

The 691st Meeting of the Retirement Allowance Committee of the Retirement Plan for Chicago Transit Authority Employees

Meeting Minutes

A regular meeting of the Retirement Allowance Committee was held on October 26, 2006 at 30 North LaSalle Street, 32nd Floor. The Chairman and the Executive Director were present.

A roll call was taken indicating that the following members were present:

Dennis Anosike
Darrell Jefferson
Mark Maloney as an alternate for Richard Winston
Rubin Madrigal as an alternate for Lynn Sapyta
Paul Sidrys
John Burkard
Michael Simmons
Darryle West
Carl Lingenfelter
Rick Harris

On a motion by Mr. Lingenfelter, the minutes of the 690th meeting of the RAC were approved with a clarification by Mr. Burke.

General Administration Subcommittee Items

Mr. Simmons presented for approval items 4 (a) through 4 (k), including the death reports since last meeting, pre-retirement allowances, new retirement applications, return to work from disability allowance, disability summary, retirement applications revoked, death benefits, refunds of contributions, bills and remittances, disability benefits for Judy Murchison and the cash flow statement. Mr. Simmons stated that the total amount of bills and remittances for the month was \$6,175,677.35. Item (j) was the year-to-date cash flow through September it is negative \$70,834,705 even with an investment return of almost 7 percent year to date.

Mr. Kallianis pointed out that there was only one person listed on the revocation list. He asked that the Committee approve a revocation for Mr. David Raso.

Related to the cash flow statement, Mr. Jefferson asked if the pension office looks at ways to trim costs. Mr. Kallianis indicated that the \$22M in benefits and health care costs paid out by the Plan on a monthly basis far exceed the \$3M in contributions we take in and that this generally results in negative cash flow each month.

Mr. Lingenfelter brought to the attention of the Committee the issue of an employee who has applied for retirement and can not get health benefits for a domestic partner. Mr. Lingenfelter indicated that he would like to move expeditiously to allow for the benefit offered during employment to continue in retirement.

Mr. Burke indicated that the Authority had adopted an ordinance for domestic partners back in 1999 that provides benefits for the coverage of domestic partners while employed at the CTA. Mr. Burke suggested preparing an amendment for the Committee to look at and maybe endorse, but it is really the decision of the Authority, Local 241 and 308.

On a motion by Mr. Burkard, the Committee approved the General Administration Subcommittee report.

Investment Subcommittee Items

Mr. Lingenfelter indicated that there was some follow-up information on the private equity and hedge fund investments.

Mr. Kallianis updated the Committee on the pending investment with AIG in their private equity fund of funds. He indicated that the only thing holding up the finalization of the investment was the Sudan Certification required by State statute. He said that there were several other managers that had agreed to the certification and that he hoped that would be the case with AIG. He further indicated that he would keep the Committee updated on the status of the investment.

Real Estate Subcommittee Items

Mr. Harris indicated that there was no business in front of the Real Estate Committee today.

Old Business

Mr. Kallianis reminded the Committee that, last month, Alex Rivera from GRS spoke about the actuarial assessment results for January 1, 2006. There are about 20 different assumptions that were used in the course of the actuarial assessment. Mr. Rivera had talked about two assumptions in the plan-the expected return at 9 percent and the pay increases at 5 ½ percent per year. Alex had indicated to the Committee that they were becoming less comfortable with the 9 percent expected return assumption.

Beginning January 1, 2009 Senate Bill 1977 goes into effect requiring a 90 percent funded ratio to be reached over a 50-year period. The Committee had expressed concern at the last meeting that the actuary should be using the most up to date assumptions, including the effect of the new legislation on things like contributions and payroll at the CTA. Mr. Kallianis suggested that Committee members may want to meet with the actuary and discuss the possible impacts of the legislation had spoken with Mr. Rivera to make sure that the State legislation be included in their projections to see how it would impact the actuary assumption.

New Business

Mr. Harris asked if the CTA made their contributions toward the union officers and part-time officers pension contributions. Mr. Kallianis indicated that the contributions full time officers were made and that, his understanding was that part time officers were still being

discussed by the CTA and the Association and the something was supposed to be finalized in the arbitration. Mr. Simmons wanted to know if the Authority had made its contributions from the arbitration award.

Mr. Kallianis indicated that the contributions have been made for the retirees, and that he would prepare a summary of contributions for the active employees, full-time union officers and part-time union officers to be presented at the next meeting.

Executive Session

The Committee approved a motion by Mr. Simmons to go to Executive Session to discuss some personnel matters related to the plan and any litigation.

Full Regular Meeting

On a motion by Mr. Burkard, the Committee approved the increases to the Plan staff discussed in Executive Session.

The Committee was adjourned on a motion by Mr. Harris.