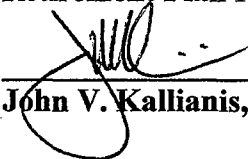


## Retirement Plan for CTA Employees

10 South LaSalle Street  
Suite 1100  
Chicago, Illinois 60603  
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**TO:** Board of Trustees  
Retirement Plan for CTA Employees

**FROM:**   
John V. Kallianis, Executive Director

**DATE:** November 20, 2008

**RE:** Board Meeting for November, 2008

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This is to announce that the Board of Trustees Meeting will be held Tuesday, November 25, 2008, at 9:30 a.m., at the National City Bank, 1 North Franklin on the 24<sup>th</sup> floor.

Attached is the agenda for the meeting.

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

JVK:gmb

**AGENDA**  
**Retirement Plan for CTA Employees – Board of Trustees**  
**November 25, 2008**

1. Meeting will be called to order at 9:30 a.m., at the National City Bank, One North Franklin, on the 24th floor.
2. Roll call
3. Consideration of the Minutes of the October 23, 2008 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 allowances
  - e.) Presentation of death benefits for approval
  - f.) Presentation of refunds of contributions for approval
  - g.) Presentation of bills and remittances for approval
5. Investment Subcommittee Issues
  - a.) Investment Bond Proceeds Update
  - b.) Omsan Asset Management Presentation
6. Real Estate Subcommittee Issues
  - a.) Investment of Bond Proceeds Update
7. Old Business
  - a.) 401h Contribution for 2009
  - b.) Part-Time Board Members
8. New Business
9. Executive Session
  - a.) Personnel Issues
  - b.) Litigation
10. Adjournment

# **The 7<sup>th</sup> Meeting of the Retirement Plan for CTA Employees Board of Trustees**

10 S. LaSalle Street  
Suite 1100  
Chicago, IL 60603

## **Meeting Minutes**

A regular meeting of the Board of Trustees of the Retirement Plan for CTA Employees was held on October 23, 2008 at One North Franklin Street, 24<sup>th</sup> Floor. The Chairman and the Executive Director were present.

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

Dennis Anosike  
James Kasmer for John Burkard  
Donald Franklin  
Rick Harris  
Darrell Jefferson  
Theresa Mintle  
Gia Morris  
Lynn Sapyta  
Dan Lurie for Paul Sidrys  
Michael Simmons  
Darryle West

Appearing on behalf of the Retirement Plan was Mike Virgil, of Burke, Warren, MacKay, & Serritella, appearing on behalf the union trustees Anita Tanay, of Jacobs, Burns, Orlove, and Stanton & Hernandez, and appeared on behalf of Chicago Transit Authority, Eugene Munin.

On a motion by Mr. Simmons, the minutes of the 6<sup>th</sup> Meeting of the Retirement Plan for CTA Employees Board of Trustees meetings were approved.

### **General Administration Subcommittee Items**

Mr. Simmons presented for approval items 4 (a) through 4 (j), 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, death benefits, refunds of contributions, bills and remittances, and the cash flow statement. The total amount of bills and remittances including federal income tax for the month was \$7,798,446.30. Mr. Simmons reported that one person who is requesting the use of pension earnings outside of the last 10 years in calculating their benefit. There is one person who has elected and deferred vested pension at age 65. Mr. Simmons reported for the record that the following person elected a survivor option before the deadline:

**Mark W. Maginnis Badge # 19532**, - applied for regular retirement for October 1, 2008. Subsequent to the approval and prior to October 31, 2008, Mr. Maginnis elected a B 2/3 option.

On a motion by Ms. Sapyta, the Board of Trustees approved the General Administration Subcommittee report.

### **Investment Subcommittee Items**

Mr. West gave an on what took place during the last months. The Board directed the Co-Chair and the Chair of the Investment Subcommittee of the Retirement Plan to work with Gray & Company to recommend a new asset allocation and put together a list of managers to be interviewed by the Investment Subcommittee to fill in the asset allocation. As part of that goal, we wanted to include managers of a significant presence of Chicago minority and women-owned firms of emerging managers. The interview process for the Retirement Plan included three days of discussions with potential managers across all of the asset classes we're trying to fill. The spreadsheet includes the managers that we are recommending to the full Board for hire. It also includes the proposed increases to amounts under management by existing managers. Because the market value of the Plan changes daily, we are presenting the percentage of the overall amount of the fund each would manage, along with the appropriate dollar amount.

Mr. Day the Fund has done very well over the last eight years since we adopted an asset allocation back in 2000. And during that time, I don't believe you've had a single traditional manager search. Having these additional funds has allowed us the opportunity to expand upon some of the asset classes that we were already invested in and to enter into some asset classes that we do not have a presence in. The idea here is achieve the funds stated goal through the actuarial return assumption of 9 percent. We look for managers that have a very good fit within the areas that they are responsible for. We also wanted to have performance exceed their fees, which seem to be a reasonable thing to do. We also look at these results over what we call rolling time periods, which provides a more stable basis for looking at investment performance than looking at the most recent period. We put together managers that we thought would be complimentary to each other.

On a motion by Ms. Mintle, the Board of Trustees accepted the recommendations of the Investment Subcommittee subject to the successful negotiations and the parameters that we've established for actually investing the money.

Mr. West the Plan has a brokerage policy which includes the goals for percentages of trades to be made with minority and women-owned brokerage firms. I would like to discuss an amendment to that policy to include the participation of all domestic and international equity and fixed income managers.

Mr. Kallianis the Committee would be asking them to do with that new money is to meet these minority women-owned brokerage directed-commission goals for the new money that they receive prior to the next meeting and then to report back to the Committee on how they did that. The brokerage policy would be discussed by the Investment

Subcommittee. Others agreed upon changes would be made. And then it would be considered at the full board meeting next month.

On a motion by Ms. Mintle, the Board of Trustees adopted the commission direction goals for investment of the bond proceeds distributed prior to the next meeting to our existing managers.

### **Real Estate Subcommittee Items**

Ms. Sapyta the Board directed the Real Estate Subcommittee to work with Townsend Group to develop a new asset allocation and search after prospective managers. Mr. Harris, Mr. Townsend, and I meet and interviewed the selected seven managers. We are recommending that the investments are limited to these amounts or 20 percent of the 10 totals capital raised, whichever is less. Further we recommend that the Committee revisit these commitments in one year if the funds have not had initial close.

On a motion by Mr. West, the Board of Trustees adopted the recommendation submitted by Real Estate Subcommittee.

### **Old Business**

Mr. Simmons asks the Executive Director if he has an update for us in reference to part-time Board members' contribution for Local 241 and 308. Mr. Kallianis don't have any additional information to provide.

Mr. Simmons made a motion that the Plan Counsel File lawsuit against the CTA to recover the delinquent employer's contributions owed on behalf of the part-time and full-time officers of Local 241 and Local 308 for the period of July 1st, 2005 through September 2008. And that the Plan Counsel seek appropriate relief, including recovery of attorney fees, costs and interest on the delinquent contribution. The motion was second by Mr. Harris. After a lengthily discussion Mr. Simmons modified his motion by adding that if no resolved, by November 14th, then the lawsuit will be filed.

On a motion by Mr. Simmons, the Board of Trustees directed the Plan attorney to file a law suite against the CTA if there is no resolution by November 14, 2008.

A roll call vote was taken by Mr. Kallianis. No vote went as follows: Mr. Anosike, Abstain, Mr. Kasmer, Yes, Mr. Franklin, Yes, Mr. Harris, Yes, Mr. Jefferson, Yes, Ms. Mintle, Abstain, Ms. Morris, Abstain, Ms. Sapyta, Present, Mr. Lurie, Present, Mr. Simmons, Yes, Mr. West, Yes, Motion carries.

### **New Business**

None

### **Executive Session**

None

The meeting was adjourned on a motion by Mr. Anosike.