

AGENDA
For the 678th Retirement Allowance Committee Meeting of
September 22, 2005

1. Meeting will be called to order at 9:30 A.M. at the LaSalle Bank, 135 South LaSalle, in the Main Dining Room, 43rd floor.
2. Roll call
3. Consideration of the Minutes of the 677th meeting
4. General Administration Subcommittee issues
 - a.) Announcements of deaths reported since last meeting.
 - b.) Presentation of pre-retirement allowances for approval
 - c.) Presentation of new retirement applications for approval
 - d.) Request for retroactive disability benefits
 - e.) Return to work from disability benefits
 - f.) Return to work – no job available
 - g.) Retirement applications revoked
 - h.) Presentation of death benefits for approval
 - i.) Presentation of refunds of contributions for approval
 - j.) Presentation of bills and remittances
 - k.) Requests to repay refund of contributions
5. Investment Subcommittee Issues
 - a.) 2nd Quarter Report from Gray and Company
 - b.) Update on Alternative Assets
6. Real Estate Subcommittee Issues
 - a.) 2nd Quarter Report from the Townsend Group
7. Old Business
 - a.) Health Care Coverage and 401(h)
 - b.) Medicare Part D

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8. New Business
9. Executive Session
 - a.) Personnel Matters
 - b.) Litigation
10. Adjournment

The 677th 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 August 25, 2005 at LaSalle Bank. The Chairman and the Executive Director were present.

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

Dennis Anosike
John Burkard
Ethel Carter
Dorval Carter
Carl Lingenfelter
Leon London
Rodney Richmond
Lynn Sapyta
Richard Winston

On a motion by Ms. Carter, the Committee approved the minutes of the 676th meeting of the Retirement Allowance Committee.

General Administration Subcommittee Items

Ms. Sapyta presented for approval items 4a through 4l, including the pre-retirement surviving spouse allowances, the regular retirements, revoking of applications, disability allowances, death benefits, refunds of contributions and payment of bills and remittances. Mr. Barnes stated that the total of bills and remittances for the month was \$7,438,532.13.

Mr. Burkard made a motion to approve the report of the Subcommittee, without item 4d. on retroactive disability benefits, which would be discussed at the September meeting. The Committee approved the motion.

There was no discussion or action taken on item 4l. regarding requests to repay refunds of contributions.

Investment Subcommittee Items

Mr. Lingenfelter reported to the Committee that, as a result of the Committee's direction for ~~him~~ he and the Vice-Chair of the Investment Subcommittee to work with Gray and Company to implement the increased allocation to alternative investments, Gray has identified the managers and they are moving forward with the selections. He indicated

that he expected to report to the Committee with detailed numbers and a complete list at the next meeting

Mr. Lingenfelter then presented a resolution, which would amend the Investment Policy of the Committee. The resolution would require the disclosure of the names of people or entities receiving a benefit or fee from a proposed investment by the Retirement Plan. This policy would apply to all investment managers or consultants, not just private market managers.

After some discussion, on a motion by Mr. Lingenfelter, the Committee unanimously adopted the resolution.

Real Estate Subcommittee Items

Mr. Winston indicated that he and Mr. Kallianis were continuing their discussions with the Townsend group on the distribution schedule for existing managers and a strategy to re-deploy the capital.

Old Business Issues

Mr. Richmond made motion on item 7a. regarding dependent health care coverage, the motion was seconded by Ms. Carter. Mr. Richmond's motion was that, effective January 1, 2006, the monthly premiums for non-Medicare PPO and HMO family coverage be increased by \$200 per month and that the monthly premiums for Medicare PPO and HMO family coverage be increased by \$100 per month.

After some discussion about the issue of the fiduciary obligations of the Committee members, the Committee approved Mr. Richmond's motion.

Mr. Kallianis then gave the Committee an update on Medicare Part D and the subsidy available to the Retirement Plan because of the drug coverage provided by the Plan. Mr. Kallianis indicated that the estimated subsidy in the first year of Medicare Part D would be approximately \$3.1M, based on estimates provided by Caremark, the drug provider for the retirees. Mr. Kallianis recommended that the Committee allow Caremark to administer the program with Medicare, including mailings and other reconciliation of lists for coverage. The estimate for the administration by Caremark was \$50,000 to \$60,000.

Mr. Richmond then reminded the Committee that the unions had removed two people from the positions of Deputy Executive Director and Assistant to the Deputy Executive Director. He further indicated that a letter had been sent appointing new people, Willie Means and Hector Flores to the positions of Deputy Executive Director and Assistant to the Deputy Executive Director respectively.

On a motion by Ms. Carter, the Committee approved the hiring of Willie Means and Hector Flores for a period of three years from their start date at the Plan at the same

salaries as the two previous employees of those positions.

New Business

Ms. Carter asked about the length of the contract with Corvel to administer the disability program for the Plan. Mr. Kallianis indicated that the Committee hired Corvel, initially, for a one-year program to see what the results would be. He indicated that they had more than paid for their services based on the number of people found fit to return to work. He further indicated that they had found 89 people fit to return to work with restrictions, on top of the 57 people found fit to return to work at their same jobs.

Ms. Carter then asked if there was anything that could be done by the Committee about returning people to work at the CTA with restrictions. Mr. Richmond indicated that he thought it was more of an issue for collective bargaining.

Executive Session

There was no business for Executive Session.