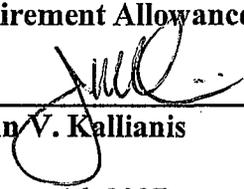


Retirement Plan for CTA Employees

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TO: Retirement Allowance Committee Members and Alternates

FROM:



John V. Kallianis

DATE: August 16, 2007

RE: Retirement Allowance Committee Meeting

This is to announce that the Retirement Allowance Committee Meeting will be held Thursday, August 23, 2007 at 9:30 a.m., LaSalle Bank, 135 S. LaSalle in the Conference Room ABC, on the 43rd floor.

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

JVK:gmb

AGENDA
For The 701st Retirement Allowance Committee Meeting of
August 23, 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 43rd floor.
2. Roll call
3. Consideration of the Minutes of the 700th 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.) Retirement applications revoked
 - e.) Return to work from disability allowances
 - f.) Presentation of death benefits for approval
 - g.) Presentation of refunds of contributions for approval
 - h.) Presentation of bills and remittances
 - i.) Cash flow statement YTD
 - j.) Retirement date for Robert C. Krzemienski #15790
5. Investment Subcommittee Issues
 - a.) MAXAM/Attach Update
6. Real Estate Subcommittee Issues
 - a.) DV Urban Realty Advisors
7. Old Business
 - a.) 401h Status
8. New Business
 - a.) January 1, 2007 Actuarial Update (GRS)

AGENDA
For The 701st Retirement Allowance Committee Meeting of
August 23, 2007

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9. Executive Session
 - a.) Personnel Matters
 - b.) Disability Case Updates
 - c.) Litigation

10. Adjournment

The 701st 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 23, 2007 at LaSalle Bank, 135 S. LaSalle. The Executive Director was present.

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

Dennis Anosike
John Burkard
Rick Harris
Darrell Jefferson
Carl Lingenfelter
Lynn Sapyta
Paul Sidrys
Michael Simmons
Darryle West
Ruben Madrigal for Richard Winston

On a motion by Ms. Sapyta, the minutes of the 699th and 700th RAC Committee meeting were approved.

General Administration Subcommittee Items

Mr. Simmons presented for approval items 4 (a) through 4 (h), 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. Ms. Sapyta stated that the total amount of bills and remittances for the month was \$8,067,520.32. Item 4 (i) is estimated year-to-date cash flow statement. The Plan has a cash flow through July 2007 of negative \$51,013,801.

Mr. Kallianis clarified that Mr. Robert Krzemienski retro pension date that was approved last month should be moved from July 1st to August 1st. Mr. Krzemienski was in the office after the 14th deadline.

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

Investment Subcommittee Items

Mr. Les Bond senior managing director of Attucks Asset Management, Geri Hansen and Cathy Sweeney, from Maxam Capital Management a hedge fund of funds that the CTA is

vested with. Mr. Bond gives a short history of Attucks Asset Management and Maxam Capital Management. Ms. Sweeney gave a presentation on the Maxam/Attucks diversity fund. It was launched in December of 2005; it currently has ten separate funds that are women, minority or emerging funds. Ms. Sweeney gave a detailed report on all the managers in there portfolio.

Mr. Lingenfelter, your overall portfolio standard deviation for the last five years is lower than every single one of your individual managers. Can you just explain for the record why that is and then maybe describe a little bit how you looked across managers at the diversification and reducing that volatility?

Ms. Sweeney When you put together a fund to funds, because of the different strategies going into it, multi managers tend to even out the volatility because you have certain risk parameters taken by certain managers, but altogether it kind of compresses the volatility.

Real Estate Subcommittee Items

Mr. Kelsen spoke on the subprime lending catastrophe affecting homeowners across the country and how it directly affects the Plans portfolio. In creating a diversified low volatile portfolio, the design was to deliver steady, consistent risk adjusted returns. The fund managers blend out the direct exposure to any specific strategy. Subprime mortgages are a very small esoteric part of the fixed income world. The manager's exposure to this specific type of credit was under three percent for the portfolio.

Mr. Kallianis DV Urban has requested a change in the limited partnership agreement. Mr. Kallianis, Mr. Burke, and the Townsend Group have been discussing this request and will have a recommendation for the Committee next month.

Old Business

Mr. Kallianis left the 401(h) status on the agenda for the last 12 months to make sure we get monthly updates.

New Business

Mr. Larry Langer and Mr. Andy Plautz from GRS came before the Committee to give a presentation on the January 1, 2007 preliminary valuation results; Mr. Rivera was unable for the presentation.

Mr. Langer gave a presentation on GASB. GASB is the Governmental Accounting Standards Board that tells us what financial statements should look like for public pension funds. This is something that needs to be implemented this coming year. GASB speaks to retiree healthcare and governs how those funds are to be reported within your statements. GASB does not necessarily say you have to pre-fund your retiree healthcare, but it does talk to how the asset and liabilities should be reported on your funds.

Mr. Lingenfelter had some concerns that the Committee has dealt with the healthcare issue for over two years and that GASB 43 has been adopted several years ago and the Committee is now hearing about it.

Mr. Langer continued giving his report explaining the difference between the January 1, 2007 funding targets at 3.0 percent or \$3.5 billion and the GASB assumptions accrued liability at \$4.2 billion and what this means to the Plan, a lengthily discussion pursued on how the GASB well affect the retiree healthcare and the Plan overall.

Executive Session

The Committee approved a motion by Mr. Anosike to go to Executive Session.