

RETIREMENT PLAN FOR CTA EMPLOYEES

10 SOUTH RIVERSIDE PLAZA

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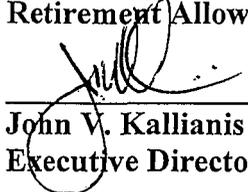
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NOTICE

TO: Retirement Allowance Committee Members and Alternates

FROM:



John V. Kallianis
Executive Director

DATE: September 18, 2001

RE: RETIREMENT ALLOWANCE COMMITTEE MEETING

This is to announce that the meetings listed below will be held Tuesday, September 25, 2001 at the Northern Trust Company, 50 S. LaSalle Street, in the Director's Dining Room on the 6th 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 632nd Retirement Allowance Committee Meeting of
September 25, 2001

1. Meeting will be called to order at 8:30 A.M., Northern Trust Co., 50 South LaSalle Street, Directors' Dining Room, 6th floor.
2. Roll call
3. Approval of the Minutes of the 631st meeting held August 28, 2001.
4. Investment Subcommittee
 - a.) Fiduciary Statements
 - b.) AMG/Friess
5. Real Estate Subcommittee
 - a.) Designation of "Committee Directed Accounts".
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.

***Drake E. Atkins #6519** applied for disability allowance effective 10-01-01 and is requesting retroactivity to 09-01-01.
Johnny P. Holifield #665 applied for retirement effective 09-01-01 and revoked the retirement application on 08-27-01.*
 - d.) Presentation of death benefits for approval.
 - e.) Presentation of refunds of contributions for approval.
 - f.) Presentation of bills and remittances for approval.
7. Old Business
 - a.) Part-time union officials
 - b.) Retirement Plan Benefits
 - c.) Gabriel, Roeder Smith/Watson Wyatt

AGENDA
For the 632nd Retirement Allowance Committee Meeting of
September 25, 2001

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8. New Business
None
9. Executive Session
10. Adjournment

The 632nd 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 September 25, 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:

Pam Beavers as an Alternate for Marcel Acosta
Dennis Anosike
Marcellus Barnes
Wanda Black
Loid Brown
Sue Leonis
Claudette Ogletree
Lynn Sapyta
Jerry Williams
Richard Winston

On a motion by Ms. Ogletree, the minutes of the 631st 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 6f on the subcommittee agenda, which dealt with various benefits, bills and remittances was approved on a motion by Ms. Black.

Investment Subcommittee Report

Mr. Winston gave a brief report on the issues addressed at the Investment Subcommittee Meeting, including the September 11th events' effect on the economy and the merger of AMG/Friess. The report on the Subcommittee meeting was approved on a motion by Ms. Sapyta.

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. Ms. Black indicated that she thought the most of the issues related to this matter were fairly close to being resolved. Mr. Kallianis reminded the Committee that information with regard to hours worked and pay for those hours was requested of Local 308 and Local 241 in order for the Committee to look at estimates of retirement allowances for several people. The next meeting related to this matter cannot be scheduled until this information is received by the Retirement Plan Office.

New Business

There was no new business.

The Retirement Allowance Committee meeting was adjourned at approximately 10:40 a.m. on a motion made by Mr. Brown.

Executive Session

There was no need for Executive Session.

II. General Administration Subcommittee Minutes

A regular meeting of the General Administration Subcommittee was held on September 25, 2001 at The Northern Trust. The Chairman and the Executive Director were present. A quorum being present, the meeting was called to order at 8:35 a.m..

The Committee heard a brief presentation by representatives of Gabriel, Roeder, Smith and Company (GRS), including Norm Jones, Mike Kivi and Nancy Kerman. The three representatives of GRS gave the Committee some background information on the firm and the alliance with Watson Wyatt. The Committee members asked some general questions of GRS such as, how many other public pension plans they consulted for and how many of Watson Wyatt's clients had agreed to move to GRS from Watson Wyatt. Mike Kivi indicated that he would get Mr. Kallianis a proposal including the scope of work and the cost for Actuarial services.

Mr. Barnes presented for approval items 6a through 6f, 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 \$4,365,873.29.

Mr. Kallianis then asked Mr. Burke to give a brief summary of a letter he had sent to Mr. Kallianis at the Committee's request. The letter was an explanation of why the Pension Office could not effectuate the agreement between the Authority and Local 308, unless and until Local 241 agreed to those terms in writing.

Mr. Anosike then spoke of the importance of the agreement between the Authority and Local 308 and opened up the floor for discussion on the matter. Ms. Leonis, Ms.

Sapyta, Mr. Williams and Mr. Anosike all spoke in favor of the agreement that had been reached between Local 308 and the Authority. All indicated that they thought the agreement was fair for both the union(s) and the Authority and that the Pension Fund was not adversely affected by the proposal. They urged Local 241 to approve the agreement with Local 308, as it related to Pension matters.

Mr. Barnes and Ms. Black indicated that they would like to be very cautious with regard to implementation of any agreement on the Pension Fund. Mr. Barnes was particularly concerned about the recent downturn in the stock market and how this agreement might cause the Pension Fund to be further weakened by the benefits proposed in the Authority's agreement with Local 308. Ms. Black was concerned because the separation of Locals 241 and 308 in the negotiations was unprecedented and that the International had directed the Locals to work together to come to an agreement with the Authority. Ms. Black further indicated that any attempt to pay out different benefits to members of Local 308 would result in a lawsuit being brought upon the Plan by the International ATU and Local 241.

Mr. Kallianis then asked Mr. Burke if there was a way that all CTA employees could receive the Pension benefits agreed to by Local 308 and the Authority without having the wages and working conditions portion of the contract finalized. Mr. Burke indicated that the Pension Plan document was a separate issue altogether from the wage and working conditions agreement and that it could be amended by agreement of the three parties without the wage and working conditions portion being finalized.

Mr. Burke again clarified the role of the Retirement Allowance Committee (RAC) in this matter. He pointed out that the RAC administers the Plan after the terms and conditions have been collectively bargained between the Authority, Local 241 and Local 308. Mr. Burke indicated that the RAC did not have the authority to adopt changes to the Pension Plan.

Mr. Anosike finished the discussion on the agreement between Local 308 and the Authority by saying that he thought it was an agreement that would make the CTA and the Fund stronger. He also said that active employees of the CTA and retirees collecting benefits from the Plan were being harmed by the failure to agree to terms on the Pension Plan.

On a motion by Mr. Brown the various benefits, bills and remittances including items 6a through 6f were approved for payment by the Subcommittee.

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

III. Investment Subcommittee Minutes

A regular meeting of the Investment Subcommittee was held on September 25, 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 9:25 a.m..

Mr. Winston asked Mr. Day and Mr. Davis from the Marco Consulting Group and Mr. Gray from Gray and Co. to share with the Committee their views on the aftermath of the attacks on America on September 11, 2001.

Mr. Davis, Mr. Gray and Mr. Day indicated that the Investment Managers that manage money for the CTA Retirement Plan were not affected.

They also indicated that the market had dropped significantly after reopening the following Monday. They indicated that the temporary closure of the market was a way to lessen the volatility that we experienced immediately after reopening. If the markets had opened immediately, the feeling of panic may have overwhelmed logic.

Mr. Kallianis reported to the Committee that he had spoken to Mr. Burns at the Townsend Group and he had indicated that the CTA Fund had no interests in any of the buildings immediately surrounding the World Trade Center.

Mr. Day also shared some past performance numbers with the Committee on market performance immediately following major events in the past including the assassination of President Kennedy and the attack on Pearl Harbor. He indicated that the market had generally recovered in a matter of time after each of these events.

Mr. Davis, Mr. Gray and Mr. Day also indicated that the recent acquisition of a 51% interest of Friess Associates by AMG should not affect our account in a negative manner. They indicated that Friess has been one of our better managers and that this change does not appear to have an impact on our investment with Friess, but that they would keep abreast of any changes in the future.

The Subcommittee on Investments was adjourned on a motion made by Mr. Williams.

IV. Real Estate Subcommittee Minutes

There was no business for the Real Estate Subcommittee. Mr. Kallianis reported that Mr. Burns from the Townsend Group would be joining the Committee at it's October meeting to give a report on 2nd Quarter, 2001 Real Estate.

Executive Director

Chairman