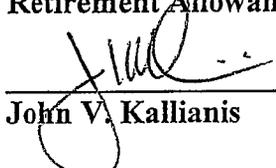


Retirement Plan for CTA Employees

10 South LaSalle Street
Suite 1100
Chicago, Illinois 60603
(312) 441-9694
Fax (312) 441-0454
www.ctapension.com

TO: Retirement Allowance Committee Members and Alternates

FROM: 
John V. Kallianis

DATE: October 20, 2004

RE: Retirement Allowance Committee Meeting

This is to announce that the meetings listed below will be held Thursday, October 28, 2004 at the LaSalle Bank, 135 S. LaSalle, on the 43rd floor, in the boardroom. 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, please call me at (312) 463-0350.

JVK:gmb

AGENDA
For the 667th Retirement Allowance Committee Meeting of
October 28, 2004

1. Meeting will be called to order at 8:30 A.M. at the LaSalle Bank, 135 S. LaSalle, 43rd floor, in the ABC Room.
2. Roll call
3. Approval of the Minutes of the 666th meeting.
4. Subcommittee on General Administration.
 - a.) Announcements of deaths reported since last meeting
 - b.) Presentation of pre-retirement allowances for approval
 - c.) Presentation of new retirement applications for approval
 - d.) Request for retroactive benefits
 - e.) Returned to Work from Disability
Disability – Fit to Return No Position Available
 - f.) List of retirement applications that were revoked
 - g.) Presentation of death benefits for approval
 - h.) Presentation of refunds of contributions for approval
 - i.) Presentation of bills and remittances
5. Investment Subcommittee
 - a.) Mesirow Financial Update
 - b.) AA Capital
 - c.) Ark Capital
 - d.) Commission Recapture
6. Real Estate Subcommittee
 - a.) Second Quarter 2004 Performance
7. Old Business
 - a.) Administration of Arbitration Award/Survivors
 - b.) Part-time union board members
 - c.) Meeting Format

AGENDA
For the 667th Retirement Allowance Committee Meeting of
October 28, 2004

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8. New Business
 - a.) HMO premiums
 - b.) IRS Private Letter Ruling Application for Pre-Tax Contributions
 - c.) Death Check Services from Northern Trust
9. Executive Session
10. Adjournment

The 667th meeting of the Retirement Plan for Chicago Transit Authority Employees

Meeting Minutes

A regular meeting of the Retirement Allowance Committee was held on October 28, 2004 at LaSalle Bank. The Chairman and the Executive Director were present.

A quorum was present. On a motion by Mr. Anosike, the Committee voted to conduct all of the business of the subcommittees as a committee of the whole.

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

Dennis Anosike
Marcellus Barnes
John Burkard
Ethel Carter
Paul Fish as an alternate for Dorval Carter
Carl Lingenfelter
Leon London
Rodney Richmond
Lynn Sapyta
Richard Winston

On a motion by Mr. Barnes, the Committee approved the minutes of the 666th meeting of the RAC.

II. General Administration Subcommittee Items

Mr. Barnes presented for approval items 6a through 6i, including the pre-retirement surviving spouse allowances, the regular retirements, revoking of applications, disability allowances, death benefits, refunds of contributions, payment of bills and remittances and requests for retroactive payment of disability benefits. Mr. Barnes stated that the total of bills and remittances for the month was \$6,784,849.34.

There was brief discussion on the bills for BWM&S and the associated cases. There was lengthy discussion about the people who had been found fit to return to work at the CTA, with no job available. There was concern that the RAC was in the position of paying benefits to people who were not disabled any longer. A number of people on the Committee stressed the need for a policy to address this issue.

There was also discussion on the people who were requesting retroactive benefits for disability. After the discussion, on a motion by Mr. London, the Committee approved payment for the individuals going forward, but delayed a decision on their retroactive requests.

III. Investment Subcommittee Items

Mssrs. Jim Tyree, Marc Sacks, Tom Hynes and Paul Rice from Mesirov Financial then gave the Committee an update on the investment the Plan has with Mesirov's most recent fund of funds and direct fund. They indicated that the returns for the fund of funds was 5.7% versus a benchmark for the industry of -10.9% and that the direct fund had a total return of 16.6% versus a benchmark for the industry of 4.2%. They then gave the Committee a summary of a new fund of funds and a direct fund that they were soliciting investments for.

On a motion by Mr. Barnes, the Committee voted to defer discussion of the items related to Ark Capital and AA Capital.

Mr. Kallianis then distributed the Brokerage Policy adopted by the RAC in April of 2003, which has a Commission Recapture component, as well as an MWBE directed commission component. After some discussion, Mr. Kallianis indicated that he would send out summaries for 2002, 2003 and ytd 2004. Mr. Anosike asked Mr. Kallianis to solicit information from other local funds on the participation they have with their brokerage policies.

IV. Real Estate Subcommittee Items

Mr. Steve Burns and Ms. Sarah Cachat from the Townsend Group then gave the Committee an update on its Real Estate investments through the 2nd quarter of 2004. Mr. Burns indicated that the Plan had a benchmark of 5.5% net real return over rolling five year periods. During the rolling 5 year period in the 2nd quarter report, the Plan had a return of 5.3%.

Old Business

Mr. Kallianis presented the "Deceased Retiree / Survivor Categories" for consideration. He indicated that the two parties to the Plan had said that categories 1 through 6 could be paid and that category 7 would be paid via a written agreement between the parties that would be forwarded to him. On a motion by Mr. Barnes, the Committee authorized Mr. Kallianis to pay the people indicated on the chart.

Mr. Richmond gave the Committee an update on the Part Time union officer issue and indicated that he thought they were very close to a resolution on that issue.

New Business

Mr. Barnes asked that there be a special meeting of the Subcommittee on General Administration to talk about the HMO premium request and on medical bills in general.

He would like Mr. Larry Wall, GM of Benefit Services to be at the meeting. On a motion by Mr. Barnes, the Committee deferred action on this item until the special meeting could be held.

After some discussion, on a motion by Mr. Barnes, the Committee approved the application to the IRS for a private letter ruling on the pre-tax status of contributions to the Plan.

After some discussion, on a motion by Mr. Barnes, the Committee approved the process of having Northern Trust provide us with death check services once a quarter versus once a year. Ms. Sapyta abstained from the vote.

Executive Session

No Business

On motion by Ms. Carter, the Committee approved adjournment.