

**RETIREMENT PLAN FOR CTA EMPLOYEES**

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**NOTICE**

**TO: Retirement Allowance Committee Members and Alternates**

**FROM:**

  
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**John V. Kallianis**  
**Executive Director**

**DATE: August 21, 2001**

**RE: RETIREMENT ALLOWANCE COMMITTEE MEETING**

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This is to announce that the meetings listed below will be held Tuesday, August 28, 2001 at the Northern Trust Company, 50 S. LaSalle Street, in the Director's Dining Room on the 6<sup>th</sup> floor. The agenda for the full Retirement Allowance Committee Meeting is attached.

- The Subcommittee on General Administration at 8:30 A.M.
- The Investment Subcommittee will immediately follow the Subcommittee on General Administration.
- The Real Estate Subcommittee will immediately follow the Investment Subcommittee.
- The Retirement Allowance Committee Meeting will immediately Follow the Real Estate Subcommittee.

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

JVK:gmb  
attachment

**AGENDA**  
**For the 631<sup>st</sup> Retirement Allowance Committee Meeting of**  
**August 28, 2001**

1. Meeting will be called to order at 8:30 A.M., Northern Trust Co., 50 South LaSalle Street, Directors' Dining Room, 6<sup>th</sup> floor.
2. Roll call
3. Approval of the Minutes of the 630<sup>th</sup> meeting held July 24, 2001.
4. Investment Subcommittee
  - a.) Status on overall Plan rebalancing
  - b.) Fund of fund managers
5. Real Estate Subcommittee
  - a.) No new business
6. Subcommittee on General Administration
  - a.) Announcement of deaths reported since last meeting.
  - b.) Presentation of pre-retirement surviving spouse allowances for approval.
  - c.) Presentation of new retirement applications for approval.

*Thomas B. Warchol #35485* applied for disability allowance Effective 09-01-01 and is requesting retroactivity to 07-01-01.  
*Manuel D. Ramirez #4384* applied for disability allowance effective 09-01-01 and is requesting retroactivity to 08-01-01.  
*Diane E. Storey-Dogan #24668* applied for disability allowance Effective 09-01-01 and is requesting retroactivity to 08-01-01.  
*Marvin W. Barborek D-3597* – originally applied for disability allowance as a one time payment (11-01-00 thru 05-31-01). He has not returned to work and will begin receiving monthly disability allowance benefits retroactive to 11-01-00.
  - d.) Presentation of death benefits for approval.
  - e.) Presentation of refunds of contributions for approval.
  - f.) Presentation of bills and remittances for approval.
  - g.) *Israel Cruz #8902* returned to work from disability on 05-16-01.
  - h.) *Obie Dean #3141* returned to work from disability on 05-02-01.

**AGENDA**  
**For the 631<sup>st</sup> Retirement Allowance Committee Meeting of**  
**August 28, 2001**

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- i.) William Ward #9838 returned to work from disability on 07-30-01.
- j.) Status on hiring Receptionist/Clerk and Retirement Clerk.
  
- 7. Old Business
  - a.) Part-time union officials
  
- 8. New Business
  - a.) Presentation of actuarial assessment for 01-01-2001 (Watson Wyatt).
  - b.) Administration of pension benefits
  
- 9. Executive Session
  
- 10. Adjournment

## **The 631<sup>st</sup> Retirement Allowance Committee Meeting for the Retirement Plan for Chicago Transit Authority Employees.**

### **I. Full Meeting Minutes**

A regular meeting of the Retirement Allowance Committee was held on August 28, 2001 at The Northern Trust. The Chairman and the Executive Director were present. A quorum being present, the meeting was called to order at approximately 10:30 a.m..

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

Linda Fuller as an Alternate for Marcel Acosta

Dennis Anosike

Marcellus Barnes

Wanda Black

Loid Brown

Pam Beavers as an Alternate for Sue Leonis

Claudette Ogletree

Lynn Sapyta

Jerry Williams

Richard Winston

On a motion by Ms. Black, the minutes of the 630<sup>th</sup> meeting were approved.

### **General Administration Subcommittee Report**

A brief report was given by Mr. Barnes on the General Administration Subcommittee Meeting. The report of the Subcommittee, including items 6a through 6j on the subcommittee agenda, which dealt with various benefits, bills and remittances was approved on a motion by Ms. Ogletree.

### **Investment Subcommittee Report**

Mr. Winston gave a brief report on the issues addressed at the Investment Subcommittee Meeting. Mr. Winston also indicated that the Investment Subcommittee approved the Fund of Funds allocations, and the report of Ms. Burke on the performance of the Fund. The report on the Subcommittee meeting was approved on a motion by Mr. Brown.

### **Real Estate Subcommittee Report**

There was no business in front of the Real Estate Subcommittee.

### **Old Business**

Ms. Black gave the Committee a brief update on the Part- Time Union Official Issue. The Committee was updated on the meeting that was held at the Northern Trust offices the previous week. Ms. Black indicated that she thought the most of the issues related to this matter were fairly close to being resolved. Information with regard to hours worked and pay for those hours was requested by Mr. Kallianis in order for the Committee to look at estimates of retirement allowances for several people. The next meeting cannot be scheduled until this information is received by the Retirement Plan Offices.

On a motion by Ms. Ogletree, the Committee approved the report given by Ms. Black.

### **New Business**

There was a brief presentation given by Mr. Kivi and Mr. Speelman of Watson Wyatt (WW) on the alliance between Watson Wyatt and Gabriel, Roeder Smith (GRS) and how it would potentially affect our fund. Mr. Kivi indicated that GRS had acquired the Public Plan actuarial work from WW and that we would now be a client of GRS with respect to future actuarial work, if we chose to remain with GRS.

There was then a report given by Mr. Kivi and Mr. Speelman on the actuarial assessment of the Plan for 1/1/2001. Mr. Kivi and Mr. Speelman indicated that, because of new assumptions that need to be made, the plan's funding ratio had dropped and would continue to drop in the future. Mr. Kivi also indicated that the current assumption on health care costs had not changed because there was no increase passed on to the Retirement Plan yet. He further indicated that the Retirement Plan would face significant decreases in the funding ratio in the future due to actual increases in health care costs that had not been taken into account by the Plan. The study of the plan assumptions and the report are attached as part of the minutes.

The Committee then asked Mr. Kallianis to get some additional information to them with regard to the WW/GRS alliance and bring it to the September Board meeting.

The Retirement Allowance Committee meeting was adjourned at approximately 11:00 a.m. on a motion made by Mr. Barnes.

### **Executive Session**

There was an executive session held to discuss the status of new hires in the Retirement Plan Office and the recent agreement reached by the CTA and Local 308.

## **II. General Administration Subcommittee Minutes**

A regular meeting of the General Administration Subcommittee was held on August 28, 2001 at The Northern Trust. The Chairman and the Executive Director were present. A quorum being present, the meeting was called to order at 8:40 a.m..

Mr. Barnes presented for approval items 6a through 6j, including the pre-retirement surviving spouse allowances, the regular retirements, disability retirements, death benefits, refunds of contributions and payment of bills and remittances. Mr. Barnes stated that the total of bills and remittances for the month was \$4,297,162.80.

On a motion by Ms. Black the various benefits, bills and remittances including items 6a through 6j. were approved for payment by the Subcommittee.

The Subcommittee on General Administration was adjourned on a motion made by Mr. Ms. Black.

### III. Investment Subcommittee Minutes

A regular meeting of the Investment Subcommittee was held on August 28, 2001 at The Northern Trust. The Chairman of the Subcommittee and The Executive Director were present. A quorum being present, the meeting was called to order at 8:55 a.m..

Gwelda Swilley-Burke from Gray and Company gave the Investment Subcommittee an update on the Performance of the Fund via the 2<sup>nd</sup> Quarter, 2001 Performance Report. Ms. Burke went over the domestic and international economic conditions generally and then gave specific results for investment managers. Ms. Burke specifically went over the managers that had significantly over- or under-performed their peers.

Ms. Burke indicated that she and Mr. Kallianis had discussed bringing in Investment Managers for regular updates on the performance of each of their portfolios. Mr. Winston indicated that he would like to begin this process again, now that the Committee had completed the re-balancing effort.

Mr. Winston then asked the representatives from the Marco Consulting Group to give a brief summary of the meeting that the Investment Subcommittee had held on the previous Friday to interview prospective Core, Fund of Fund Private Equity managers.

Marco Consulting had narrowed down the list of Fund of Fund managers to interview into two sets of Fund "types". The first fund group was a Large, Core group of funds including West AM, Bank of America, Adams Street and Mesirov Financial. The second group were smaller, specialty funds including Credit Suisse First Boston and Muller and Monroe.

After Mr. Davis from Marco summarized the funds again, Mr. Winston indicated that he and the Subcommittee recommended an additional investment of \$25 million in Mesirov's Fund of Fund product and \$35 million in Adams Street Partners Fund. Mr. Winston also recommended on behalf of the subcommittee that \$5 million each be committed to the Muller and Monroe fund and the Credit Suisse First Boston fund.

On a motion by Mr. Williams, the Subcommittee approved the recommended allocation of funds as Committee Directed Accounts per the recent change in the Trust Agreement.

Mr. Burke then explained that some of the Retirement Allowance Committee members had already signed a "Statement of Fiduciary Standards" and suggested that all of the Committee members may want to consider signing a statement like this, given the changing role of the Committee with regard to "Committee Directed Accounts". After some discussion, the Committee asked that Mr. Burke provide Mr. Kallianis with a sample of the statement to be distributed prior to the next meeting for discussion.

The Subcommittee on Investments was adjourned on a motion made by Ms. Black.

#### **IV. Real Estate Subcommittee Minutes**

There was no business for the Real Estate Subcommittee.

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Executive Director

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Chairman