motion passed.

New Business

Mr. Sidrys reported that the contract with Marquette has expired and there is a need to do an RFP. He requested volunteers to serve on the selection committee. Mr. Hill, Ms. Morgan, Mr. Burke and Mr. Burkard volunteered to serve.

Mr. Sidrys reported the need to initiate the payroll audit for the years 2022, 2023 and 2024 and to finalize the engagement letter, which will be circulated to the Trustees.

Ms. Bossard reported that the Plan Office continues to work with the actuaries on the outstanding issues and a report will be forthcoming for April.

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