

# **The 687<sup>th</sup> 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 June 22, 2006 at 135 South LaSalle Street, 4<sup>3rd</sup> 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  
John Burkard  
Richard Winston  
Calvin Tillery as an alternate for Rick Harris  
Mark Maloney as an alternate for Carl Lingenfelter  
Lynn Sapyta  
Paul Sidrys  
Michael Simmons

On a motion by Mr. Winston, the minutes of the 686<sup>th</sup> meeting of the RAC were approved.

### **General Administration Subcommittee Items**

Mr. Simmons presented for approval items 4 (a) through 4 (j), 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. Simmons stated that the total amount of bills and remittances for the month was \$7,061,139.31.

Mr. Kallianis introduced Mr. David Weiler from Allsup Inc. to give the RAC a brief update on the Medicare recovery process.

Mr. Weiler gave a brief summary on Allsup and how they help disabled employees by representing them through all the stages of applying for Social Security disability. The Plan's goal with Allsup is to identify individuals who are disabled that had SSDI for 24 months or longer that were entitled to Medicare.

Mr. Weiler explained that a process was put together to survey the pre-65 retiree population and identify those that are disabled and are eligible for SSDI and Medicare. To date Allsup has identified 336 Chicago Transit Authority disabled participants that were disabled receiving SSDI and eligible for Medicare. Mr. Weiler estimated annual future

medical savings for 336 people of about \$1.9 million a year. Allsup and the Plan have also requested claims data from BlueCross-BlueShield for each individual that could have been paid as primary by Medicare, and will resubmit these claims for recovery to get that money back.

Mr. Kallianis give an update on Ms. Carter, Mr. Williams, and Mr. Matthews's pension issues. Ms. Carter's issue has been resolved. Mr. Williams' issue will be resolved next week and Mr. Matthews will be resolved shortly after that.

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

### **Investment Subcommittee Items**

Mr. Day of Gray and Company presented the performance results for the first quarter of 2006. The fund had a return of 4.5% for the current quarter, and a return of 13.95% for the last twelve months. The CTA total fund ranked 17<sup>th</sup> percentile for the quarter, 15<sup>th</sup> for the year, and 17<sup>th</sup> for 3 year, 31<sup>st</sup> for 5 years and 16<sup>th</sup> for 10 years compared to public funds with similar asset allocation. In summary, the overall performance was 4.5 percent compared to a policy benchmark of 4 percent. There was no Private Equity report presented to the committee. Mr. Kelsen's father had passed away and had to take care of some family matters. He will prepare to give the presentation next month.

### **Real Estate Subcommittee Items**

Mr. Winston called to order the Real Estate Subcommittee and asked Ms. Cachat to give an update on first quarter performance for 2006 and on core investments.

Ms. Cachat reported that the portfolio had a value of \$146.6 million at the end of the first quarter. Performance continued to remain strong as the net real return of 5.5 of the portfolio benchmark was exceeded again this quarter at 8.5 percent. On the rolling one-year basis, the portfolio returned 25.2 percent which is 500 basis points in excess of NPI. Ms. Cachat reported that Townsend's outlook for 2006 is that we could continue to see private real estate returns not quite as high as the levels shown in 2005 but also improving conditions and fundamentals as well.

Ms. Cachat indicated that the RAC should now be in a position to make the core investments contemplated. Ms. Cachat reported that the Capri's Core Fund was a mix between a core and non-core fund and that the fees were outside of the norm for a core fund. She also reminded the RAC that Capri Select Income had been one of the better non-core funds for the Plan and Capri had a very capable team of managers and is a local, minority-owned firm. The RAC decided to table the issue of Core investments until next month.

### **Old Business**

None

### **New Business**

Mr. Rivera presented the January 1, 2006 Actuarial Assessment. The fund ratio decreased from 39.4 percent to 34.4 percent. In previous estimates we had projected a funded ratio of 33.6 percent. So there were some gains that occurred during the year. Health claims were projected at 4 to 5 percent that resulted in a decreased in the actuarial liability. Salary increased were assumed at 5 ½ percent. Salaries were lower then the assumed rate, closer to 1.5 percent to 2 percent. This caused the actuarial liability to remain roughly level from 3.5 billion to 3.48 billion that help as far as the funded ratio.

### **Executive Session**

There was no Executive Session

The Committee was adjourned on a motion by Ms. Sapyta.