

Retirement Plan for CTA Employees

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TO: Retirement Allowance Committee Members and Alternates

FROM:



John V. Kallianis

DATE: December 14, 2007

RE: Retirement Allowance Committee Meeting

This is to announce that the Retirement Allowance Committee Meeting will be held Thursday, December 20, 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 705th Retirement Allowance Committee Meeting of
December 20, 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 703rd and 704th meetings
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.) Presentation of death benefits for approval
 - f.) Presentation of refunds of contributions for approval
 - g.) Presentation of bills and remittances
 - h.) Cash flow statement YTD
 - i.) Milton Matos
5. Investment Subcommittee Issues
 - a.) 3rd Quarter Report (Gray & Co.)
 - b.) Hedge Fund Allocations
6. Real Estate Subcommittee Issues
 - a.) 3rd Quarter Report (Townsend Group)
7. Old Business
 - a.) 401h Status
8. New Business
9. Executive Session
10. Adjournment

The 705th 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 December 20, 2007 at LaSalle Bank, 135 S. LaSalle. The Executive Director was present.

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

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

On a motion by Mr. Burkard, the minutes of the 703rd and 704th RAC Committee meeting were approved with a spelling correct on the bottom of page 4, the word there was correct to their.

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.

Pamela Rivers, # 28463- applied retirement benefits effective 01/01/2008 and revoked her application.

Madison Palmer, Jr., # 16739- applied retirement benefits effective 01/01/2008 and revoked his application.

Clifford Hartfield, # 23295 - applied retirement benefits effective 01/01/2008 and elected the B2/3 survivorship option, he was inactively left off the Retirement list for approval.

The total amount of bills and remittances including federal income tax for the month was \$7,226,142.82. Item 4 (h) is estimated year-to-date cash flow statement. The Plan has a negative cash flow through November 2007 of \$87,420,775.

On a motion by Mr. Simmons, the Committee approved retroactivity disability payments back to May 2007 for Mr. Milton Matos.

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

Investment Subcommittee Items

Mr. West deferred his report to Mr. Day. Mr. Day gave a presentation on the investment performance through the end of September 2007. The Plans return for the quarter was 2.4 percent and for the year to date was 10.4, compared to your benchmark index of 1.4 for the quarter and 7.5 for the year to date. Only two of your managers under performed their benchmark indexes, Paradigm for large caps value and Ariel for mid cap value. All of the other strategies out performed their benchmark index. Both of the International managers under performed the benchmark for the quarter.

Mr. Kelsen talked about the private equity and hedge funds. S&P rose 2 percent, volatility had climbed to 18 from 16 percent, and the 10-year Treasury yields had drifted down from 5 to 4.60 percent. The Fed announced a reduction in the discount rate dropping it from 6¼ to 5¾ percent, and then to 4¾. This was received by equity markets as a much clearer and supportive move, and that added real momentum to the equity market. Your hedge fund portfolio out performed during the quarter and has turned in a solid gain of 13.75 percent for the year to date, despite these ups and downs and sub prime meltdowns. Your portfolio out performed the Lehman Index by 103 basis points, hedge fund comparable Index by 428 basis points, the S&P by 185 basis points, and out performed the Plan benchmark by 240 basis points, and for the year out performing Lehman to date by 990 basis points.

Real Estate Subcommittee Items

Mr. Kallianis reported that both The Townsend Group and Gray & Company will be on the same presentation schedule for the next meeting.

Old Business

Mr. Kallianis reported that the 9 percent or better is our key benchmark to have the 401(h) account sustained. Through 2007 and a good portion of 2008 the report the GRS had given was that if we had achieved total returns for the Plan of 9 percent that we've have enough money to last through 2008.

New Business

Mr. Jefferson had received over 300 calls from retirees in regards to the November and December 2007 pension check. They would like to receive their pension check sooner for Thanksgiving and Christmas. Can the bank accommodate this request?

Mr. Kallianis will look into this with Northern Trust, to see if it can be done for the future.

Executive Session

None

On a motion by Mr. Anosike, the Committee approved to adjourn.