

RETIREMENT PLAN FOR CTA EMPLOYEES
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RETIREMENT ALLOWANCE COMMITTEE MEMBERS AND ALTERNATES

THIS IS TO ANNOUNCE THAT THE MEETING OF THE SUBCOMMITTEE ON GENERAL ADMINISTRATION WILL BE HELD TUESDAY, JAN. 26, 1999, AT 8:30 A.M.

THIS WILL BE FOLLOWED BY THE INVESTMENT SUBCOMMITTEE AT 9:30 A.M., THE REAL ESTATE SUBCOMMITTEE AT 10:30 A.M., AND THE RETIREMENT ALLOWANCE COMMITTEE MEETING AT 11:30 A.M.

THE MEETINGS WILL BE HELD AT THE NORTHERN TRUST COMPANY, 50 S. LA SALLE STREET, IN THE DIRECTORS' DINING ROOM ON THE 6TH FLOOR.



AGENDA

For the 600th Retirement Allowance Committee Meeting of January 26, 1999

1. Meeting will be called to order at 08:30 A.M., Northern Trust Company, 50 South LaSalle Street, Northerner Room - 3^d Floor (B3).
2. Roll call.
3. Approval of the Minutes of the 599th Meeting held December 22, 1998.
4. Investment Subcommittee report.
 - a) Financial Report
5. Real Estate Subcommittee report.
6. Subcommittee on General Administration
 - a) Announcement of deaths reported since the last meeting.
 - b) Presentation of Pre-Retirement Surviving Spouse Allowances for approval.
 - c) Presentation of new retirement applications for approval.
 - (i) Charles Walker - #5732 - (disability) - request foretro-activity to 01-01-99.
 - d) Presentation of Death Benefits for approval.
 - e) Presentation of Refunds of Contributions for approval.
 - f) Presentation of Bills and Remittances for approval.
 - g) Richard Hudson, Sharon Davis, Juan Morales - (discussion)
7. Old Business
8. New Business
9. Executive Session
10. Adjournment

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY

The 600th Meeting of the Retirement Allowance Committee was held on Tuesday, January 26, 1999, at the Northern Trust Company, 50 South La Salle Street, 3rd Floor Northerner Room. The Following were in attendance:

Mr. I. Thomas, Chairman
Mr. J. Williams
Ms. W. Black

Mr. D. Anosike, Vice Chairman
Mr. M. Acosta
Mr. J. Kallianis

J. Guerrero sat in Mr. Collins' stead when he left the meeting and P. Beavers sat in S. Leonis stead when she left the meeting. Mr. R. Winston sat in L. Sanford's stead. M. Barnes sat in Loid Brown's stead. Alternates also present were C. Lang, L. Morris, and B. Rayford. W. Ross and A. Dungan of the Pension Office Staff were in attendance. Ms. P. Newton of Northern Trust Company was present. Mr. R. Burke of Burke, Warren, MacKay & Serritella was present. Messrs. C. Wesley, J. Henderson, B. C. Gilmore and A. Jones were also in attendance.

1. The Chairman called the meeting to order at 11:50 A.M.
2. A roll call was taken which indicated that a quorum of Committee Members was present.
3. On a motion by Mr. Thomas, seconded by Mr. Guerrero, the Committee agreed to hold the approval of the Minutes until the February meeting.
4. Mr. J. Kallianis, Chairman of the Investment Subcommittee, reported on the meeting held this date.

Mr. Joachimi discussed an asset liability study completed by his office. Basically, it states there is a little too much money in the equity side. Mr. Joachimi said he would formalize this study and sent it to the members before the next meeting. There is about 80% in equity.

Because of the fixed income vote last time, Mr. Joachimi is going to reopen the fixed income search to include non-Chicago managers. Mr. Joachimi will try and put those numbers together so the Committee has time before the next meeting to evaluate them. He received the performance numbers but only the day before the

meeting. There was a return of around 12% total return. This is not good because only two equity managers actually beat the index. It is to be expected though because the Committee is looking long term. Mr. Joachimi asked who would be the Chairman of the Investment Subcommittee.

Mr. Thomas named the chairman and vice-chairmen's of the different committees as follows:

Investment Subcommittee:

Jerry Williams, Chairman; John Kallianis, Vice Chairman

Real Estate Subcommittee:

Marcel Acosta, Chairman; Loid Brown, Vice Chairman

General Administration Subcommittee:

Tom Collins, Chairman; Susan Leonis, Vice Chairman

The Plan Attorney discussed Discovery Ventures Investment there is a slight change in structure. The General Investment Manager will be Weiss, Peck & Greer because they are a qualified investment manager who has previously been approved. Mr. Silverman is not a qualified investment manager. He will still be an advisor and consultant. It will be resubmitted to Northern Trust.

- a) **Financial Report** - Mr. Ross then turned the Committee's attention to Report of Deposits, Disbursements and Investment in the Trustee Summary and noted that the past month's performance for the total fund was 3.19%, and the value of the total assets of the Plan as of December 31, 1998 amounted to \$1,801,534,232.00.

On a motion by Mr. Williams, seconded by Mr. Kallianis, the Committee unanimously approved Weiss, Peck and Greer as investment manager for Discovery Ventures.

MDL Capital Management has been approved by Northern Trust and Mr. Joachimi is working with them to consolidate their fee schedule.

On a motion by Mr. Williams, seconded by Mr. Guerrero, the Committee unanimously approved the Investment Subcommittee Report.

5. Mr. Marcel Acosta, Chairman of the Real Estate Subcommittee, reported on the meeting held this date.

The Plan Attorney reported on the sale of the Meridian Business Campus. The sales

proceeds from what has been sold independently and what is expected from Duke, will amount to \$40.8 million which is in excess of the \$40.2 million, minimum acceptable sale proceeds.

The 191 N. Wacker property is under contract and closing is slated in the second quarter 1999.

Mr. Anosike stated that in November we deferred on real estate investments. He said the Committee have to raise the issue some time soon.

On a motion by Mr. Williams, seconded by Mr. Guerrero, the Committee unanimously approved the Real Estate Subcommittee Report.

6. Mr. Guerrero, in the place of Mr. Collins, Chairman of the General Administration Subcommittee, reported on the meeting held this date.

Mr. Guerrero requested approval of items 6a through 6g.

Ms. Eileen Winikates of Ernst and Young reported how the firm was requested to perform certain special procedures as it relates to the work that was performed by the law firm of Schuyler, Roche & Zwirner (SRZ) regarding the pension earnings of Robert Baughn, Howard Monroe and Anthony Jones for the years 1992, 1993, 1994 and 1995. Ms. Winikates said her office received the information on January 18, 1999. She was there to give a status update and the results they have reached at this point.

Anthony Jones - They have not received any information on Mr. Jones. Consequently, at this point nothing has been done.

Robert Baughn - SRZ provided numerous documents but the key one is an analysis summarizing overlapping hours worked for the CTA and Union by Mr. Baughn for 1994 and 1995 only. They are in agreement with the conclusions reached by SRZ. Mr. Stevens of SRZ did not perform a detailed analysis for 1992 and 1993.

Howard Monroe - Ms. Winikates stated they are in the process of completing the procedures for Mr. Monroe. She gave the Committee members a draft of the report. Mr. Collins asked if the documents on Mr. Monroe were incomplete. Ms. Winikates said they will have to be reviewed at another date.

Ms. Winikates said there is a potential overlap of hours between working for CTA and doing union business. Due to the records provided by the union it is impossible to tell how many hours or dollars are provided in the overlap.

Mr. Collins said then it is conceivable that even though Ernst & Young have gotten

it down to as narrow as day by day, it is still inconclusive when it comes to whether the actual hours overlap. He said what information we have right now cannot pinpoint if a person worked from 8 A.M. to 4 P.M. and from 4:30 P.M. to 12:30 A.M. it appeared they worked for the union and for management on the same day. Ms. Winikates said they can verify the time worked for CTA, but we cannot figure out the time from the union records where it began and ended. All we can tell is they worked for union and management on the same date. Ms. Winikates said they know the hours the individual worked, for example, driving a bus. When you take the union records, there is a point in time where there is no beginning or ending. There is no time frame.

Mr. Collins said in the case of Robert Baughn, who is not a Bus Operator, whose hours are a little more defined than a Bus Operator, what were the findings with regard to Mr. Baughn's time. Ms. Winikates said Committee members were given a copy of information which was provided by SRZ showing the time of shifts beginning November 21, 1993. She said utilizing this information and comparing CTA's attendance sheet for a particular day Ernst & Young knew Mr. Baughn worked from 5:30 to 1400 on this particular date. If this is compared with the union records, it may indicate that at 10:00 A.M. they were performing some union function so there is clearly an item that would appear to be an overlap. However, the record says 10:00 A.M. so the auditor was unable to go any further regarding hours. She discussed Attachment 1 about a summary from 1994 for Mr. Baughn. In January, it indicated the number of days worked for CTA was 5; overlap days of 2 and the specific dates in which overlap occurred. This is a detailed report by day and it shows that on January 3 eight hours were worked. The shift worked was 5:30 A.M. to 1400. What Ernst and Young did was trace that to CTA payroll records to verify. Mr. Collins reiterated that the record verified that on January 3 there was 8 hours worked for CTA. Ms. Winikates said that was correct. She discussed the exhibit and the activity for the union record. She discussed Attachment IV, the records provided to SRZ by Mr. Baughn. She discussed the shift worked and the times indicated by Mr. Baughn. Ms. Winikates said it appeared there are overlapping hours. They do not know how much time overlapped. Mr. Thomas asked Ms. Winikates how much overlapping time there is. She said they are not sure because they are not sure if the starting time is A.M. or P.M. and that is why there is a question mark on the exhibit. Mr. Collins and Mr. Morris said it is definitely 8:00 P.M. There was a question about a sheet that states 10:00 A.M. Ms. Winikates could not tell if Mr. Baughn worked on union business for 5 minutes or 5 hours. She did not know if it was the beginning or quitting time he did business. Unfortunately, Ms. Winikates said all the records they received are like that. She tried to take it a step further by looking at the union payroll check histories and there is no correlation. There is no detailed analysis showing hours worked on a specific date. She could see total hours and total pay for a month but in no way could she tie them in.

Mr. Kallianis wanted a clarification that Ms. Winikates had not received anything for Mr. Jones. She said that was correct. He said for Mr. Baughn you received information with the overlapping analysis for 1994-1995. Ms. Winikates said we have other documents we are reviewing the records as they are received from SRZ.

Mr. Morris made some comments regarding the records of Mr. Baughn. He could not understand how Ms. Winikates could complete an audit if she does not know if it is A.M. or P.M. listed on a sheet. Mr. Anosike said Ms. Winikates has made it clear that it cannot be completed without more information.

Mr. Morris said he feels that the order cannot be completed in his opinion. Mr. Anosike said she has done the best she could. Mr. Collins said as Chairman of the Committee we have to let Ms. Winikates complete this report, then we will deal with whatever we have to. Mr. Collins said she has a purpose here and we must complete that purpose before we move on.

Mr. Collins asked if there were any other questions for Ms Winikates, and she will bring in the Monroe report when it is finished.

Mr. Williams said he hoped we would not spend another 4 or 5 hours going back and forth discussing this. When we receive a complete report, we can move forward.

Mr. Thomas said it is his understanding these are the only reports that are available. It is unfortunate, but there is not enough for Ernst & Young to do a thorough investigation. He felt if these were the only documents there are, then the Committee will have to make a decision. Mr. Thomas recalled that the special documents of January Exhibit Attachment #2 he understood that this particular document may have surfaced in the presence of some CTA officials. He thought Mr. Winston was present at that meeting. Mr. Baughn clarified there were some A.M. and P.M.'s indicated. Mr. Thomas suggested the members look at Attachment IV. He said to Mr. Winston he thought he had seen this document. Mr. Winston said he heard secondhand about this report but he was not at the meeting. Mr. Thomas said Mr. Baughn worked different shifts. He worked P.M.'s, nights and also days whether it was 1994 or 1995. This probably reflects the time he was working quite a few A.M.'s and P.M.'s. Mr. Thomas said he saw a lot of A.M.'s on this report. Mr. Baughn's explanation had been acceptable so we find some of this may have been mistakenly identified.

Mr. Collins said the Committee just received the documents today and they really have not had a change to look them over. They only looked over Example I and with that one example, they cannot draw conclusions from this document. He felt in order for the Committee to do what was proper they would have to do due diligence and to make observations in order to find discrepancies with this report.

He did not want to draw any conclusions until he had a chance to look at the document.

Mr. Kallianis stated that his one concern is that at the December, 1998 meeting, the Committee had made interim payments to the three people involved in this audit so they can continue to receive benefits while the audit is ongoing. The audit is not complete and hopefully it will be complete by next month's meeting. Mr. Kallianis asked Mr. Ross how we came up with the calculation. Mr. Kallianis said his recollection of what the Committee voted on and approved was they would receive the full time equivalent of 2080 hours times the top rate they would be earning as a full time CTA employee.

Mr. Ross said they went with the W-2 earnings from 1995 on back. Mr. Kallianis felt we should look at the October minutes and the motion that passed regarding benefits to be calculated for this group of individuals.

Mr. Collins said these two benefits should be calculated with W-2 forms with the caveat that once the audit is completed, we would make decisions where we would go from there. Mr. Burke said his recollection is that the minutes were as Mr. Collins described them based on W-2 earnings with the right of adjustments should it be deemed appropriate.

A motion was made by Mr. Williams, seconded by Mr. Thomas, that we move forward and pay these individuals according to the Arbitrator's Award dictated. Mr. Kallianis asked if it would be on an interim basis until the auditor's report is complete. Mr. Williams agreed.

Mr. Anosike said the records are not sufficient. Mr. Williams said a motion is on the floor and was changed to satisfy Mr. Kallianis but if the Committee wants to make it final then my motion would be that we concur with the Arbitration Decision.

Mr. Kallianis said based on the report he heard today, he does not feel comfortable going back and approving permanent benefits to three individuals. He realized there may not be additional information Ms. Winikatis can get from whatever sources but he would like her to spend more time and finish up on Mr. Monroe's records and look through the information provided by Mr. Baughn, and he would like to make a final decision based on her "final" report. He would like to see what she considers a final report. What she distributed at this meeting she considered to be in draft form.

Mr. Thomas asked if Ms. Winikatis said she wanted to rework the report. Mr. Kallianis said no, he did not hear her say that but he did hear Mr. Collins say he wanted more time to read the report.

Mr. Kallianis said at this time we does not feel right about going ahead with a permanent benefit without having a final report from the auditor.

Mr. Thomas said if there is no more documentation, there is no more documentation Now is the time we resolve this. If there are other documents, he felt sure that these individuals would have turned them over to the auditor by this time. Even the ones they did turn over, it seemed were contrary to CTA's information. If there are no other reports, we have to make a decision and that was Mr. Thomas' position.

Mr. Anosike said the Committee need to go ahead with an adjusted benefit until this is resolved. We have not progressed any from last meeting.

Ms. Black said what she is hearing is the Committee will overrule what the Arbitrator set in place, go against that and the Committee will give these individuals an adjusted benefit regardless of what the Plan says because some Committee Members do not feel comfortable giving what the Arbitrator ruled should be given. The Arbitrator said these individuals should get W-2 earnings including June, 1996, but some members are saying they will not pay this. They will pay these individuals something less than that until they hear from somebody else. She felt they were wrong in their thinking.

Mr. Thomas said let us just say by chance we are going against the arbitration but one thing for sure he felt we were not going against the pension document. The pension document is something that has been with this Committee since 1947. You cannot adjust a person's pension. You are going to use W-2's but need a report from the Auditor. That report is here. He understood Mr. Collins wanted to have some time to read over the report. You cannot adjust benefits. I think you will not get any Court to modify a benefit. He felt that if anything is done, we continue payment until every member on this Committee is satisfied with the report. It was understood that the Auditor was to bring back some numbers, and she has indicated that she cannot get the numbers because there is not enough documentation to do what she was suppose to do.

Ms. Leonis stated that the whole Committee had hoped we would settle this after the auditor came. We did not feel we should adjust the benefits. Ms. Leonis felt a little confused why we would try and do something different from we did in the past. We already had made the decision we would give them full benefits so she did not understand why we would adjust benefits now. I do not know if we would do anything different if we are in a holding pattern waiting for the auditor to come back.

Mr Williams said when the issue first came up, there were questions whether there was overlapping or not. The records from both CTA and 241 were to the point that they were in shambles as the Arbitrator said. The Arbitrator could not make a

determination as to whether they were right or wrong. He made a decision that he was going to make some compensation or some penalty and I will do that in an arbitration award. The arbitration award actually penalized some of the union board members who normally would have received more money. The motion on the floor is to abide by the arbitration award. That is all - no more - no less.

Ms. Black said it is already in the Plan document that we abide by W-2 forms. She does not see any need for an adjustment at this time.

Mr. Collins said he wanted to restate what Mr. Williams said. What the Arbitrator told us based on "shabby records," is to throw out documents before 1995. He told us not to use them. He said use the W-2 forms from 1995 back because whatever documents CTA or the union had, they were in such disarray, they were not to be used. The documents were to be used from July, 1996. We are here to abide by the contract. This is one of clearest and simplest directions we should be able to abide by. Mr. Collins said we are not doing it and he could not understand why the members of the Committee does not see it as such.

Ms. Rayford stated if someone worked 100 hours for the union multiple that by 1.5. That was a 40% penalty. She asked the Plan Attorney if the high 5 years be would be 1996, 1997 and 1998. Because of the new calculations, an individual would be taking a 40% pay cut which would be averaged into their pension earnings. When you line up 1998 back ten years, the high four years would still be pre-1997 taking a 40% penalty. Even if all the documents were there, the high is still going to be pre-1996 taking a 40% penalty given by the Arbitrator. The Arbitrator has already cut their pension by earnings from 1996 to 1998 because if you use W-2, you would be using 1998, 1997 and 1996.

The Committee took a break at 9:40 A.M.

When the Committee resumed at 10:15 A.M., Mr. Collins brought up the motion that was on the floor

Mr. Williams withdrew his motion.

On a motion by Mr. Kallianis, seconded by Mr. Anosike, he moved that the pension benefits be calculated for the three people involved at 2080 times the top rate they would have earned as a CTA employee. There was a roll call of members as follows:

I. Thomas	No	D. Anosike	Yes
W. Black	No	S. Leonis	No
T. Collins	No	R. Winston	Yes
L. Morris	No	M. Acosta	Yes

J. Williams

No

J. Kallianis

Yes

The motion did not pass.

On a motion by Mr. Thomas, seconded by S. Leonis, he moved that the current practice on the three individuals: Messrs. Baughn, Monroe and Jones be used until such time that we can complete any unfinished business on those individuals.

Ms. Leonis suggested the Plan Attorney and/or Mr. Ross encourage the independent auditor to finish the report by the March meeting. There was a roll call of members as follows:

I. Thomas	Yes	D. Anosike	Yes
W. Black	Yes	S. Leonis	Yes
T. Collins	Yes	R. Winston	Yes
L. Morris	Yes	M. Acosta	Yes
J. Williams	Yes	J. Kallianis	Yes

The motion passed.

Mr. Ross reported on the retirements for the month of January.

Mr. Charles Walker requested retroactivity on a disability retirement to 1/1/99.
Ms. Tapling sent a letter requesting 1/1.

There was a discussion on Richard Hudson, Sharon Davis and Juan Morales.

The Plan Attorney said he could report on Sharon Davis and Juan Morales but he was not familiar with Richard Hudson.

These were two items which were discussed at the December meeting. Mr. Morales had applied for disability benefits. There had been an earlier treatment under the EAP Program for Mr. Morales and the Committee has been provided with two recent medical reports: one from Dr. Realiza regarding his medical condition. Mr. Morales was found unfit as a Bus Operator because of coronary artery disease, mild cardio infarction and recurrent angina. The Committee was given a current report which states that his disability does not relate to the alcoholism which he was being treated under the EAP Program and that is a report from Dr. Realiza and another physician. Both of them have stated that his disability is not a direct result of habitual and excessive use of intoxicants, drugs, or narcotics and it has been recommended by the physicians that we grant disability with a recurring examination.

The Plan Attorney said there had been a question at the last meeting whether Mr.

Morales had received 26 weeks of sick leave and Mr. Burke verified this with Mr. Anderson of Benefit Services, and he has received the 26 weeks of sick leave. According to the records, Mr. Burke said he is eligible for disability retirement back to June 1, 1998.

Mr. Collins said the Committee has heard the report on Mr. Morales and at this point we have to make a decision as to the suggested date of 6/1/98. Ms. Black said Mr. Morales was suppose to have been put on disability pension 6/1/97 originally pending medical. The Plan Attorney explained that the medical reports he is referencing in regard to the basis for the disability from Dr. Realiza issued July 29, 1998 and the one from the other doctor are from June 1, 1998. Both of these reports are 1998. Plan Attorney said he felt that in 1997 there was still a question of the EAP treatment. Mr. Collins felt we could go forward with that date and if there was to be an adjustment on it based on relevant documents, we can deal with those documents at a later time.

On a motion by L. Morris, seconded by I. Thomas, on the recommendation of the Plan Attorney to accept the June 1, 1998 date for Juan Morales, the Committee approved the motion.

Mr. Thomas spoke about Mr. John Jones who filed an application for disability pension a few weeks ago. He was injured on duty and has been off work for 4 or more years. He made an attempt to go back to work but had a recurrence and subsequent to that he was on worker's compensation. He feels he is entitled to a disability pension. He has a 1986 seniority day. Mr. Thomas explained to him he must have 10 years before he can get a disability pension.

Mr. Ross said he brought his file along to the meeting. On Mr. Jones application it states his disability retirement was to start on April 1, 1999 and it indicated his last day worked as September 24, 1998. Mr. Thomas said he has not drawn a pay check for 7 years. He drew the sick pay and exhausted that and went into the sick book. Mr. Ross said, according to Mr. Gates, Mr. Jones returned to work on May 1, 1998. Our records show no pension earnings in 1998. Mr. Ross will check if Mr. Jones should have been paying pensions contributions during that period when he was on disability.

The Plan Attorney spoke about the questions regarding Sharon Davis who worked in the Law Department. She started in 1987 and was on a leave of absence beginning in 1996. The leave of absence was continued from time to time. She returned to the Authority on December 14, 1998, and she made application for retirement benefits having had 10 years of service. She worked through the end of December, 1998. The question was her eligibility for pension benefits as of the end of January, 1999. The Plan Attorney looked over her file and felt she is entitled to pension benefits. She did come back to work. She made the application and

worked through the balance of the month. He felt she was entitled to benefits for which she made application. He said her date should be January 1, 1999.

On a motion by Mr. Thomas, seconded by Mr. Guerrero, the Committee unanimously approved regular retirement for Ms. Davis beginning January 1, 1999.

Mr. Ross discussed Mr. Richard Hudson. He went on disability and came back to work in February, 1991. He cashed his check and owed us for two days for 1991. Harris Bank electronically transferred a check March, 1991 to the man and the bank was able to recover the funds. The bank also wired the April check to him. They tried to recover the funds but they could not because the account was overdrawn. He owes the fund one month and two days that he received. The amount owed is \$749.52. The issue was raised that back in 1992 they sent a letter to him at home and at his work location. He brought this to the Committee to see how we should handle paying this man's retirement which started January 1, 1999.

Mr. Collins said he and Mr. Ross have had some conversations about this subject plus he has spoken to Mr. Hudson as well. Mr. Hudson, who recently retired, is in the process of waiting for his clearance check. The Committee could consider Mr. Hudson paying the Plan back once he receives the check. The question that was before us was whether or not we should take the money out of the first check he received. Ms. Leonis wanted to know why we would not. Mr. Collins said they thought this was something that could come before the Committee and also this man has been without funds since January 1. We thought we could allow the first month and make a decision on how we would proceed from there.

Mr. Morris said Mr. Hudson claimed he was unaware he owed the money. A letter was sent out in 1992 and Mr. Morris wondered why he was not told about owing this money in 1991.

Mr. Hudson is willing to pay the money back but, since he has not received any money since December, 1998, he needs his first check to pay his bills. Ms. Leonis felt the money should be deducted from his March check. Mr. Morris said he has assured us he will pay that money back from his vacation check, but if he does not, it is his recommendation, we deduct it. Ms. Rayford felt it could be deducted from this vacation check.

Mr. Collins questioned the Committee whether they should provide a full check for January, and Mr. Ross would bring this up at the next meeting and see basically what has happened. Mr. Morris told Mr. Ross that if Mr. Hudson does not pay this money by his March check, it should be deducted.

On a motion by Mr. Collins, seconded by Mr. Thomas, the Committee unanimously approved providing Mr. Hudson with his full January check and reviewing this issue

in the February meeting to see what has transpired.

Mr. Ross reported that he received a check from CTA for the remainder of the employer contributions for the full time union officers. The amount was \$57,780.40. They are paid up through 1998.

Mr. Anosike stated the only outstanding issue is in reference to the part time union officers. Mr. Collins said by the end of 1999 there is still an amount that has to be matched for the officers. Mr. Anosike said it will be paid.

Ms. Rayford asked why there were three Ameritech bills. Mr. Ross said one is the regular telephone bill, one is the hookup with the Northern Trust Passport and one is the PMS System. She also asked why there was a bill for a messenger service. Mr. Ross said if there is something out of the area, then we use the messenger service. Ms. Rayford then questioned about a computer service bill. Mr. Ross answered we upgraded our Microsoft Windows Software so that we are now Y2K compliant. Ms. Rayford asked about Northern Trust's system.

Ms. Newton said all of their systems have been completed for a few months. Their goal was to be completed by the end of December. They were ahead of schedule. They are now testing with their vendors during the next 3 or 4 months. They want everything completed by the end of June, 1999. We are on the Internet and that is up to date. Ms. Newton said they are in good shape. Ms. Newton understands the Federal Reserve is in good shape. Other departments of the Federal Government from what she heard are not in good shape. Mr. Williams suggested Ms. Newton consider getting this information back to the Committee at the next meeting.

Mr. Collins suggested based on the Committee's direction last month that since Ms. Black, Ms. Rayford and Mr. Moore are sharing responsibilities of overseeing the Pension Office, that while Ms. Rayford is over there she should check on the Y2K project. Mr. Anosike said in response to going over to the Pension Office, for the record we did not agree on that. Ms. Rayford said she only helped file and answer the telephone.

Mr. Thomas said he had no problem with any one on the Committee going to the Pension Office. This area is not restricted to Committee Members. If you have a problem, let Mr. Thomas know. Mr. Anosike said he has no problem with anyone checking on things, but the problem is that if you have 10 people from here going over there giving directions, you are not going to have a clear method of authority.

Until we agree, no one from this Committee should go over there. Ms. Rayford said she came to the Pension Office for many years on a regular basis any way because there are things she has to do regarding 308 pensioners. That has always been that way for the last 20 years.

Mr. Thomas said no one is suppose to go over to the Pension Office and give any

directives. No one should deal with calculations or the administrative part. If anyone see that, it should be brought to his attention or the Committee.

Mr. Anosike said he did not agree and did not think it is proper for anyone giving directions to the employees in that department. Mr. Thomas answered that is what I just said.

Mr. Collins said it was his mistake that the Committee got off on this tangent. He thought he had heard those three people were going over there. He agreed it is as Mr. Anosike said, there is no directive for anyone at this point. At best it is just someone going to the office showing some sort of physical presence.

Ms. Rayford wanted to know if she still has permission to operate as she has in the past. Mr. Collins said he did not feel there was an issue on what she did on a normal, regular basis.

Mr. Thomas said there was one other item he wanted to mention concerning the Pension Office. He could not accept the responsibility of not having anyone in charge of the Pension Office. He told how he faxed a letter to the Pension Office Staff informed the staff that Wayne Ross will be the overseer of the Pension Department until we work through our disagreements with the Chicago Transit Authority. This is a temporary situation because he felt Mr. Ross did not want this. He told Mr. Ross if he needed assistance, he should call the Committee.

Mr. Thomas said the Pension Office is understaffed. He is trying to get a Receptionist over there even if it is on a temporary basis.

Mr. Collins discussed the seven individuals who are Union Board Members who were given a 1/1/99 retirement date.

Ms. Leonis made a motion that the seven individuals be given the same courtesy as the other three union board members. The motion was withdrawn.

The names of the seven union board members are: T. Kato, A. Williams, D. Bishop. C. Robertson, H. McGhee, D. Washington and L. McCollum, (according to Mr. Collins Mr. McCollum's request to use the Healy Award to determine what his benefits will be. He wants to use July, 1996 forward. He wants to use 1996, 1997 and 1998 as 3 of the years along with 1990. Therefore, the award will have to be the basis by which Mr. McCollum's pension is calculated.

On a motion by Mr. Kallianis, seconded by R. Winston, the interim benefit for these seven individuals until the audit or a decision by the Committee is completed should be calculated at 2080 hours full time equivalent to the top rate of their classification.

The vote was as follows:

I. Thomas	No	D. Anosike	Yes
W. Black	No	S. Leonis	No
T. Collins	No	R. Winston	Yes
L. Morris	No	M. Acosta	Yes
J. Williams	No	J. Kallianis	Yes

The motion failed.

On a motion by Ms. Leonis, seconded by I. Thomas, the seven individuals should be treated the same as the last three individuals with the exception that the auditor should make recommendations to this Committee within 60 days.

Mr. Thomas amended the motion to include that it is at the sole discretion of the individuals to turn over their files.

The vote on the amendment was as follows:

I. Thomas	Yes	D. Anosike	No
W. Black	Yes	S. Leonis	No
T. Collins	Yes	R. Winston	No
L. Morris	Yes	M. Acosta	No
J. Williams	Yes	J. Kallianis	No

Ms. Leonis had a question about the motion and the amendment added by Mr. Thomas.

Mr. Thomas said he supported the motion but added the amendment. Ms. Leonis said she could not vote yes on the amendment because she cannot say it is right that individuals do not turn over information if they have it. If they do not have any information, that is different. Ms. Leonis asked what the first three did about information. Mr. Collins said they voluntarily provided information and if we are to be consistent with how things were done, then we have to take that into account. Ms. Leonis hoped that the other seven would voluntarily turn over any information. If they do not have any information, then they will tell us.

Mr. Thomas said the union's position has always been that they should not have to turn over anything CTA asks for. I feel that it is up to an individual to give it to an auditor. He said if someone wants to supply the information that is up to them, but I do not feel it is the union's responsibility to tell them to turn it over. There was a discussion between Ms. Leonis and Mr. Thomas regarding the amendment Mr. Thomas wants to add to the motion. Mr. Thomas did not feel it was in his best interest to lock anyone in. Ms. Leonis said it is understandable if someone does not

have records, but she would not feel right putting it in the motion that they do not have to give records they have. If they decide not to give records, that is their decision but she could not put it in the motion. Mr. Thomas said he cannot support the motion without his amendment.

Mr. Guerrero asked if the seven union board members are subject to the audit also. He was not aware that the seven are also subject to the audit. He thought it was only the three.

The main motion according to Mr. Williams is that the seven have to become part of the same project as the three. Mr. Collins said the nature of the motion on the floor at the moment directly brings the issue into focus.

The Plan Attorney explained to Mr. Guerrero that at the September 22, 1998 meeting of the Committee it stated: "On motion by Mr. Sanford, seconded by Mr. Williams, the committee unanimously approved the motion that the Retirement Allowance Committee take a look at calculations where benefits are derived from two different sources by the officers and bring the results back to the Committee." The auditors will identify a separate fee for this particular audit and the final disposition would rest on the Committee, the Committee approved the motion."

Mr. Collins said the conversations we had in September were directed at the three individuals. We did not discuss these other individuals until the December Meeting. What was said at that meeting was inconclusive. He did not think that in retrospect that anyone here can say that what we did in that September meeting was designed to deal with anyone other than the three individuals that were there before us at that time.

Ms. Black said she does not remember the subject being brought up about the seven regarding an audit. This is the first time she remembered the subject being brought up and then being subject to a "audit". She gave what she had in the office on the seven people to Ernst and Young.

Mr. Winston said the language was specific. It provides a procedure to address all of the part time board members who had more than one source of income that was eligible for pension and it was based on that and the fact the procedure had been established. He did not think it is appropriate that the Committee should change what was voted on and agreed to by the Committee. Mr. Morris felt it did not establish a procedure for the future.

Mr. Thomas said in order to change what we have done since 1947, you cannot take these Minutes and change them. You have to adopt rules in order to change the pension plan. We did a special audit on three people but that does not change the procedure. It should not be done forever and a day.

Mr. Burke said there is a consensus that these individuals are encouraged to turn over records. The Union wants to make it very clear that is not an obligation incumbent upon the Union first of all because these are individual records and does not want it to be something these individuals are obligated to do. Mr. Burke suggested that the motion would simply say -- the process of the review of these individuals' work records would be through Ernst & Young, and they would do their procedures and the Committee would elicit the cooperation of all the parties involved. The determination of pension eligibility for these seven individuals would be processed through Ernst & Young within 60 days and the cooperation of these individuals will be elicited.

Ms. Leonis said if they cooperate or if they do not, it is up to Ernst & Young to come back in 60 days and tell us they do or do not have the information and it will be up to the Committee to make the final determination. At least she said Ernst & Young are an independent advisor. She felt it should be in their hands.

Mr. Burke said these seven individuals will be encouraged to cooperate in Ernst & Young's audit process during this 60 days by turning over their records. These seven will get the benefits on the combined W-2's just like the first three gentlemen. During the first 60 days Ernst & Young will do their audit. They have CTA records regarding the employment history of these individuals because they have been turned over. Ernst and Young are obligated to report on the records they have before them. They will look at the CTA records, and they are looking for these individuals to cooperate. If they do not cooperate and turn over some records, Ernst and Young will report back to us which records were made available to them.

Mr. Thomas said he did not care how the Committee looks at it but these individuals are on pension, and we have to pay them. We cannot stop a check to them.

Ms. Leonis stated that she felt everyone at the meeting wants them to receive a check. We will not say publicly that these individuals do not have to turn over records. We have hired this independent auditor to look at these individuals. Ms. Leonis said she has assumed there is nothing wrong, and Ernst & Young will come back and tell us that.

Mr. Williams asked Ms. Black if she had provided information on these seven individuals. She said she did. The Plan Attorney said for the record Ms. Black said she turned over all the information she has. Mr. Williams asked Ms. Black if she turned over the same information she turned over for the other board members to the auditor. Ms. Black said she did

Mr. Collins said there is a motion on the floor. Ms. Leonis said she would withdraw her motion.

The Plan Attorney suggested the following motion.

The seven individuals will be paid with the combined W-2 for the next two months - January and February subject to the right of back charge should the Committee so wish. That payment will end with the check at the end of February.

These individuals will be encouraged to cooperate in the audit process set up with Ernst and Young that was followed with regard to the first three individuals.

On a motion by Ms. Leonis, seconded by Mr. Thomas, she moved that the seven individuals will receive an amount of pension benefit based upon a combination of their W-2's for the months of January and February subject to the right of a back charge at the conclusion of the audit process. The Committee requests a report within 60 days from Ernst and Young on their audit of the pension eligibility issue for these seven individuals. The auditors will receive whatever information is provided to them in a confidential basis solely for the purpose of the audit and the information so received will be returned to the senders of the information, and the seven individuals are encouraged to participate in the audit process.

Mr. Collins asked does the motion compel us to act based on the auditor's report or does that motion allow us to review the auditor's report and reach our own conclusion. The Plan Attorney said it is up to the Committee to make the evaluation.

The vote was as follows:

I. Thomas	Yes	D. Anosike	Yes
W. Black	Yes	S. Leonis	Yes
T. Collins	Yes	R. Winston	Yes
L. Morris	Yes	M. Acosta	Yes
J. Williams	Yes	J. Kallianis	Yes

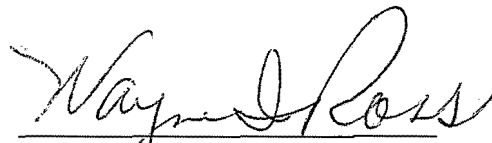
The motion passed.

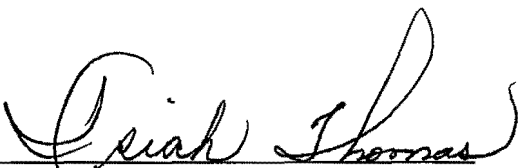
On a motion by Mr. Guerrero, seconded by Mr. Thomas, the Committee unanimously approved the General Administration Subcommittee Report.

7. Old Business - None
8. New Business - Mr. Thomas discussed a shortage in personnel at the Pension Office. There was a job posted but it came down, and whatever is necessary should be done to get adequate staffing at the Pension Office. These are union jobs that we are speaking of but he was not pushing them because they are union jobs but because we have a fiduciary responsibility to make sure that the Pension Office is staffed in

an adequate manner. He asked for the Committee's help in filling those open positions. We should not have to rely on the CTA for help in filling these jobs that is up to the Committee but he did feel some assistance was needed from CTA. Ms. Black explained the procedures followed when a job was posted and applicants then came for an interview to the Pension Office and two committee members would interview the person. If they thought the person met the qualifications, the person was put in that job. That was made with the approval of this Committee after the candidate was selected. Mr. Thomas asked Mr. Burke to write the CTA telling the Pension Office is shorthanded and asking for those jobs to be posted immediately. Mr. Thomas said the positions are a receptionist and 2 pension representatives.

9. Executive Session
10. Adjournment - There being no further business, the Committee adjourned at 12:15 P.M.


Wayne I. Ross


Chairman, Retirement Allowance Committee

Dated: 2/25/99

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