

The 689th 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 24, 2006 at 30 North LaSalle Street, 32nd 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
James Kasmer as an alternate for John Burkard
Paul Fish as an alternate for Richard Winston
Rick Harris
Carl Lingenfelter
Lynn Sapyta
Paul Sidrys
Michael Simmons
Darryle West

On a motion by Mr. Jefferson, the minutes of the 688th meeting of the RAC were approved.

General Administration Subcommittee Items

Mr. Simmons presented for approval items 4 (a) through 4 (i), 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 \$7,448,038.93.

Mr. Kallianis provided a brief update to the Committee on the Disability management program administered by CorVel on behalf of the Plan. He indicated that CorVel had found 89 people fit to return to work at their same job. There are a number of people who had retired when they were found fit, people with no job available are in a holding pattern and there are some people still in process. He indicated that the approximate annual cost of a disability allowance including health care benefits is \$25,000 and lasts ten years. Given that there were 46 people who had returned to work, the Plan would save more than \$10M on a net basis, taking into account the \$682,000 cost of CorVel's services.

Mr. Kallianis presented a list of possible providers to be used for 3rd party doctors. After Mr. Jefferson had asked how the list was put together, Mr. Kallianis indicated that the list of providers; Orthopedics Associates of DuPage, Hinsdale Orthopedics, Midwest

Orthopedics Network, and CIIN are different providers that CorVel had encountered working with other employers on disability management processes.

On a motion by Ms. Sapyta, the Committee approved the General Administration Subcommittee report.

Investment Subcommittee Items

Mr. Lingenfelter summarized the meeting that was held on August 10, 2006 regarding MWBE managers for the fund and private equity investments. Mr. Lingenfelter reported that Gray and Company went through the list of MWBE managers related to the Plan and verified that they were, in fact, the managers for the Plan. He also reported that the members had discussed private equity and the possibility of a broader asset allocation for the Plan, given the possibility of additional contributions.

Mr. Day from Gray and Company presented the second quarter report to the Committee. He gave an update on global and domestic economic conditions and how fixed and equity markets were affected for the quarter. Mr. Day reported that the overall return for the fund in the 2nd quarter was negative 0.7% compared to a negative 0.4% for the policy benchmark. He further indicated that the underperformers for the quarter were Alliance Capital and Ariel Capital.

Real Estate Subcommittee Items

There was no business.

Old Business

Mr. Kallianis updated the Committee on the status of the Actuarial Assessment and Audit. He indicated that they had not yet been wrapped up; the only thing left to be wrapped up is the analysis on 401 (h), the primary reason being the possible change in actuarial methodology with the net versus gross cost on health care. We should have the Actuarial Assessment and Audit for the September meeting.

New Business

No business

Executive Session

The Committee approved a motion by Mr. Simmons to go to Executive Session to discuss a class action suit where the CTA retirement plan is the lead plaintiff involving Bradley Pharmaceuticals.

Full Regular Meeting

On a motion by Mr. Harris, the Committee approved the recommendation in regard to declining mediation with a \$5 million insurance cap from the Bradley Pharmaceuticals

class suit.

Mr. Harris brought up the issue of the Authority hiring retirees in a part-time flagging position. These are temporary positions, but the Authority continues to rehire them over and over.

Mr. Anosike indicated that he would address the part-time flagging issue with Mr. Winston.

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