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AGENDA

FOR THE 590TH RETIREMENT MEETING OF MARCH 24, 1998

1. Meeting will be called to order at 11:30 A.M., Northern Trust Company, 50 South LaSalle Street, Directors Dining Room - 6th Floor.
2. Roll call.
3. Approval of the Minutes of the 589th Meeting held February 24, 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) Joe F. Nash - #13950 - (disability) - request for retro-activity to 03-01-98.
 - (ii) Edith Sellers - #7661 - (disability) - request for retro-activity to 03-01-98.
 - d) Presentation of Death Benefits for approval.
 - e) Presentation of Refunds of Contributions for approval.
 - f) Presentation of Bills and Remittances for approval.
 - g) Lynne D. Garner - #6506 - Resigned and vested under Section 11 of the Plan.
7. Old Business
8. New Business
9. Executive Session
10. Adjournment

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RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY

The 590th Meeting of the Retirement Allowance Committee was held on Tuesday, March 24, 1998, at the Northern Trust Company, 50 South La Salle Street, 6th Floor Directors' Dining Room. The following were in attendance:

Mr. D. Anosike, Chairman
Mr. L. Sanford
Ms. S. Leonis

Mr. I. Thomas, Vice Chairman
Mr. T. Collins
Ms. W. Black
Mr. J. Williams

Mr. M. Caffrey sat in Mr. Brown's stead. Ms. Linda Fuller sat in Mr. Acosta's stead. Mr. C. Lang sat in Mr. Kallianis' stead. Alternates also present were P. Beavers, R. Winston, L. Morris and R. Baughn. J. Forte, 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. J. Guerrero, C. Spears, J. Henderson and C. Wesley were also in attendance.

1. The Chairman called the meeting to order at 9:50 A.M.
2. A roll call was taken which indicated that a quorum of Committee members was present.
3. The following revisions were made to the minutes:

On Page 1, under 1, second paragraph, line 3, should read --Real Estate Subcommittee:--.

On Page 4, sixth full paragraph, delete the last sentence which reads "Before the Committee funded RXR, they wanted RXR to come in and restate what is their policy on derivatives."

On Page 7, fourth full paragraph, line 5, should read --\$9,409,100-- and line 6, should read --\$9,500,000--.

4. Mr. Tom Collins, Vice-Chairman of the Investment Subcommittee, reported on the meeting held this date.

Mr. Collins introduced Paul Robberson, Denise Patterson and Rick Speelman the actuaries from Watson Wyatt who were attending the meeting at the invitation of the Committee several months ago to monitor the meeting to see how it affects the actuarial evaluation.

Per the discussion at the last meeting, Mr. Joachimi told the Committee the movement of money from the three fixed income managers to the two existing managers has been completed. It is approximately \$52 or \$53 million to Amalgamated and Chicago Trust. Mr. Joachimi forwarded two lists of fixed income managers who beat the average. One list is Chicago and Illinois managers, and the other list is all others. All of the managers on the list beat the average. He also forwarded a book on equity which has two sections; one is aggressive growth managers and the other section is large cap managers. Both of these items were forwarded to John Kallianis, Chairman of the Investment Subcommittee.

Mr. Kallianis was out of town and unable to attend the meeting. All that is needed according to Mr. Joachimi is to have a meeting and decide which managers the Committee wants to meet with. He would like to look at one manager in the group.

Mr. Kallianis decided not to have the meeting between February and March Retirement Allowance Committee meeting. Mr. Joachimi would like the meeting in April. Mr. Joachimi will send to the Committee additional copies of the material he sent Mr. Kallianis.

Mr. Ross told the Committee that it takes \$14 million to pay the bills at the Pension Office each month. Based on the cash flow balance for the end of March, there will be a balance of \$7.2 million, and we will need approximately \$7 million to fund benefits in April and going forward additional funding will be needed. Mr. Ross received a call from Capital Associates, and they needed \$5.6 million to buy a property in Dallas. Mr. Ross said there has to be money available for that type of funding which comes up with only a week's notice and we need a little cushion. Mr. Ross spoke to Mr. Joachimi to see what suggestions he might have in terms of where he can go to pay benefits the next few months. Mr. Joachimi said there is more money in equity because of the market than our target says and if we drawdown the needed money, we would have enough money on hand for the next quarter. That amounts to approximately \$45 to \$50 million according to Mr. Ross. Mr. Lang questioned why we would take money from equity because that is the place where the Plan makes the most money.

Mr. Joachimi said based on the numbers, another look should be taken at asset allocation. Mr. Joachimi will discuss this with the actuaries. He felt that some money should be taken from the equity side. Mr. Joachimi would prefer not taking it from fixed income. Mr. Burke mentioned there would be \$25 million from the

sale of 711 Jorie Blvd. next month and the Committee should bear that in mind.

Mr. Burke distributed the Policy Statement for the Committee to execute.

Mr. Anosike invited Northern to make a presentation on enhanced STIF type accounts. Ms. Newton will set up the presentation.

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

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 5.07 %, and the value of the total assets of the Plan as of February 29, 1998, amounted to \$1,802,025,659.

5. Mr. Jerry Williams, Vice-Chairman of the Real Estate Subcommittee, reported on the meeting held this date.

Mr. Burke said it is hoped to have a closing on 711 Jorie Blvd. property in the next month.

The property in Elk Grove is going through due diligence and that is under contract for \$3.8 million and Mr. Burke said hopefully that will be completed during the next quarter.

On a motion by Mr. Thomas, seconded by Ms. Leonis, the Committee unanimously approved the Real Estate Subcommittee Report.

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

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

Mr. Forte reported that 941 employees are eligible for the second window of retirement and that 662 signed up.

Mr. Forte reported to the Committee that the Pension Office has not received bills from CTA since November 30, 1997. The Committee will check on this.

Mr. Morris brought up the fact that quotes were sent out to employees showing what they will get from CTA when they have 25 years. He said many people received these who are already retired and who have quit CTA. Mr. Forte explained how the Pension Office receives the tape from CTA and their tape is not

updated and the Pension Office gives this tape to the Computer Company and they in turn give it to the CTA who run off the estimates. Mr. Collins said when these people receive these estimates they call the union office and think they have something coming. Mr. Forte said they also call the Pension Office and come in and say they are owed money. Mr. Forte said that is something that must be done at CTA. Ms. Black said she has the same problem with leaving people in the system who are in the union and she left a message to Mr. Kurowski in Payroll to please have the tape changed because many of these people are deceased for years. They asked Mr. Forte to work with someone at the Mart to take care of this matter.

Ms. Leonis wanted to know about the bill from Elite Promotions. Mr. Forte explained it was for wallets for the pensioners' papers. Mr. Forte will send her a sample of the wallet.

Mr. Forte answered Ms. Leonis' question of last month regarding Thomas M. Shanahan, who is a Repairman at Howard Shops. He was injured on duty and was okayed to return to work and he went off sick again. At this point in time he is not on disability and he is on 26 weeks of sick pay.

There was a discussion about a letter that Mrs. Jeanne Krasowski sent to all the Committee members and to the Pension Office requesting 100% full survivorship option at the Incentive Retirement rate. Her husband applied for pension March 1, 1997. He died February 15, 1997 so what the Pension Office did was to pay her A-1/2 at 2.40%. In the March, 1997 578th meeting there was a motion by Mr. Hill, seconded by Mr. Thomas, that an employee who was active as of January 1, 1997 and died, the spouse would be given A-1/2 at 2.40%. Mrs. Krasowski was paid A-1/2 at 2.40%. Mrs. Krasowski is looking for an answer to her letter. Mr. Burke explained how Mrs. Krasowski stated that her husband had filed a Option A. Mr. Burke just received a copy of her letter today and does not know if Mr. Krasowski filed an option with the Authority. Mr. Burke wants to review the file and will respond at the next meeting.

Mr. Forte spoke about Jerome Butler, who in on leave of absence for 3 years a and wants to vest and at 65 withdraw his pension. He went to the Chicago Housing Authority on a leave of absence for 3 years. Now after the 3 years are up he wants to vest. Mr. Forte told him in order to vest and get credit for the 3 years, he must return back to work. He does not want to return to work but vest in the old age pension and when he is 65 start drawing on the pension. The 3 years of the leave of absence would give him enough time to vest. Mr. Forte turned it over to the Plan Attorney who said past practice has been you had to return to work for a short time to retire or be vested. Mr. Burke said Sharon Davis, who is on leave to the Chicago Housing Authority, wants to take advantage of the CTA early retirement program. She does not want to return to the Authority either. The problem according to the Plan Attorney is that historically individuals have not been allowed to take those

options unless they are back at the Authority working. The Plan Attorney said the Authority allows a leave of absence up to 3 years. If the leave of absence goes beyond 3 years, you cap out at 3 years credit. What Mr. Butler wants to do is not come back to the Authority but get a deferred vested benefit which will kick in at age 65. In the Ms. Davis situation, she has a number of years of service and is out on leave of absence and wishes to apply for participation in the retirement program by way of getting retirement benefits. The Plan Attorney said historically, the Committee has always said you should come back and be an active employee. The period of active employment could be very brief because the Plan Rules provide that you have to make application usually by the 14th of the month so you can be on the eligible list to receive benefits by the end of the month so in, for example, Mr. Butler's case he could come back on April 13th and work at the Authority until the end of April. In the interim, he would make his application for deferred vested benefits. He would then be an active employee. That is the minimum period. That is how the Plan has worked but the Plan Attorney felt that was not how Mr. Butler wanted it to work.

Mr. Burke had not heard from Ms. Davis but he understands she was making an inquiry. The Committee has the jurisdiction to set how the Plan is to be administered. He suggested the Committee should be consistent with what was done in the past and Mr. Butler should return even for that minimal period. Mr. Burke said if the Committee is not consistent with that rule, everyone who is disability or leave of absence will say they do not want to return to work.

Mr. Morris said the Committee should follow the advice of the Plan Attorney. Mr. Thomas told Mr. Burke to respond with the procedure that was done in the past.

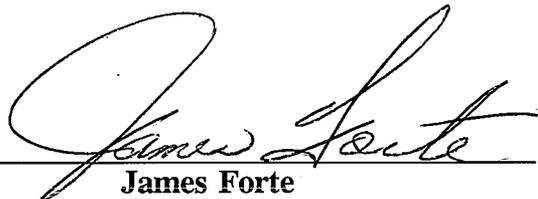
Mr. Morris brought up the fact that the death benefit, which was negotiated at a higher rate in 1990, is been taxed and he had no idea this was happening. Mr. Burke said the death benefit, under a pension program, is taxable income for the recipient. It is almost like insurance under a group term policy. When the individual dies, that asset is taxable. Mr. Forte explained that at one time when the death benefit was \$4,000 it was not taxable. The law stated it was taxable over \$5,000. When the death benefit went to \$8,000, it was taxed on \$3,000. Now the Small Business Act of 1996 changed that and all of the money is taxable no matter what the amount is.

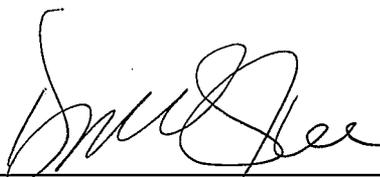
Mr. Collins reminded the Committee that the International Foundation of Public Employees will have their annual meeting in Las Vegas in October. Reservations

should be made early. Mr. Anosike said as long as it is consistent with the current guidelines approval will be granted. Plan Attorney said the guidelines the Chairman referred to is a policy adopted by the Committee a few years ago that when individuals are attending conventions a report has to be filed with the Committee as to the contents of the meeting. It can either be an oral report or a written report which would tell what the individual participated in and the benefits to the Committee. The reason this was adopted is that the IRS could take the position that these trips are really not productive of any benefit because there is no reporting back or sharing of information. There is no indication that an individual had gone to any of the meetings. This has fallen to the wayside in the last few years. A copy of the guidelines will be sent to the Committee.

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

7. Old Business - None
8. New Business - None
9. Executive Session - None
10. Adjournment - There being no further business, the Committee adjourned at 10:00 A.M.


James Forte


Chairman,
Retirement Allowance Committee

Dated: 4/28/90