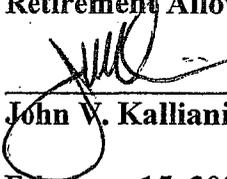


## Retirement Plan for CTA Employees

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www.ctapension.com

**TO:** Retirement Allowance Committee Members and Alternates

**FROM:**

  
\_\_\_\_\_  
John V. Kallianis

**DATE:** February 15, 2007

**RE:** Retirement Allowance Committee Meeting

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This is to announce that the Retirement Allowance Committee Meeting will be held Thursday, February 22, 2007 at 9:30 a.m., LaSalle Bank, 135 S. LaSalle, the Conference Room ABC, on the 43<sup>rd</sup> floor.

If you have any questions, please call me at (312) 463-0350.

JVK:gmb

**AGENDA**  
**For the 695<sup>th</sup> Retirement Allowance Committee Meeting of**  
**February 22, 2007**

1. Meeting will be called to order at 9:30 a.m., LaSalle Bank, 135 S. LaSalle, in the Conference Room ABC, on the 43<sup>rd</sup> floor.
2. Roll call
3. Consideration of the Minutes of the 694<sup>th</sup> 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.) Return to work from disability allowances
  - e.) Disability summary
  - f.) Election of deferred vested old age retirement allowance
  - 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.) Voiding benefits – Joseph A. McKeever #40474
  - l.) Cash flow statement
5. Investment Subcommittee Issues
6. Real Estate Subcommittee Issues
7. Old Business
  - a.) Healthcare plans
  - b.) 401h status
8. New Business
  - a.) Letters to participants
  - b.) Burke, Warren, Mackay and Serritella hourly rates
9. Executive Session
  - a.) Personnel matters
  - b.) Litigation
10. Adjournment

# **The 694<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 January 25, 2007 at LaSalle Bank, 135 S. LaSalle. The Chairman and the Executive Director were present.

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

Dennis Anosike  
James Kasmer for John Burkard  
Rick Harris  
Darrell Jefferson  
Luis Cantu for Carl Lingenfelter  
Mark Maloney for Lynn Sapyta  
Paul Sidrys  
John Bayer for Michael Simmons  
Darryle West  
Richard Winston

On a motion by Mr. West, the minutes of the 693<sup>rd</sup> meeting of the RAC were approved.

### **General Administration Subcommittee Items**

Mr. Bayer 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, election of deferred vested old age retirement allowance, retirement applications revoked, death benefits, refunds of contributions, bills and remittances, and the cash flow statement. Mr. Bayer stated that the total amount of bills and remittances for the month was \$7,903,542.95. Item 4 (k) is the year-to-date cash flow statement. The Plan has a negative cash flow through December 31, 2006, of over \$64 million.

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

### **Investment Subcommittee Items**

No business

### **Real Estate Subcommittee Items**

No business

## Old Business

Mr. Kallianis brought to the Committees attention a letter on the status of the 401 (h) submitted by GRS back in September of 2006. There is a 50-50 chance the 401 (h) will run out of money by the July, but that may change because our expected return of 9 percent has exceeded last year. Our return is probably going to fall somewhere between 12 and 13 percent for the Plan.

Mr. Jefferson addressed an old issue the Committee had talked about some time ago. There are several retirees paying more money for there spouses medical insurance then there monthly pension allowance. He would like the Committee to look at this issue and try to correct it.

Mr. Kallianis will provide some information that was given to the Committee awhile ago and will put it on the agenda for discussion at the next RAC meeting.

## New Business

Mr. Kallianis advised the Committee about some recent state legislation regarding the Open Meetings Act that we're required to adopt. He will put it on the agenda for the next RAC meeting for consideration.

Mr. Burke added that the amendment is that if a body is meeting and the quorum is physically present at the meeting and a member or an alternate member could be granted the right to participate by telephone or audio in the meeting if the absence of the individual is attributable to either illness or, an employment purpose or some business of the Committee, or because of a family or other emergency. He recommends the Committee to adopt this new rule.

Mr. West asks Mr. Kallianis if the retroactive pay have been made to the retirees. Mr. Kallianis stated that approximately 500 retirees who've retired since January 2005 will receive two separate checks next week.

Mr. Jefferson asks Mr. Kallianis about the fiduciary liability insurance for the Trustees. Mr. Kallianis has had conversation with Mr. Burke about the proposed policy submitted by Mesirow and as soon as they meeting with Mesirow, they will give a recommendation to the Committee.

On a motion by Mr. Harris, the Committee approved to have an interview with several insurance companies to obtain several quotes regarding the fiduciary insurance.

Mr. Jefferson asked if the Plans CDO (Collateralized debt obligations) with Alladin Capital is a smart investment for the Plan. He seen somewhere in a manager's magazine that they were going off the charts and he would like to increase the Plans involvement if it is going to bring in more money.

Mr. Day the Plan does have some investments in CDOs. They're recent investment, so you

don't have a long history with them. CDOs are alternative investments there are risks involved and they have been very popular in recent years because of the bear market that we had. Many plans become under funded and they're reaching out to get higher returns from these alternative investments. With alternative investment, we're limited the amount of alternatives to hedge funds and private equity, about 12 percent. Mr. Day will be conducting an asset allocation review and he will determine whether you're going to have more equity or whether we should add more CDO alternatives.

Mr. Jefferson ask the Committee to address the legislation that was passed in Springfield required that we separate the health care from the pension by January 1, 2009.

Mr. Anosike explained that the legislation requires the Plan to separate the health care as soon as possible. He suggested that the CTA and the Committee start doing something to address this issue as soon as possible for the record.

Mr. Kallianis will have Mr. Alex Rivera from GRS to come before the Committee with several suggestions and recommendations on clients that have separate health and welfare funds alongside the benefits fund.

#### **Executive Session**

No business

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