

The 682nd 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 January 26, 2006 at Amalgamated Bank of Chicago. The Chairman and the Executive Director were present.

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

Dennis Anosike
John Burkard
Rick Harris
Paul Fish as an alternate for Dorval Carter
Darrell Jefferson
Carl Lingenfelter
Lynn Sapyta
Michael Simmons
Darryle West
Richard Winston

On a motion by Mr. Burkard, the minutes of the 681st meeting of the RAC were approved after amendment. Mr. Jefferson clarified that, in a form presented by Mr. Kallianis, the language “to be used for non-vested exempt employees...” should read “non bargained-for employees...”

General Administration Subcommittee Items

Mr. Simmons presented for approval items 4(a) through 4(j), 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 of bills and remittances for the month was \$12,602,413.18.

Mr. Kallianis asked that the committee consider item 4(j) - the appropriate retirement date for Anthony Dolan. Mr. Dolan was discharged in May of 2001 and had applied for retirement in March of 2004. Mr. Dolan’s case was in arbitration during this time period and his discharge was upheld by an arbitrator. Mr. Kallianis recommended June 1, 2001 as Mr. Dolan’s retirement date.

On a motion by Mr. Harris, the Committee voted to approve Mr. Dolan’s retirement effective June 1, 2001.

On a motion by Mr. Winston, the Committee voted to accept the report of the General Administration Subcommittee, including items 4(a) through 4(j).

Investment Subcommittee Items

The Committee received a package from DN Partners outlining a request to extend the current five year investment period to six years. Mr. Kallianis recommended this extension to the Committee after consulting with, and receiving favorable recommendations from, both Andrew Kelsen and Ivory Day from Gray and Company.

On a motion by Mr. Lingenfelter, the Committee voted to approve the one year extension to DN Partners' investment period.

Mr. Day gave a brief history of Ariel Capital Management. Mr. Day explained that Ariel Capital has underperformed in the last several quarters, due in part to the position they've taken. That is, they're stock pickers and the stocks they select do not always fall in particular categories that fit in a particular index. Ivory indicated that he and Larry Gray met with Ariel Capital to understand their recent performance, and that Gray and Company believes Ariel is doing what we the RAC hired them to do.

Mr. Thompson and Ms. Hobson from Ariel Capital Management gave a presentation on investment strategies in their portfolio. They explained that their overriding principal is that - like a turtle - slow and steady wins the race. Ariel will sometimes be in favor, and sometimes be out of favor, but that it's important to look at their long-term results.

Real Estate Subcommittee Items

Mr. Winston stated that The Townsend Group was prepared to start having firms come in for our review next month. Mr. Winston stated that the Plan needed to continue at the same level of investment in the real estate portfolio. Like the private equity funds we were invested with, an over-commitment was required to end up at the intended level in the asset allocation.

Mr. Kallianis suggested a special committee meeting of the Real Estate Subcommittee in order to interview the firms that Townsend would recommend.

Mr. Kallianis also pointed out that Ethel Carter was no longer the Vice Chair of the Real Estate Subcommittee as she was no longer on the Committee, so we would need to fill that position. Mr. Jefferson indicated that the Vice Chair would be Rick Harris. Mr. Kallianis indicated that there should be a motion to that effect.

Old Business Issues

Mr. Kallianis presented a copy of an email he sent the committee members regarding the Proposal on Healthcare from Gabriel Roeder Smith and BlueCross BlueShield's health

care proposal. Mr. West was concerned that this issue maybe outside the scope of the Committee's jurisdiction and that this should be discussed at contract negotiations. Mr. West wanted to put that on the record. Mr. Anosike indicated that the Committee was already on record directing Mr. Kallianis to explore contingent health care plans that could kick-in if the Committee was unable offer the health care services that we currently provide.

After additional discussion, on a motion by Mr. Burkard, the Committee voted to table this issue until the next meeting.

New Business

Mr. Harris asked Mr. Kallianis if he could investigate a possible pension discrepancy with former Local 308 President, Ms. Ethel Carter. Mr. Kallianis assured the Committee that he would be happy to meet with Ms. Carter regarding the issue.

Executive Session

The Committee approved a motion by Mr. Anosike to go into Executive Session to discuss a letter concerning the appointment of the Assistant to the Deputy Director. There was a roll call vote to enter Executive Session to discuss personnel matters and all members voted yes.

Full Regular Meeting

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