OPEN SESSION

Minutes of the RTA Pension Plan Trustees Quarterly Meeting
Friday, May 8, 2026
RTA OFFICES | 12:00 pm

In Attendance:
Chairman Margaret Schilling
Linda Choi
Gennell Jefferson
John Morris
Mahdi Hemingway (remote)
Jill Leary (remote)

Not Attending:
Zaid Abdul-Aleem

Also Attending:
Keith Beaudoin, Meketa
Jaime Carcelli, Alliance Pension Consultants
Ali Guttillo, Northern Trust
Matthew Malusa, Northern Trust
Allison Noback, RTA
Greg Price, Meketa
Katie Rak, McGuire Woods
Rob Reed, Alliance Pension Consultants
Jeffrey Van Wagner, Alliance Pension Consultants
Ashley Woeste, Meketa

I. Roll Call

Chairman Schilling called the meeting to order at 12:10 p.m. Jaime Carcelli called roll. It was established that a quorum was present.

II. Introduction of New Acting Chair and New Trustees

Margaret Schilling presided over her first meeting as acting chair. She noted that Bill held the position for many years and encouraged members to share any feedback with her directly. The meeting included a moment to introduce two new trustees.

Gennell Jefferson shared that she comes from an independent consulting firm and brings 25 years of experience in the industry, with a background spanning both investment banking and investment management. She expressed that she is looking forward to serving on the board.

Linda Choi expressed enthusiasm about joining the board, noting her role with a minority-owned investment advisor headquartered in Chicago. Linda shared that this is an exciting time to serve given the changes currently underway.

John Morris noted this will likely be his final meeting as he prepares for retirement after four years of service on the board.

III. Discussion of Agenda Items

Include an update on NITA after approval of last meeting minutes.

IV. Public Comment

It was noted that there were no public comments to address. There were no guests who requested time on the agenda to speak.

V. Approval of Minutes

The minutes of the February 26, 2026 (Open Session) were presented for approval.

MOTION: JOHN MORRIS MOVED TO ACCEPT THE MINUTES FROM THE FEBRUARY 26, 2026 OPEN SESSION MEETING AS PRESENTED. THE MOTION WAS SECONDED BY MAHDI HEMINGWAY AND APPROVED BY A VOICE VOTE.

VI. NITA Update

Effective June 1, 2026, RTA will be reorganized as Northern Illinois Transit Authority (NITA), with service boards including CTA, Metra and Pace. These changes will not impact the pension plan, aside from minor administrative updates. Authorized signer lists can be updated to reflect NITA, with Jill and Maggie replacing John Morris where needed. Jill, Maggie and Allison will be added to the callback list. Greg raised concerns regarding funding with Northern Trust but Ali stated they will update the plan sponsor to NITA initially and defer any plan name changes until after the new board is established, which must occur by September 1st.

VII. Northern Trust Report

The meeting included changes in staffing at Northern Trust as well. Jessica Donohue was appointed Head of Asset Servicing, joining from State Street and Melanie Pickett has transitioned to Chief Transformation Officer. Ali is also moving on to a new role. Matthew Malusa will now service as the plan's relationship manager. Matt noted his aim to maintain the same high level of service RTA has come to expect. Matt has been with Northern Trust for ten years, including experience in investment operations and client servicing.

Second quarter contributions were received for all entities. Updates to authorized signer and callback lists are underway with Katie. Rob and Northern Trust will need additional documentation from Linda and Gennell to complete the onboarding for their new roles. Northern Trust also requested a custody review during the next meeting in August.

VIII. Capital Markets Update and Expectations, Economic and Market

First quarter performance began in line with the fourth quarter before volatility increased following developments in Iran. This drove a surge in commodities, particularly oil and gas. This contributed to higher market volatility, with the S&P 500 declining 4.0% for the quarter. Globally, equities also declined amid Middle East tensions and weakness in U.S. technology. U.S. equities (Russell 3000) down 4.0% as investors rotated from large-cap growth into small-cap and value stocks. Commodities and U.S. REITs outperformed as investors shifted toward more defensive, income generating assets.

Non-U.S. equities declined but outperformed relative to the U.S., supported by more attractive valuations and strength in certain Asian markets. Developed markets (MSCI EAFE -1.2%) slightly lagged emerging markets (MSCI EM -0.2%), with mixed regional results. Europe and the UK benefited from energy exposure, while Japan was supported by stability and AI-related demand. China lagged due to weakness in technology and consumer sectors. Despite the pullback, global valuations remain elevated, particularly in the U.S.

Year-to-date, energy (+36%), basic materials (+13%) and telecommunications (+11%) have led performance, with continued volatility benefiting the plan overall. S&P 500 is up 7% year-to-date and emerging markets are up 23%. In U.S. equities, the rotation from growth to value persisted, with the "Magnificent Seven" weighing on returns despite strong profitability. Sector performance was mixed, led by energy, while technology, financials and consumer discretionary lagged.

Fixed income returns were mixed, with the Bloomberg Universal Index down 0.1% and the Aggregate Index flat. Rising inflation concerns, driven by higher energy prices, reduced expectations for rate cuts and pushed yields higher across the curve. Longer duration Treasuries declined modestly, while TIPS posted gains. Credit spreads widened but remain below historical averages, indicating stable conditions and no strong recession signal. The yield curve returned to a more normal upward slope, with reduced recession concerns.

Volatility increased across both equity and bond markets due to geopolitical uncertainty. Inflation also moved higher, with headline CPI rising from 2.4% to 3.3%, largely driven by energy prices, while core inflation remained stable. Rising energy costs continue to pressure inflation, though the U.S. remains relatively well positioned as a net exporter.

Globally, inflation and monetary policy diverged. Eurozone inflation rose, Japan's declined, and China's remained subdued. The Federal Reserve held rates steady, while Europe is expected to tighten and China to remain accommodative. The U.S. dollar was volatile but ended stronger, supported by safe-haven demand and shifting rate expectations.

Energy prices increased sharply, with WTI crude rising from approximately $58 to over $101, driving higher gasoline prices and complicating the global outlook. While the U.S. benefits from strong production, global markets remain sensitive to the duration of the conflict. This has created a more fragile backdrop, with pressure on growth alongside rising inflation and limited central bank flexibility.

U.S. consumers are increasingly divided, with higher-income households remaining resilient while more rate sensitive groups face pressure. The labor market remains stable, with unemployment at 4.3% and overall trends not signaling recession despite some signs of softening.

Overall, market leadership has broadened, with investors favoring durable earnings over high-growth names. However, geopolitical risks, energy prices and trade tensions continue to pose downside risks, contributing to a more uncertain global environment.

Trustees asked how the plan should respond during periods of stress, uncertainty and volatility. Meketa noted that the portfolio is intentionally structured to perform across a range of market environments, reducing the need for reactive decisions. If more significant issues arise, the board can convene between scheduled meetings to remain nimble, though this has not been necessary to date. Historically, any response has followed the regular quarterly meeting cadence.

IX. First Quarter, 2026 Investment Performance

Despite significant volatility in March, the plan performed well, declining only 0.1% for the quarter. All asset classes except domestic equity posted positive returns, with active managers outperforming. Total assets were approximately $524.8 million as of March 31, 2026, up $4.5 million from year-end, primarily due to contributions. Domestic equity was the weakest asset class, returning -3.2%.

Asset allocation remains broadly in line with policy targets. Private equity is still being built out and remains underweight. The plan's elevated cash levels reflect the timing of recent contributions. The plan outperformed its benchmark for the quarter and over longer periods, with strong five and ten year results. Some underperformance was noted over one and three year periods. The plan's small-cap and value bias has recently benefited performance.

The large-cap portfolio is evenly split between passive and active strategies. Aristotle contributed positively despite an underweight to energy. While Aristotle has faced recent challenges, Meketa is not concerned at this time. Mid-cap remains a difficult and volatile area for active management, and managers continue to be evaluated with a long-term focus.

Kayne Anderson illustrates the importance of maintaining conviction through underperformance and is now ranked in the top quartile among peers. Earnest outperformed by approximately 2% and ranks in the top third. Arrowstreet continues to deliver strong results and navigated first quarter volatility effectively.

Emerging markets remain a portfolio bias. Parametric has lagged modestly due to its diversified, quantitative approach. Driehaus has outperformed through more active stock selection and positioning. Meketa continues to evaluate the trade-offs between active and passive strategies.

Fixed income performance was generally flat, with Dodge & Cox in line with its benchmark. TIPS and long-duration Treasuries are passively managed. TIPS have benefited from elevated inflation, though longer-term returns have been impacted by prior rate increases. The credit portfolio remains well diversified.

In real assets, JP Morgan Infrastructure continues to outpace inflation. Real estate exposure includes two core funds, with JP Morgan returning approximately 4% over one year and Heitman up 7%. A partial redemption was received from JP Morgan.

The private equity portfolio includes Mesirow VII and Glendower. An additional $10 million commitment to Mesirow expected to be called soon. Given recent headwinds, the approach remains cautious, with a focus on vintage year diversification and evaluating performance relative to both benchmarks and peer group.

Included in deliverables provided by Meketa is presentation of fees, performance and relevant staffing changes.

X. Review of Real Estate Core Sectors

Real estate remains a challenging market post-COVID, with ongoing uncertainty around long term office usage. Property values were largely flat in 2025, as modest income growth was offset by more conservative rent expectations. Transaction activity, which had begun to recover, slowed again due to tariff related uncertainty, particularly impacting industrial and logistics leasing. Institutional allocations have declined slightly in response to lagging returns and increased competition from private credit and infrastructure.

Liquidity remains constrained across many open-end funds due to limited new capital and elevated redemption queues. Some investors are turning to discounted secondary markets for these reasons. At the same time, data center demand remains strong due to AI growth, though supply constraints and uncertainty around long term returns have created a mixed outlook. Debt markets have improved modestly, with increased lending for high-quality assets and tighter spreads supporting recapitalizations.

Real estate allocations increased by approximately 2% from 2013 to 2022 and have stabilized around 11%. Fund activity expanded significantly over that period. Income returns have remained stable in the 3-4% range, while price returns have been flat as interest rates stabilized. Cap rate spreads remain below historical averages and transaction volume has declined for three consecutive years. Portfolio allocations have shifted away from office and retail toward industrial and alternative sectors. All sectors produced positive returns over the past year, led by senior housing and retail.

The research team highlighted five high conviction open-end funds: Morgan Stanley Prime Property Fund, Principal U.S. Property Account, Stockbridge Smart Markets Fund, Prudential PRISA and DWS RREEF America REIT II. These diversified core strategies focus on high quality, income producing assets and are generally tilted toward stronger sectors such as industrial, multifamily and niche areas like healthcare and life sciences.

Additional strategies reviewed were Invesco U.S. Income Fund, Clarion Alternative Sectors Fund, BGO U.S. Core Plus and Carlyle Property Investors, which provide broader diversification across sectors. In contrast, Hammes was noted as more specialized, with a heavy concentration in healthcare, which may be too narrow for the plan.

Performance and liquidity remain key considerations. While the pacing study supports an additional real estate commitment, further due diligence is recommended. Liquidity constraints continue across both ODCE and non-ODCE funds, with extended redemption timelines and potential gating during stressed markets. Expanding into non-ODCE strategies may improve diversification, but liquidity tradeoffs must be carefully evaluated.

Looking ahead, the Board agreed to prioritize real estate discussions in August due to the existing allocation gap, with CTA education deferred to the November meeting. Trustees also clarified with Meketa that AI is only used to summarize research notes, with all outputs reviewed by the research team and not used for manager evaluation or decision making.

XI. Administrator's Report

Rob Reed presented the Administrator's report. The quarter began with approximately $10.6 million in cash with projected distributions around $5 million. Monthly distributions remain around $2 million, with May typically higher due to retirements tied to the 1,000 hours of service threshold. A lump sum of around $848,000 is expected and June payments will be processed shortly. The period ended with approximately $3.9 million in cash. Upcoming contributions are expected, with the letters to be distributed soon. Overall cash flow is not anticipated to be an issue.

A standing resolution exists that as administrator, Rob Reed, can take out up to $2.5 million in cash as needed.

XII. Executive Session

There was no executive session.

XIII. Old Business

Earnest Partners remains under review, with discussions ongoing. A more complete update is expected at the August meeting, though if needed an interim meeting may be scheduled.

XIV. New Business

Next meeting of the RTA Trustees is Friday, August 21, 2026 at 12:00 p.m.

XV. Adjournment

MOTION: JOHN MORRIS MOVED TO ADJOURN THE MEETING AT 1:56 PM. THE MOTION WAS SECONDED BY MARGARET AND THE MEETING ADJOURNED BY VOICE VOTE.

Respectfully submitted,

Jaime Carcelli
Recording Secretary