

AGENDA
For the 679th Retirement Allowance Committee Meeting of
October 27, 2005

1. Meeting will be called to order at 9:30 A.M. at the LaSalle Bank, 135 South LaSalle, in the ABC Room, 43rd floor.
2. Roll call
3. Consideration of the Minutes of the 678th 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.) Update on Private Equity/Hedge Fund Investments
6. Real Estate Subcommittee Issues
7. Old Business
 - a.) Health Care Coverage and 401(h) Update
 - b.) Medicare Part D Update
 - c.) Open Enrollment Update
8. New Business
 - a.) Historical Funded Ratio Comparisons

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

The 678th 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 September 22, 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
Willie Means as an alternate for Marcellus Barnes
John Burkard
Calvin Tillery as an alternate for Ethel Carter
Dorval Carter
Carl Lingenfelter
Leon London
Wanda Black as an alternate for Rodney Richmond
Lynn Sapyta
Richard Winston

On a motion by Ms. Carter, the Committee approved the corrected minutes of the 677th meeting of the Retirement Allowance Committee. Ms. Black corrected the minutes by pointing out that the General Administration meeting was chaired by Ms. Sapyta, and Mr. Barnes was referenced in the minutes.

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 \$6,954,745.70.

Mr. Kallianis pointed out that per the arbitration award, Mr. Serovski's early retirement effective 11/01/2003 was on the agenda for approval. Mr. Kallianis also removed Mr. Charles from the agenda for a disability allowance for the month of September.

There was discussion on the eight retroactive disability requests. Mr. Kallianis recommended to the Committee that the requests be denied and that the applicants be held to the same standard as regular applicants. Mr. Carter made a motion to deny the requests for retro-active disability. A roll call vote resulted in a 5-5 deadlock on the issue. The voting was as follows Anosike-yes, Means-no, Burkard-no, Tillery-no, Ms.

Carter-no, Mr. Carter-yes, Mr. Lingenfelter-yes, Mr. London-no, Ms. Black-no, Ms. Sapyta-yes, Mr. Winston-yes.

Mr. Winston made a motion to approve the report of the Subcommittee, without the application of Mr. Charles for disability. The Committee approved the motion.

Investment Subcommittee Items

Mr. Gray and Mr. Day provided the Committee with a report on the investments of the Fund for the 2nd Quarter of 2005. Mr. Gray indicated the following returns for the Fund: Ten Year 9.6%, Five Year 3.2%, Three Year 8.7% and One year at 9.2%. Mr. Gray also spoke about the overall condition of the economy and some of the specific issues with managers for the Fund.

Mr. Lingenfelter reported to the Committee that, as a result of the Committee's direction for he and the Vice-Chair of the Investment Subcommittee to work with Gray and Company to implement the increased allocation to alternative investments, they had identified an additional investment in a private equity fund – AA Capital for \$3M. Mr. Lingenfelter indicated that Gray had performed the necessary due diligence on the Fund. On a motion by Mr. Lingenfelter, seconded by Mr. London, the Committee approved the investment of \$3M in the AA Fund along with the previously selected funds.

Mr. Lingenfelter then reminded the Committee that, with the investment in AA Capital the breakdown of the Committee Directed Account investments in hedge funds and private equity was as follows: Hedge Funds – Magnitude \$19.7M, BlackRock \$14.8M, Lyster Watson-\$11.8M, Centrix \$9.9M, Deerfield \$4.9M and Maxam Attucks \$4.9M. Private Equity Funds – Muller and Monroe \$5M, DN Partners \$4M, Kinetic Ventures \$5M, American Private Equity Partners \$5M and Broadcast Media at \$4M.

Mr. Kallianis then reported on the response he provided to the Chicago Tribune regarding third-party marketing for Plan Managers. Mr. Kallianis indicated that Brinson Partners, which had spun off Adams Street Partners, had done the marketing for the Adams Street Investment and that the relationship was disclosed prior to the investment.

On a motion by Mr. Means, the Committee approved the report of the Investment Subcommittee.

Real Estate Subcommittee Items

Mr. Burns and Ms. Cachat from the Townsend Group provided the Committee with a report on the real estate investments for the Plan through the 2nd Quarter of 2005. Mr. Burns indicated that the Plan had achieved a 15.8% return for the year ended June 30, 2005 and that the Plan had achieved surpassed its target return of 5.5% net real return over five year periods by returning 6.5% during that time frame.

Mr. Burns and Ms. Cachat also indicated that Prudential's Fund, PRISA had small exposure of property to Hurricane Katrina in New Orleans. It was an apartment complex without major damage.

On a motion by Ms. Sapyta, the Committee approved the report of the Real Estate Subcommittee.

Old Business Issues

Mr. Kallianis asked Mr. Rivera from Gabriel Roeder Smith, the Plan's Actuary, to make available the report that was provided to the CTA Board at its meeting earlier in the month. Mr. Kallianis informed the Committee that this was information the RAC had already gone over and that Mr. Rivera was available if there were any questions on the information.

Mr. Kallianis then detailed the cost for Caremark to administer the Medicare Part D program for the Retirement Plan. He indicated that Caremark was estimated an annual cost of about \$50,000 to administer the program, including mailings and coordination with the Social Security Administration. Mr. Kallianis asked for the Committee's approval to have Caremark administer the Medicare Part D program for the PPO for a not to exceed annual cost of \$60,000. On a motion by Mr. London, the Committee approved the contract.

New Business

There was no new business.

Executive Session

On a motion by Ms. Black, the Committee unanimously voted to go to Executive Session for the purpose of discussing litigation.

Upon returning from Executive Session, the Committee adjourned on a motion by Ms. Black.