

Meeting of the Trustees of the CTA Retirement Plan
May 22, 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 May 22, 2025 at 50 S. LaSalle Street, Chicago, Illinois commencing at 10:04 a.m. and adjourned at 11:52 a.m. Participants in the meeting were:

Appearances:

Mr. Tom McKone
Mr. Keith Hill
Mr. Joe Burke (remote)
Ms. April Morgan
Mr. Andrew Fuller
Mr. Mike Bowen (for Jeremy Fine)
Ms. Lisa Smith (for Theresa Fletcher-Brown)
Mr. Tiant Gatewood
Ms. Marqueal Williams (for Woodrow Eiland)
Ms. Penny McCoach (remote)
Mr. John Burkard (remote)

Alternate Trustees:

Mr. Chris Kasmer (remote)
Mr. Woodrow Eiland (remote)
Ms. Michelle Townsend
Mr. Mark Weems

Also Present:

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

Mr. Kweku Obed
Mr. Miguel Zarate
Mr. James battle
Mr. Darryl Hennington
Mr. Stephen Rosenblat

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. Hill made a motion to amend the agenda to move the Investment Committee report after New Business. The motion was seconded by Mr. McKone. The roll was taken, and the motion passed.

Mr. Gatewood made a motion to approve the minutes from the April 25, 2025 Board Meeting. The motion was seconded by Mr. Williams. The roll was taken, and the motion passed.

The minutes from the Executive Session of the April 25, 2025 meeting were deferred until next month.

Summary of Litigation

Ms. Bossard reported that a Notice of Appeal was filed in the Mobileye litigation.

Ms. Bossard also reported that the court gave the Defendants a deadline of May 30, 2025 to file a motion to dismiss.

Old Business

Norm Buckwalter reported on the status of the software update. The project is currently in green status and 97% complete. He reported that they will continue to test the various interfaces right up to the go-live next week. The actuaries completed their core set of testing last week, but will continue to test right up to the go-live date. He reported that they have been uncovering issues and attempting to resolve them as they go. The team has made a lot of head way in the past 30 days.

Mr. Buckwalter stated that the data conversion and the final extraction from the old system will happen that evening. Procentia will be working over the weekend on testing and unless there is a compelling reason not to, the go-live date is Tuesday.

Mr. Buckwalter acknowledged the efforts of the team and gave a special thanks to Hector and Angel, who have worked a lot of hours to get questions answered when things come up. He expects there will take some time for people to adapt to processing, but that is normal. The learning curve is typically about 90 days. The self-service portal should go live 90 days thereafter. The project is on time, on budget and on scope.

In response to a question from Mr. McKone, Mr. Buckwalter explained that the self-service portal is a piece of additional functionality that was negotiated as part of the contract with Procentia. It will allow participants to check their accounts, run estimates, update beneficiaries, etc. He anticipates a launch in August.

Mr. Sidrys echoed Mr. Buckwalter's comments regarding Hector and Angel, who should be acknowledged for their extra hours and hard work. Mr. Sidrys also circulated the soon-to-be retired rubber stamp. He asked for tolerance for the team during the transition.

Mr. Flores acknowledged Mr. Jerry Taylor for his assistance, despite his serious medical concerns.

General Administration

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

New Business

Ms. Bossard reported that Mr. Hennington waived his right to a formal appeal hearing, but that he was present and would like to make a statement.

Mr. Hennington reported on his background with the Authority and that he turned 65 years old in June. He stated that he was not aware that he had to apply for his retirement benefits and did not do so until he received a letter from the Plan Office in October. He is requesting six months of retroactive benefits. Mr. Hennington also stated that he believes the Plan provision that prohibits retroactive payments be eliminated.

Ms. Bossard gave an overview of the memorandum that had been circulated to the Trustees outlining the facts and the relevant Plan language.

A discussion was had about Rule No. 4 that requires participants to apply for retirement by the 14th of the month. The Trustees determined that there was no basis to make an exception in this case. Mr. McKone made a motion to deny the appeal. The motion was seconded by Mr. Bowen. A 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 \$2,043,991,351.34, with a cash component of \$24,694,257.32.

Mr. Obed reported that April was a really tough period for the market, although the portfolio held up well. While the headlines reported doom and gloom, Mr. Obed said that the market is not really seeing it. Year to date fixed income is capturing a lot of volatility. U.S. has been downgraded. The equity market has continued to surprise both upwards and downwards. 7% results coming in from

the broad market. The S&P is up 6.78 percent. Mid cap is up 7.3 percent. Small cap is up around 7 percent. This has been a pretty tremendous rebound.

International market is comfortably ahead of the U.S. market year to date about 4 percent. REITs are up, as are the MLP and commodity indexes. May was not as chaotic as April so far. The U.S. no longer holds a AAA rating.

Tariffs really categorized the month of April. They have a destabilizing effect on the market. That type of uncertainty is what leads to sell offs on the equity side. Fixed income was up 40 basis points. Year-to-date, growth is down 8.4 percent and value only down 1 percent. Large cap is holding up well, and mid cap and small cap are seeing more volatility on the downside.

With regard to international markets, Mr. Obed explained that if you're looking at a return of 2.8 percent in foreign currency terms, you translate that into U.S. dollars, and it gets you 11.8 percent. Real estate has been a very good diversifier. The Odyssey index was up 1.1 percent for the quarter. Infrastructure and private equity have continued to be good diversifiers as well. Private credit has held up nicely as well.

The portfolio held up well in April. The Magnificent Seven are doing well. Edgar Lomax and Paradigm have lagged, but both are performing really well versus the S&P 500. The uncertain environment has been more rewarding toward value and quality. Denali is performing in line with the benchmark. Ariel and Channing are longer term value oriented. Global low vol has been a good diversifier, with Rhumblin up 3.6 percent for the month, 8.7 for the quarter, and 12 percent for the year.

Internationally, the index fund is performing in line with the benchmark, up 9.3 percent. Brown Capital is up 6.2 percent versus 4.6 for the benchmark.

In response to a question from Mr. McKone, Mr. Obed explained that while the portfolio has maintained a health tilt toward active management, he thinks reallocating a small amount to the index will help control some of the tracking error.

With regard to the asset allocation recommendations, Mr. Obed explained that they have a lower beta approach for the Plan that is by design. It is intended to do better than the market when the market sells off, but also be mindful of the 8.25 percent rate of return that must be hit. The recommendation is to move the U.S. equity allocation from 30 to 25 percent and the non-U.S. equity allocation from 24 to 20 percent. They also recommend adding 3 percent to infrastructure to go from 7 to 10 percent and increasing private equity from 14 to 20 percent.

In response to a question from Mr. Bowen, Mr. Obed explained that private equity allocation would be an increase in funds and additional managers.

Mr. Fuller made a motion to adopt the recommendation of Marquette and the Investment Committee. The motion was seconded by Mr. Bowen. A roll was taken, and the motion passed.

Mr. Hill made a motion to accept the recommendation regarding rebalancing. The motion was seconded by Mr. Gatewood. A roll was taken, and the motion passed.

Mr. Burke made a motion to accept the recommendation issue an RFP for the open end private equity manager for approximately 3 percent of the portfolio. Mr. Hill seconded the motion. A roll was taken, and the motion passed.

Mr. Sidrys reminded the Trustees that there is an RFP out for investment consultants.

Mr. Hill made motion to adjourn. Mr. Gatewood seconded the motion. A roll call vote was taken, and the motion passed.