

The 692nd 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 21, 2006 at 161 North Clark Street, 28th Floor. The Chairman and the Executive Director were present.

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

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

Mr. Kallianis indicated that the October (691st mtg.) minutes and the November (692nd mtg.) minutes will be presented for approval at the December (693rd) meeting.

General Administration Subcommittee Items

Mr. Simmons presented for approval items 4 (a) through 4 (i), including the death reports since last meeting, pre-retirement allowances, new retirement applications, return to work from disability allowance, disability summary, retirement applications revoked, death benefits, refunds of contributions, bills and remittances, disability benefits for Judy Murchison and the cash flow statement. Mr. Simmons stated that the total amount of bills and remittances for the month was \$7,234,623.71.

Mr. Kallianis asked that the Committee add Mr. Robert F. Dunning to the retirement list for December 1, 2006. Mr. Dunning's name was removed from the list because he had not yet provided the Plan with the necessary documentation for the Survivor option he selected.

Item (j) was the estimated cash-flow statement through October of 2006. Ms. Sapyta reiterated that there is a sense of urgency to do something quickly with the Plan's assets down to \$1.1 billion and a negative cash flow of \$70 million year to date.

On a motion by Mr. Burkard, the Committee approved the General Administration Subcommittee report.

Investment Subcommittee Items

Mr. Lingenfelter asked Mr. Kallianis to update the Committee on AIG private equity fund-of-funds investment commitment.

Mr. Kallianis reminded the Committee of the items it had approved last month. The Committee had voted to make an investment with AIG and to allocate \$25 million to be invested in private equity for the rest of the year. Mr. Kallianis further stated that there was reluctance on the part of AIG to sign the Sudan Certification required by State statute in order for us to make the investment.

Mr. Burke explained that AIG's would not sign the certification because they don't control the underlying portfolio investments in the funds that they are investing with. He indicated that AIG may come back to the Committee with some other investment in the future but, for the moment, we cannot consummate this investment without the certification required by the State.

Mr. Kallianis indicated that Andrew Kelsen had recommended Nexos Capital and Harbinger as replacements for AA Capital and Deerfield Capital, respectively.

Mr. Kelsen explained to the Committee that there were quality managers brought to the Committee in private equity and hedge funds and that it was important to continue to choose the managers who are very, very good at what they do because the difference between them and the "also rans" was significant. Mr. West and Mr. Lingenfelter indicated that they'd like to see a list of the private equity managers recommended by Gray and Co. to round out the 2006 allocation.

Real Estate Subcommittee Items

No business

Old Business

Mr. Kallianis followed up on an item that Mr. Simmons had asked about in the prior meeting - Part-time Union Officer pension contributions. He said that his understanding was that there was an agreement reached in January 2005 between the CTA, Local 241 and 308 with regard to how the part-time contributions would be handled going forward from 2005. Mr. Kallianis further stated that he was under the impression that there were on going discussions between the CTA and the Association to talk about the details of how those things are supposed to be presented the the Plan.

Mr. Tillery stated that Mr. Harris brought to the table the issue about Full-time officers, as well. Mr. Kallianis indicated that the Full-time Officer contributions are up to date. The part-time contributions and salaries have all been adjusted through 2004. The Plan has the employee contributions for 2005 and year to date 2006, but no CTA contributions. Salaries have not been adjusted to include part-time earnings for 2005 and 2006.

Mr. Tillery asked about retroactive adjustments made for the pensioners. Mr. Kallianis stated that adjustments have not been made. He indicated that the Plan Office was trying to get the specific information from the CTA on the increases for 2004, 2005 and 2006 so that the salaries and annuities can be adjusted.

Mr. Tillery said that many retirees received retroactive payments and the CTA did not take out the 3 percent. Mr. Kallianis said the CTA indicated that there were approximately 600 people who had left after the July 10th award. They got their vacation checks without the pension contributions taken out and so the retro checks were issued the same way. The CTA had indicated that they would deal with the contributions for the 600+ people and that they should go ahead and cash the retro-active checks.

New Business

No business

Executive Session

No business

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