

Meeting of the Trustees of the CTA Retirement Plan
August 28, 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 August 28, 2025 at 50 S. LaSalle Street, Chicago, Illinois commencing at 9:46 a.m. and adjourned at 12:00 p.m. Participants in the meeting were:

Appearances:

Mr. McKone
Mr. Hill (arrived late 10:00 a.m.)
Mr. Williams (arrived 10:00 a.m. for Mr. Eiland)
Mr. Gatewood (arrived 10:00 a.m.)
Mr. Bowen (for Mr. Fine)
Mr. Fuller
Ms. Smith (for Ms. Fletcher-Brown)
Ms. Morgan
Mr. Kasmer (for Mr. Burkard)
Mr. Weems (for Ms. McCoach)
Mr. Burke (remote)

Alternate Trustees:

Ms. Michelle Townsend (arrived 10:00 a.m.)
Mr. Eiland (remote, joined at 10:04 a.m.)

Also Present:

Paul Sidrys
Rachel Bossard
Hector Flores
Elsa Trejo
Stanley Mui
Angel Trevino
Anita Tanay
Ron Willis
Jeff Bora
Lindsey Goodman (remote)
Kweku Obed
Alberto Rivera (remote)
Norm Buckwalter (remote)

Kevin Spainer
Matthew Cunningham Cook (remote)
Miguel Zarate
Mike Barry
Mike Kasmer
Barb Zaveduck
Danile A. Levin
Nicole Z. Llorens
Destiny Collins
Eric Dawes (remote)
Audra Ferguson (remote)
Rachel Mattingly Phillips (remote)

The Chairman inquired as to the presence of a quorum. Mr. Sidrys called the roll and reported that a quorum was present.

Public Comment

Matthew Cunningham Cook, Consultant with the Office and Professional Employees International Union, gave a public comment. He is currently organizing Sorenson Communications, a group of sign language interpreters, which is a portfolio company of Aerial Investments. He is urging investors of Ariel to reach out to Ariel and urge that Sorenson sign language interpreters have a fair path to unionization. Sorenson receives a minimum of \$260 per hour for the services, but the interpreters only earn around \$40 – 43 per hour. The Plan has about \$66M invested in Ariel and he urged the fiduciaries to reach out. Mr. Cunningham Cook expressed his appreciation for all CTA's workers.

Investment Committee

The Investment Committee Report was given by Mr. Kweku Obed. Mr. Obed reported that the market value through yesterday was \$2,109,413,441.69 with \$9,422,381.69 in cash. While there has been a lot of volatility, August has been a good month so far. The ag index is up over 1 percent. The markets are preparing for two to three interest rate cuts by the end of the year. The U.S. equity market continues to trend positive, even though it is still lagging the non-U.S. market on a year-to-date basis. The Russell 3000 broad indicator for the U.S. market is up 2.59 percent. With rates positioned to come down, the market is looking at a pretty sizable bounce back from small-cap for the August with 7.45 for the Russell 2000. International markets continue to hold up nicely. AcquiX U.S. is up 3.36 percent. Min vol strategies are around 2 percent, with infrastructure indices up between 3 and 1 percent.

Fixed income was a bit more volatile in July. Employment numbers were revised downwards, which puts pressure on the Fed to think about lowering interest rates. Inflation came in a little bit behind consensus to the tune of 10 basis points. Fixed income was down 30 basis points. Emerging market fixed income was up 1.3 percent. Bank loans were also up to some degree. With a pause on tariffs, the equity market rallied in July. Growth continues to lead the pack to some degree.

Value has been catching up and in positive territory. Cost is somewhere in the middle. Small-cap is trailing. Mid-cap growth is tied to AI and doing pretty well.

International markets have had a strong year. The EFI index has returned 9.3 percent, translated to the dollar is 17.8 percent. International small-cap is up 20.8 percent and emerging markets are up 17.5 percent. Real estate has been a good diversifier for 2025. With interest rates poised to come down, real estate should benefit even further. Infrastructure and private equity have held up well. Private credit continues to be a good diversifier.

In response to a question from Mr. Sidrys, Mr. Obed responded that private equity continues to dominate and we continue to see more companies are private listed today than publicly listed.

With respect to portfolio performance, for the one-month period, it is up 50 basis points, for the three-month period up 6.3 percent, and year-to-date 6.7 percent, a little behind the benchmark. Long term numbers are trending above 8 percent, and even 8.25 percent in some areas. Fixed income composite is up 10 basis points for the month. Bank loans are up 3.5 percent year-to-date and emerging market debt allocation is up 7.1 percent year-to-date. Large-cap composite is holding up pretty well year-to-date. Denali is up 5 percent. Ariel is up 2.1 percent year-to-date. Channing is flat and Rhumblin S&P 600 Index is down 3.6 percent. The international composite is up 16.6 percent year-to-date. Brown is a little bit down, LSV is at 26.9 percent, the EM exposure 17.6 percent, ARG 24.3 percent and JO Hambro at 16.9 percent. Real estate has lagged, but is holding up nicely. Infrastructure is up 13 percent year-to-date, with IFM coming in a 5.6 percent.

In response to a question from Ms. Morgan, Mr. Obed responded that we can expect the market to react negatively to the labor statistics report, but if interest rates decrease and tariffs continue to be off the table, the market will be more stable.

Consideration of Minutes from prior Meeting

Mr. Gatewood made a motion to approve the minutes from the July 24, 2025 Board Meeting. Mr. The motion was seconded by Mr. Williams. The roll was taken, and the motion passed.

Summary of Litigation

Ms. Bossard reported that we are awaiting a decision on the appeal of the Mobileye matter. With regard to the Brown case, Ms. Bossard reported that the court entered a briefing schedule on the Browns' motion related to the untimeliness of the complaint. The Plan's response is due on September 22nd and hearing is set for October 2nd.

Old Business

Norm Buckwalter reported on the status of the software update. The system has been running for 60 days now. There are some defects and enhancements that the Plan staff identified and they are working with Procentia to resolve the issues through the month of September. This is normal and Procentia has been responsive. The onsite training and support continue to go well. The Board reports were completed this month out of the new system. The self-service portal is the remaining

large portion of functionality to be rolled out. The Board demonstration took place on August 5th and they factored in the Board's comments. They will be rolling it out with a pilot group first to test the functionality and get feedback from September to November. During that time, Segal will draft the messenger for the broader rollout. It will next be rolled out to the retirees, payees and beneficiaries in January. The launch for active members will be in March. This allows them to spread the rollout of a few months. They will be focused on basic functionality at first. Retirees will be able to see their statements and get verification of income. Bank changes will be kept with Northern Trust for now. The retirement process will still be managed by the Plan Office staff. Segal can provide advance copies of the rollout campaign materials.

Mr. Sidrys stated that the RFP for the investment consultant will be approved at the September meeting.

Mr. Spanier gave the January 1, 2025 actuary evaluation results and some options for consideration regarding the discount rate used for the valuation. When they collection information as of the beginning of the year, they are projecting out the future with regard to funding and contribution rates. They reviewed the gains and losses versus expectations to come up with baseline results. The return from last year was approximately 7.84 percent compared to the 8.25 percent assumed rates. On an actuarial value basis, the return was approximately 5.87 percent, causing a more unfunded status. There was also a slight loss on the demographic side, with salary increases being higher than expected for the active members. Overall, even with those losses, the current contribution rates still meet the statutory requirements and there will be no increases for next year.

There was a pretty sizable increase in active members over the past 12 months, but there is a one year lag in participation in the Plan. Current active members are 7,904 and salary is up from \$742.6 million to \$773 million. Inactive members are down. There are 10,916 retired members receiving a benefit. The debt payment is 20.93 percent of payroll. Administrative expenses are 8.51 percent. With adjustments for interest due to timing, the total contribution rate is 30.63 percent. The total contributions currently being paid are 35.39 percent, so that Plan is covering at a higher rate. Actual accrued liability is just under \$4 billion. The actuarial value of assets is \$2.165 billion, so the deficit is \$1.829 billion, meaning the Plan is funded at 54.2 percent as of the valuation date.

Since the beginning of 2009 through this year, the fund has earned on average a geometric return of 7.25 percent. Since 2014, when the assumption was lowered from 8.5 to 8.25 percent, the fund has earned an average of 6.25 percent. Over the past 35 years, the Plan has earned 8 percent. However, liabilities can be expected to grow each year. The Plan had a loss of \$55.4 million or about 1.5 percent, with the biggest driver being the salary experience. The funding ratio decreased slightly from 54.39 to 54.21 and there is no recommended increase in contribution rates. The median rate of comparable plans is 7 percent. Mr. Spanier stated that his actual expected rate of return for the Plan is probably closer to 7.5 percent. He still believes 8.25 percent is reasonable, but it leads to a lot of volatility, and if the Plan does not hit the mark, contribution rates are definitely going to go up.

Mr. McKone made a motion to accept the valuation and update the discount rate to 7.75 percent. The motion was seconded by Mr. Weems. The roll was taken, and the motion passed.

Mr. Sidrys reported that the updated budget was included in the Board packet and there were no surprises. Trustees should direct any questions to him. Mr. Weems commented on the efficiencies noted in the budget.

General Administration

The General Administration Committee report was then given by Mr. Weems. Mr. Weems requested a motion to approve the report including the items set forth in Section 8A 1 through 10 on the agenda. Mr. Weems made a motion to accept the items and the motion was seconded by Mr. Hill. A roll call vote was taken, and the motion passed. Mr. Weems reported that there were no requests for educational conferences.

Mr. Weems inquired as to when the Plan last issued an RFP for in-house counsel. Mr. Sidrys agreed to look up the timing. Mr. McKone stated that the Trustees should consider having it as an agenda item for the next meeting.

Mr. McKone made a motion to enter into Executive Session to discuss an internal control issue. The motion was seconded by Mr. Weems. A roll call vote was taken, and the motion passed.

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