

AGENDA
For the 673rd Retirement Allowance Committee Meeting of
April 28, 2005

1. Meeting will be called to order at 9:30 A.M. at the Amalgamated Bank, One West Monroe, on the 3rd floor, in the boardroom.
2. Roll call
3. Consideration of the Minutes of the 672nd 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 benefits
 - e.) Returned to work from disability
 - f.) List of retirement applications that were revoked
 - g.) Presentation of death benefits for approval
 - h.) Presentation of refunds of contributions for approval
 - i.) Presentation of bills and remittances
 - j.) Requests for repayment of refunds
 - k.) Thomas Connelly request
5. Investment Subcommittee Issues
 - a.) Asset Allocation
 - b.) Large Cap Transition
6. Real Estate Subcommittee Issues
 - a.) Prudential PRISA Fees
7. Old Business
 - a.) Update on Retroactive Benefit Payments
 - b.) Rule on Return to Work
 - c.) Scheduling of Disability Management Update
 - d.) Health Care - GRS
8. New Business
9. Executive Session
10. Adjournment

The 672nd 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 March 24, 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
Marcellus Barnes
Calvin Tillery as an alternate for Ethel Carter
Paul Fish as an alternate for Dorval Carter
Carl Lingenfelter
Leon London
Rodney Richmond
Lynn Sapyta

On a motion by Mr. Fish, the Committee approved the minutes of the 671st meeting of the Retirement Allowance Committee.

General Administration Subcommittee Items

Mr. Barnes presented for approval items 4a through 4j, 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 \$6,792,598.41.

Mr. Kallianis explained the changes to the disability portion of the agenda, including the clarification that people who had been found fit to return to work at an alternate position were still considered disabled according to the definition of disability in the Plan.

There was discussion on the item related to the requests to repay refunds of contributions. After this discussion, the Committee requested that all of the names and specific circumstances related to the names should be sent to Mr. Virgil for review and recommendations should come from Mr. Virgil on a case by case basis. Mr. Collins was asked to reach out to the unions to make sure that all of the requests were in one place.

No policy decisions were made on the requests for retroactive disability payments or the people found fit to return to work with no job available.

There was discussion on Mr. Thomas Connelly's request to use a year of salary outside of his last ten years in the calculation of his benefits. Mr. Collins indicated to the Committee that he had been unable to obtain a copy of the settlement agreement from Mr. Connelly or the CTA. The Committee then asked Mr. Virgil to try to obtain a copy and make a recommendation to the Committee on this case.

On a motion by Mr. Tillery, the Committee approved the General Administration items.

Investment Subcommittee Items

Mr. Ivory Day from Mr. Larry Gray gave the Committee an update on the investment results of the Plan through the fourth quarter of 2004. The year-end return for the Plan was 10.6% versus a policy benchmark of 9.6%. The three year Plan return was 5.8% versus a 2.9% policy benchmark, the five year return was 3.7% versus a 1.1% benchmark and the ten year return was 10.7% versus a policy benchmark of 9.2%.

After some discussion by the Committee regarding MDL's performance and the need to have an investment subcommittee meeting to talk about asset allocation. It was determined that the meeting would have to be set outside of the meeting so that everyone's schedules could be coordinated.

On item 5c regarding large-cap domestic equity managers, Mr. Lingenfelter spoke about moving to consolidate the 8 large cap managers down to four by keeping the top two minority and top two non-minority managers. This would have the Committee keep Invesco, Alliance, Lomax and Paradigm. The assets from the terminated managers would be placed in ETF's until a decision was made on the asset allocation.

After a lengthy discussion on the consolidation of large cap managers and the potential termination of MDL, Mr. Richmond made a motion to terminate Harris, Northern Trust, Janus and ING/Aeltus from the large cap space. The motion was seconded by Mr. Lingenfelter. The Committee approved the motion. Mr. Barnes opposed the motion.

Mr. Kallianis then gave the Committee an update on the brokerage policy for the Plan, including the results for commission recapture and MWBE directed brokerage. After some discussion about managers who had not met their targets, the Committee asked Mr. Kallianis to follow up with this report after our June results were gathered.

Mr. Kallianis then explained the item related to Northern's Securities Lending program and that they were proposing a fee reduction from 30% to 25%. On a motion by Mr. Lingenfelter, the Committee approved the reduction.

Real Estate Subcommittee Items

Mr. Steve Burns and Ms. Sarah Cachat from the Townsend Group then gave the Committee an update on its Real Estate investments through the 4th quarter of 2004. Mr. Burns indicated that the Plan had a benchmark of 5.5% net real return over rolling five year periods. He also indicated that the Plan achieved a return of just over 13% for the year in Real Estate.

Mr. Burns and Ms. Cachat then gave the Committee an update on some of the specific investments in the portfolio.

Old Business

Mr. Richmond asked that item 7a related to Health Care costs be deferred.

Mr. Kallianis and Mr. Virgil spoke briefly about the need to the proposed rule on reinstatements to deal with the Area 605 issues we've addressed in the past. Mr. Anosike asked that the item be deferred as the Committee had just received the rule.

Mr. Kallianis then presented item 7c regarding an increase to the Plan Counsel's hourly rates. On a motion by Ms. Carter, the Committee approved the increase.

New Business

There was then a lengthy discussion regarding the administration of the Disability cases by Corvel. The Committee had question on the costs and the procedures used by Corvel to administer the program. Mr. Barnes asked for a complete list of all of the bills from Corvel.

Mr. Barnes then asked about an open enrollment for the retirees. Mr. Kallianis indicated that the open enrollment would have to be done by the CTA.

Executive Session

The Committee entered Executive Session on a motion by Ms. Carter to discuss personnel matters in the Plan Office.

When the Committee came back to the regular meeting, on motion by Mr. London, the Committee approved adjournment.