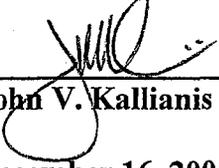


Retirement Plan for CTA Employees

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TO: Retirement Allowance Committee Members and Alternates

FROM: 

John V. Kallianis

DATE: December 16, 2005

RE: Retirement Allowance Committee Meeting

This is to announce that the Retirement Allowance Committee Meeting will be held Thursday, December 22, 2005 at 9:30 a.m., at the LaSalle Bank, 135 South LaSalle, in the ABC Room, 43rd floor.

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

JVK:gmb

AGENDA
For the 681st Retirement Allowance Committee Meeting of
December 22, 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 680th 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.) Return to work from disability benefits
 - e.) Disability Summary
 - f.) Retirement applications revoked
 - g.) Presentation of death benefits for approval
 - h.) Presentation of refunds of contributions for approval
 - i.) Presentation of bills and remittances
 - j.) Cash Flow Summary
5. Investment Subcommittee Issues
 - a.) Overall Plan Performance, 3rd Quarter 2005
6. Real Estate Subcommittee Issues
 - a.) Real Estate Performance, 3rd Quarter 2005
 - b.) DV Realty Presentation
7. Old Business
 - a.) Repayments of Refunds of Contributions
8. New Business
 - a.) Participants Opting Out of the Plan

AGENDA
For the 681st Retirement Allowance Committee Meeting of
December 22, 2005

Page 2 of 2

- 9. Executive Session
 - a.) Personnel Matters
 - b.) Litigation

- 10. Adjournment

The 680th 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 November 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
John Burkard
Ethel Carter
Paul Fish as an alternate for Dorval Carter
Darrell Jefferson
Lynn Sapyta
Richard Winston

On a motion by Mr. Anosike, the Committee approved the appointment of Darrell Jefferson as Vice Chairman of the Committee.

Mr. Jefferson then informed the Committee that Mr. Darryle West and Mr. Michael Simmons would be the new Local 241 Trustees, replacing Mr. London and Mr. Barnes.

On a motion by Ms. Sapyta, the Committee approved the minutes of the 679th meeting of the Retirement Allowance Committee.

General Administration Subcommittee Items

Ms. Sapyta 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. Ms. Sapyta stated that the total of bills and remittances for the month was \$5,623,618.03.

Ms. Sapyta asked for a draft of the Opt-Out form for non-vested exempt people to be ready for the next RAC meeting.

On a motion by Mr. Winston, the Committee voted to accept the report of the General Administration Subcommittee.

Ms. Sapyta then asked Mr. Kallianis to circulate the cash-flow statement she had asked for from the Plan. She indicated that she thought this was an important thing for the Committee to see each month and that it was a good illustration of the negative cash flow

for the Plan. Ms. Black asked that this report be included in the General Administration portion to follow along with the agenda.

Mr. Kallianis then presented an update on the Disability Management program. He indicated that 67 people had been found fit to return to work at their same jobs since Corvel had been hired. The 29 people who had returned to work represented about \$26,000 per person for a total of more than \$754,000 in benefits and health care costs for a year. Corvel's bill to date was \$416,000, so the benefits and health care costs saved by the Plan for just those 29 people had already exceeded the cost to the Plan. Mr. Kallianis further indicated that the Plan would save about \$9 million total on these 29 people from the today to the time each turned 65.

Mr. Burkard asked Mr. Kallianis about the status of the Allsup contract. Mr. Kallianis indicated that hundreds of retirees had been verified as receiving SSDI and eligible for Medicare as primary. He further indicated that he was working with the CTA to have BCBS provide claims information on those people directly to Allsup so that they could begin to recover claims after Medicare paid as primary.

Investment Subcommittee Items

Mr. Kallianis gave a brief update on the status of the the hedge fund and private equity managers indicating the Plan would likely fund the first hedge fund in the following week and that the first private equity fund was also going to be funded soon.

Real Estate Subcommittee Items

Mr. Winston asked Mr. Burns and Ms. Cachat from the Townsend Group to present the update on Real Estate for the Plan. They had put together a report indicating that some of the investments made in the past were now reaching the end of their terms and that the Committee should consider making additional investments in Real Estate, depending on what allocation they were comfortable with. Mr. Burns and Ms. Cachat indicated that the Plan was currently over-allocated to Real Estate, but that it would be under-allocated to Real Estate in the coming months if no additional investments were made. Mr. Winston indicated that he'd like Ivory Day with Gray and Company to look at the percentages for Real Estate and weigh in on the matter.

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

Old Business Issues

Mr. Kallianis asked Mr. Burke to go through the letter that Mr. Burke had sent regarding the 401h issue related to the Plan's health care benefits. Mr. Burke indicated that the Plan was going to violate the Section 401h of the IRS code and lose it's tax-exempt status unless something was done in collective bargaining to address health care costs paid for

by the Plan. He further indicated that the Committee had the obligation to seek out the best healthcare options it could, knowing that the subsidy the Plan could provide would be small in relation to the costs.

After lengthy discussion on the matter, Ms. Sapyta and Mr. Burkard suggested that Mr. Kallianis set up a meeting to discuss this issue and what the Committee could do to address the matter.

Mr. Kallianis then presented to the Committee an explanation and a proposed change to Rule 21 to allow for people to buy service that had been lost due to the inability to repay refunds of contributions. This proposal dealt with people who were terminated and reinstated at some point in the past.

Mr. Kallianis indicated that the Committee had approved changes to Rule 21 in July including a change in the repayment time frame from 13 to 36 months and an interest factor of 6% per year of compound interest but it had not approved this retroactively. Mr. Anosike and Mr. Jefferson asked for Mr. Kallianis to provide the transcripts of the July meeting along with the minutes.

Ms. Sapyta asked if there was a way to estimate the cost to the Plan to provide this repayment option and asked that the potential costs be reviewed and presented to the Committee at the next meeting, Ms. Carter seconded this. That motion failed on a roll call vote (Anosike-yes, Jefferson-no, Burkard-no, Carter-yes, Fish-yes, West-no, Simmons-no, Sapyta-yes, Winston-yes).

Mr. Kallianis indicated in Item 7c that he had prepared a letter to participants and that he would like to get comments back on the letter as soon as possible.

New Business

On Item 8a, the Committee discussed the payment of retroactive disability payments. After some discussion about the administration, Ms. Carter made a motion that the Committee not allow, from this day forward, any requests for retroactive disability payments. Ms. Sapyta seconded the motion. After some additional discussion by the Committee, the motion was approved.

Executive Session

There was no executive session.

The Committee adjourned on a motion by Mr. Burkard.