

RETIREMENT PLAN FOR CTA EMPLOYEES

10 SOUTH RIVERSIDE PLAZA

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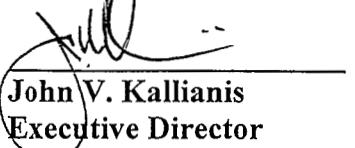
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NOTICE

TO: Retirement Allowance Committee Members and Alternates

FROM:


John V. Kallianis
Executive Director

DATE: January 14, 2002

RE: RETIREMENT ALLOWANCE COMMITTEE MEETING

This is to announce that the meetings listed below will be held Tuesday, January 22, 2002, at the Northern Trust Company, 50 S. LaSalle St. 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 636th Retirement Allowance Committee Meeting of
January 22, 2002

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 635th meeting held December 18, 2001.
4. Investment Subcommittee
 - a. Manager Presentation – ARK Venture Capital
 - b. SSARIS/RXR
5. Real Estate Subcommittee
No New Business
6. Subcommittee on General Administration
 - a.) Announcements of deaths reported since last meeting.
 - b.) Presentation of pre-retirement surviving spouse allowances for approval.
 - c.) Presentation of new retirement applications for approval.

Harold McMath #13075 applied for disability effective 12-01-01 – not eligible until 01-01-02.

Pedro Muriel #23506 applied for disability allowance effective 02-01-02 and is requesting retroactivity to 12-01-01.

Jose Ramos #13820 applied for disability allowance effective 02-01-02 and is requesting retroactivity to 01-01-02.

Emmett J. Rucker #26415 applied for disability allowance effective 02-01-02 and is requesting retroactivity to 11-01-01.

Wilfred Samuels #7389 applied for disability allowance effective 02-01-02 and is requesting retroactivity to 07-01-01.

- 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

AGENDA
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8. New Business
 - a.) IRS Determination Letter
9. Executive Session
10. Adjournment

The 636th 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 January 22, 2002 at The Northern Trust. The Chairman and the Executive Director were present. A quorum being present, the meeting was called to order at approximately 10:00 a.m..

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

Dennis Anosike
Marcellus Barnes
Wanda Black
Loid Brown
Claudette Ogletree
Lynn Sapyta
Jerry Williams
Richard Winston

On a motion by Ms. Black, the minutes of the 635th 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 Mr. Winston.

Investment Subcommittee Report

Mr. Winston gave a brief report on the Investment Subcommittee Meeting, including the presentation by the ARK Venture Fund and the financial report given by Mr. Ross. The report on the Subcommittee meeting was approved on a motion by Ms. Ogletree.

Real Estate Subcommittee Report

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

Old Business

There was no old business on the Agenda. Ms. Black asked that the Part-time union officials item be put on the February meeting agenda.

New Business

Ms. Black brought up the concerns that she had as the President of Local 241 regarding the open enrollment process that the CTA had recently gone through. Ms. Black stated that her office received numerous phone calls from active and retired employees regarding the confusion created by the short time period allowed for open enrollment. Ms. Black suggested that the administration of benefits for retirees be handled by the Pension Office.

Mr. Barnes and Ms. Ogletree then brought up concerns about the calls that they had received from active and retired employees who could not refill prescriptions due to the confusion created from the open enrollment period.

Mr. Kallianis indicated that there was a meeting scheduled for Thursday, January 24th between the CTA Benefit Services Department and the Pension Office to try to reconcile all of the retirees' coverage issues. Mr. Kallianis indicated that Ms. Rayford had been working closely with Mr. Wall at Benefit Services and that they had already solved many of the individual concerns that had arisen during the course of the open enrollment.

Mr. Anosike then noted for the record that Ms. Black had made the request for the administration of benefits to be done at the Pension Office and that they should await the outcome of the meeting.

Mr. Williams then brought up the issue of the Local 308 contract and the fact that there was a failed vote at the November 2001 meeting to implement the pension-related terms of the contract. Mr. Williams also indicated that there was a failed vote in December 2001 to implement the pension-related terms of the Teamsters contract.

Mr. Williams asked Mr. Burke what his position was on the arbitration that was due to begin as a result of these failed votes. Mr. Williams referred to letters that Jim Daley, an attorney for the CTA, had written to Mr. Burke regarding the Committee's role in the issue and the need for an arbitrator to be selected by the Union members of the Committee.

Mr. Burke explained that there was a need for Local 241 and Local 308 to jointly select an arbitrator and that the Committee could suggest that they do that, but that there was really no role for the Committee in the selection of the arbitrator.

Ms. Black then indicated that, even though the CTA had moved ahead with the implementation of the contract with Local 308, she did not want to have separate pension benefits for Local 308 members or any other parties in the Pension Fund. She further stated that she did not believe that the CTA had a contract with Local 308 because Local 241 had not signed onto the agreement.

Mr. Burke then reaffirmed his opinion that, until such time that there is a signed agreement between the CTA and Locals 241 and 308, the Committee could not effectuate anything.

Mr. Williams then indicated that the arbitrator needed to be appointed to get this process started.

Mr. Anosike asked Mr. Burke if Local 241 and Local 308 could be compelled to appoint an arbitrator. Mr. Burke indicated that it would be possible that a court would have to step in and appoint an arbitrator for the Locals if they could not agree on the appointment.

Mr. Barnes then asked Mr. Burke how, if the motions to implement the pension benefits for Local 308 and the Teamsters were made out of order, the issue could be arbitrated. Mr. Burke said that the question of whether the issue was even appropriate for the arbitrator, would likely be considered during the arbitration.

Mr. Barnes then asked what the trade unions were "me-too-ing" if there was no agreement on Pension benefits between Local 241 and the CTA. He further asked if they were asking for the same benefits that Local 308 was pursuing or if they had their own set of pension-related requests. Finally, he asked if the Trustees could get a copy of what the trade unions were asking for as it relates to the pension plan.

Mr. Williams then stated that he thought everyone involved in the pension should get the improved pension benefits that had already been agreed to by the CTA and Local 308. Mr. Williams then asked Mr. Burke to clarify whether or not he had ruled the original October 2001 motion made by Mr. Carter "out of order." Mr. Burke responded that he had advised at the time that he didn't think the motion was in order.

Mr. Burke then said that he advises the Committee and that his advice is not binding upon the Committee. He further indicated that, at the time of the motion, he advised the Committee that he thought the motion was not in order and the Chair chose not to accept the advice and to allow the motion to proceed, which is the right of the Chair and the Committee.

Mr. Williams then stated that if the unions were not able to resolve this issue and to jointly appoint an arbitrator, that it was likely that a judge would have to be asked to step in and appoint an arbitrator as Mr. Burke had indicated earlier.

The Retirement Allowance Committee meeting was adjourned at approximately 9:45 a.m. on a motion made by Ms. Ogletree.

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 January 22, 2002 at The Northern Trust. The Chairman and the Executive Director were present. A quorum being present, the meeting was called to order at 8:45 a.m..

Mr. Barnes presented for approval items 6a through 6f, including the pre retirement surviving spouse allowances, the regular retirements, disability allowances, 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 \$4,233,338.54.

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. Williams.

III. Investment Subcommittee Minutes

A regular meeting of the Investment Subcommittee was held on January 22, 2002 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 9:00 a.m..

Mr. Winston asked that Mr. Burke explain the IRS Determination Letter issue, which had been moved from the "New Business" section of the agenda to the Investment Subcommittee agenda. Mr. Burke explained that the current IRS determination letter that the Plan has on file is somewhat dated and that it would be appropriate for us to apply for a new determination letter.

Mr. Burke further explained that the determination letter is sometimes requested by auditors and that it amounts to the IRS's "determination" that the administration of our Plan complies with the written plan and complies with IRS guidelines. He asked that the Committee authorize an application to the IRS for a new determination letter. On a motion by Ms. Sapyta, the Committee authorized the application for a new determination letter to the IRS.

Mr. Winston then asked for representatives from Marco and Gray to come into the meeting, along with representatives of ARK Venture Capital. Mr. Davis from Marco explained that ARK was the first of all of our managers to present at the Committee.

Mr. Xcylur Stoakley from ARK Capital began the presentation by talking about the current private equity environment and gave a description of how the ARK fund originated. Mr. Stoakley also gave the Committee an update on their current investments, including information on Nina International, China Online, Public Access Lighting, Dock's Great Fish, Shoebilee, Synovial, Winnfield and License Online.

The Committee then discussed the presentation by ARK Venture Capital between themselves and with Marco and Gray. Mr. Williams asked that Mr. Kallianis distribute the schedule for upcoming manager presentations. Several Committee members asked questions regarding the handouts that ARK provided. The questions included the effect of the terrorist attacks of September 11, 2001, the market value of each of the holdings and the projected IRR's.

Based on some of the discussion following ARK's presentation, Mr. Winston suggested that the consultants put together a list of questions to be sent to the presenting managers so that they would be ready to answer questions prior to coming to the Committee meetings.

Ms. Black then mentioned that she met with Piedmont Investment Advisors. She asked that the consultants review the product(s) offered by Piedmont to see if they fit into our portfolio and report back to the Committee.

Mr. Kallianis then asked that the SSARIS/RXR item on the agenda be deferred until the next meeting due to the need for additional information. Mr. Burke then added that he had spoken with the attorney for SSARIS/RXR and he had asked them some additional questions about the transfer and that he would follow up with them and the consultants with the additional information.

Mr. Winston then asked Mr. Ross to give a brief financial report. Mr. Ross reported that the balance of the fund was \$1,676,288,419. The monthly return for December 2001 was 1.32% with a year to date return of -6.10%.

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

IV. Real Estate Subcommittee Minutes

There was no new business for the Real Estate Subcommittee.

Mr. Anosike did bring up that one of our Real Estate managers, RREEF, was in the paper that morning, and was reportedly up for sale. Mr. Kallianis added that he would ask Steve Burns from the Townsend Group to comment on this possible sale during his year-end report in February.

Executive Director

Chairman