AGENDA

FOR THE 591ST RETIREMENT MEETING OF APRIL 28, 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 590th Meeting held March 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) Mary L. McGee - #8768 - (disability) - request for retro-activity to 09-01-97.

      (ii) Louis Sims - #7934 - (disability) - request for retro-activity to 04-01-98.

      (iii) Bessie Robinson - #8012- (disability) - request for retro-activity to 04-01-98.

   d) Presentation of Death Benefits for approval.

   e) Presentation of Refunds of Contributions for approval.

   f) Presentation of Bills and Remittances for approval.

   g) Patricia Daniels - #4433 - Resigned and vested under Section 11 of the Plan.

7. Old Business

8. New Business

9. Executive Session

10. Adjournment

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY

The 591st Meeting of the Retirement Allowance Committee was held on Tuesday, April 28, 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
Mr. M. Acosta
Ms. S. Leonis
Mr. I. Thomas, Vice Chairman
Mr. T. Collins
Ms. W. Black

Mr. L. Morris sat in Mr. Brown's stead. Mr. Baughn sat in Mr. Williams stead. Ms. Pamela Beavers sat in Mr. Kallianis' stead. 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, C. Wesley and B. C. Gilmore were also in attendance.

1. The Chairman called the meeting to order at 11:42 A.M.

2. A roll call was taken which indicated that a quorum of Committee members was present.

3. Mr. Thomas asked to defer the vote on the minutes of February and March meetings until May. It was brought to the Committee's attention that changes were made which were not brought up at the meeting. Ms. Leonis agreed. Mr. Thomas wanted the record to state they do not want to ask the secretary to alter or change the minutes before they are brought before the Committee. Mr. Thomas stated it is illegal for anyone to change Minutes. He does not take it lightly.

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

   Mr. Joachimi said the real purpose of this meeting was to get the manager search underway. Eventually, a manager should be hired for the aggressive area (that is smaller cap area), a manager for the larger cap growth area and one fixed income manager to replace the people who were released approximately a month ago.

   Mr. Joachimi said he would like, at this meeting, to identify some managers that the Committee would like to see, and he will set up a date some time in May so some decisions can be made.

   Mr. Joachimi said the managers who are going to be released are 20th Century, NCM Capital, and we have already released Weiss, Peck & Greer, Bear Stearns and NCM in fixed income.

First, Mr. Joachimi discussed various managers in small cap equity. There were some managers the Committee had already seen for example, Dreyfaus, Stein, Roe (a Chicago firm). Some of the managers the Committee has not seen are Lazard Asset Management, Skyline (a Chicago firm) and Rothschild. There are no minority firms on that list. Mr. Thomas asked about Lazard Freres. Mr. Joachimi said it is not the same Lazard they are inquiring about but he will check to make sure it is not and send the information to the Committee.

Mr. Joachimi said they want managers who are 100 to 150 basis points better than the S&P 500 average for a 5 year period. The three year was tough on all the managers and the 5 year everyone except Stein Roe beat the S&P and the Russell 200.

Mr. Joachimi said we are looking for performances over the averages. He said Dreyfus, Seligman, Lazard, Rothschild are from New York. Stein Roe and Skyline are from Chicago and Westpeak is from Denver. Mr. Joachimi plans to look at the growth and income area next where the manager is Oppenheimer and the value area where there is Delaware and Fidelity. He would like to invite two managers into a meeting which would consist of nothing but interviewing of these managers.

Mr. Joachimi said they would look at both Chicago and non-Chicago managers and pick two from there. He pointed out to the Committee that he would be hard pressed to pick someone outside of Chicago mainly because the best numbers he could find in his data base are Chicago managers in fixed income.
Mr. Joachimi said the Committee should look at the best numbers no matter where the managers are from, but in the case of fixed income the best numbers are from Chicago. In the larger cap group Cadence Capital (Boston firm), Janus Capital (Denver) and MacKay-Shields (New York - a female owned firm) which the Committee have already interviewed; McKinley Capital (Alaska), who he was asked to look at but the numbers are not good; Montag & Caldwell, Inc.; and Woodford Gayed is a Black and Female owned firm but the numbers will not qualify. Mr. Joachimi said they look for people who provide for a longer period of time with a certain percentage over the average. There were not many that provided the 1 to 1-1/2% over the index.

The Plan Attorney asked what type of funds these are. Mr. Joachimi said some may be mutual funds. Most of them are an index of all of their accounts for a long term. Mr. Burke asked if, for example, the Plan were to go with Dreyfus in the small cap, is the vehicle you are suggesting a separate account. Mr. Joachimi answered in the affirmative. The Plan Attorney asked if the separate account would be one that the Committee would have a right to participate in. Mr. Joachimi said when they started out it was a mutual fund and it graduated into a separate account. It is all separate accounts. The same investment personnel would be handling the account.

Mr. Thomas wanted to know if anyone recommended the rest of the managers other than McKinley or how did he find these managers. Mr. Joachimi said these are all individuals who have fit the goals of being small cap and have beaten the average. There were no recommendations. However, in the larger cap group Mr. Joachimi said there were a couple recommendations but their numbers are not going to qualify. Mr. Collins said he did not recommend McKinley he just asked Mr. Joachimi to look at the numbers. Mr. Joachimi said he put it in the list because the number of growth managers that beat the average for the last 5 years are a small group. Mr. Joachimi said he would look at others managers and if they qualify, he would add them to the list. They may not qualify in this area but may qualify in the core area or value area.

Mr. Joachimi said the Plan has and has not suffered during this interim time. NCM did not perform whereas 20th Century did perform better. They are very volatile, and he said the new managers will perform better. The market has been so good and he does not feel comfortable not filling these slots.

Stein Roe has not beaten the average. Dreyfus is owned by Mellon Bank and the small cap area has done extremely well. It is managed by a team of 4 or 5 people. If they manage a fund, they manage it exactly the same way.

J & W Seligman & Co., is a well known New York Firm who has mutual funds. They are small cap. They just beat the S&P but not by the 1-1/2. They handily beat the Russell 2000.

Westpeak is from California and they too have beaten both indexes.

Skyline Asset has beaten the aggregate but just.

Rothschild is more of an index like firm. They do not research stocks like the others but they have done very well.

Mr. Collins asked who have beaten the average consistently over 3 and 5 years. He answered: Dreyfus, Rothschild and Westpeak. Mr. Collins felt consistency should be part of whatever criteria the Committee uses.

Mr. Joachimi discussed having the meeting to chose mangers in two half days in the morning. The Committee members gave their views about how long the meeting should last.

Mr. Joachimi said that if their is 65% in equities, we stay with 65% even if the market goes down. The market, he felt, will probably have a correction but he did not feel that should change our ideas as to what we want to do. Mr. Joachimi said all of these managers are what they call themselves "fully invested". If the market

changes that should not alter our ideas how we invest long term. Mr. Joachimi said most people will stay away from technology because in the last three years it is so volatile. On paper we have fired two managers, and they must be replaced. Mr. Joachimi said to keep in mind that the small cap managers are the more riskier managers but there is a better return, and you must be able to take that it goes up and down. The larger cap area is less risky and would buy the bigger stocks. The other group to look at is the core group (Oppenheimer) and the value group which is Fidelity and Delaware are less risky.

Mr. Anosike suggested that the Chairman of the Investment Subcommittee, Mr. Kallianis, and the Vice-Chairman, Mr. Collins, get together and decide who will be brought in before the Committee. There were no objections to this suggestion. Mr. Collins said if there are any other managers that Committee members want to bring before the Committee, they should get in touch with the Chairman or Vice-Chairman. Mr. Collins said they will choose from the small cap and large cap groups that were offered by Mr. Joachimi as well as the offerings of the Committee. Mr. Joachimi will provide information on the fixed income managers that are above 6.9% and from this group, they will try and narrow down the list and hopefully a meeting date will be set for the middle of May.

Mr. Joachimi discussed the different fixed income managers to give the Committee an idea of who to choose. These are managers who consistently beat the index. In this group we are looking for half a percent better than the index. It is tougher to beat the index he said when you are fixed income. Mr. Joachimi commented that they are Chicago firms. Mr. Collins asked if we are really looking for an intermediate manager or are we looking for long term manager. Mr. Joachimi answered long term. Basically most of them are long term. Mr. Joachimi said he looked at firms nationwide and the Committee was shown numbers of managers that were not Chicago for 5 year numbers and their performances. Here too with the bond market being as volatile as it has been, it has not been easy for people to beat the averages and really there is no bond index fund. It is a very difficult thing to beat. He used as an index the Lehmann aggregate Index which in December was 6.90%.

Mr. Ross told how they raised the cash ($45 million) to pay the benefits for the next three months -- $12 million from Fidelity, $23 million from Delaware and $10 million from Amalgamated. Mr. Ross said the cash account is now approximately $84 million. Mr. Ross said there are enough funds to pay benefits and expenses for the next quarter. In three months, the Pension Office will be looking for another $45 million for benefits and expenses.

Mr. Ross mentioned that Ark, Weiss, Peck & Greer, RREEF Venture Capital and Capital Associates all make periodic capital calls.

Mr. Joachimi wanted to get together with Mr. Ross and look at the asset allocation so money can go back into the asset allocation.

The Investment Policy according to Mr. Burke will be completed after he gets the signatures of Loid Brown, Marcel Acosta and John Kallianis.

Mr. Burke asked Ms. Newton for an update from Northern Trust regarding changes that were made by the Committee regarding ABN AMRO, Delaware, Piper Capital, Mentor. She said due diligence letters did go out. They have not received due diligence work except from Piper. Piper will be signed off today.

Mr. Thomas questioned all these changes in ownership, for example, ABN AMRO, Delaware, Piper and Mentor. Mr. Burke said how it has been approached in the past has it been the same people, does it change the investment philosophy of that Fund with regard to our holdings. If the Committee sees a change in any one of the criteria within 30 days, they would then be in a position to terminate that manager. The managers can change ownership but they have to come before the Committee for approval to change. These changes in ownership are usually never announced until after they sign the documents, and then they come to all the respective clients they have and ask for the approval. The entity who is acquiring them wants to know that the price they are paying will be represented by those clients. This is the process we go through with Northern Trust. Mr. Thomas said we may have confidence in someone but then they change ownership and we may not have confidence in that owner. Mr. Thomas wanted the record to show that he has a problem with this situation. Mr. Burke said they will make the sale but it will not go through until they make sure they have all those clients. Mr. Burke said often people come in and sell you a product, and you have no idea they may have a deal on the back burner to sell the company which you will not know about until you are told about the sale.

Mr. Joachimi said his company feels the same way as Mr. Thomas because when they hire the manager, we are sure of a style, etc. but when they change, they become very concerned. He said there is one in that group he is very concerned about that could change and that is Piper. He will be watching that very closely. Some of the changes in ownership are simply an accounting change. It could change Piper somewhat but Mr. Joachimi will be watching them very closely. Mr. Thomas felt that when these managers come before the Committee, procedures should be followed. The Plan Attorney said the Committee will have an opportunity in the near future because there will be a new group of managers, and the Committee can ask what is your ownership structure and is there anything in the wind regarding change of ownership. The Plan Attorney explained that we have not signed off on any of these. The only one the Committee has given the consent to is based upon the recommendations of Mr. Joachimi that there is no change in style or personnel and that is to Piper Capital. Northern is going through the process with these other managers now.

Mr. Williams asked about where we stand regarding RXR. Mr. Thomas said that he heard Mr. Anosike signed off on RXR. Mr. Thomas said they never signed off because everyone had a problem with RXR. If you look at the minutes, it is clearly shown what the Committee decided, and Mr. Williams clearly had a problem with signing off on them. Mr. Williams had wanted RXR to come before the Committee again.

Mr. Anosike said he understood that RXR has been approved for $25 million. He felt RXR has been approved, and there was no reason for rescinding but he agreed they should be brought before the Committee to explain the derivatives.

Mr. Williams understood it was to be held up until they were brought before the Committee. He felt we should not be going forward if members of the Committee have these questions. He wanted to know what the status is of RXR.

Mr. Anosike said sometime in 1996/1997, this Committee voted $25 million to RXR. Ms. Leonis said yes, they approved it but RXR came back with some changes, and this Committee had significant problems with what they were doing. They resolved these issues but the Committee on the whole had concerns regarding the question of derivatives. and they did not explain the question of derivatives when they came in. Ms. Leonis would like the Committee to reevaluate that, and they have not as yet. Ms. Leonis said there is no reason that the contract should have been approved. She said the Committee did approve something in 1997 but the Committee has significant concerns with that. She said she is sure the Minutes reflect that this Committee had questions.

The Plan Attorney did not think the transaction had been funded to date.
Mr. Burke thought the authorization letter that Mr. Anosike signed is from Northern. The paper work is moving through Northern but is not funded. The letter went over to the bank based upon the Committee approval but the investment has not yet been funded. According to Ms. Leonis, it was voted to fund RXR how it was originally submitted to the Committee. However, it is clear in the Minutes that we have asked someone to look at it and we want to speak to RXR again.
Mr. Williams wanted to know if the transaction can be held up until we are satisfied one way or the other with RXR. Mr. Burke said a motion can be made.

On a motion by Mr. Williams, seconded by Mr. Thomas, the Committee unanimously approved the motion that funding to RXR will not go forward until further direction of the Committee. Mr. Anosike wanted a roll call but Mr. Thomas said it has already passed.

Mr. Collins asked about RREEF changes. The Plan Attorney said they are going through due diligence. Ms. Newton will check on the paper work.

Ms. Newton of Northern Trust said Northern was asked to speak about cash management, what Northern can do to make your idle money work and the second issue is securities lending and the process they are using and what they can do for the Plan. Ms. Newton introduced Mr. William Nickey of Northern Trust Global Investments and Mr. Edward A. Chestnut of Northern Trust Company gave a presentation.

Mr. Nickey handles the public funds and Taft Hartley accounts with regard to securities lending. He spoke about the process, how money is made, looked at the Plan's earnings and the risks. Mr. Nickey said you cannot make $575,000 without some risks. Mr. Nickey discussed our securities lending program and our net earnings. In 1996 the CTA's net earnings from October through December were $108,984. In 1997 CTA's net earnings were $547,170. This year for the first quarter the Plan has made $175,315.

Mr. Nickey discussed the different type of risks; Borrower Risk, Collateral Investment Risk, Interest Rate Risk and Trade Settlement Risk. He said they have never lost money either borrower risk or collateral investment risk at Northern Trust.

Mr. Edward A. Chestnut of Northern Trust spoke about cash management. He discussed several options that Northern Trust has for the Fund of our short term investments. They manage over $95 billion of short term investment portfolios, money market fund, advanced cash funds, securities lending and collateral vehicles. He said for retirement plans they offer three commingled fund vehicles:

STIF Funds - Northern has managed it for 20 years it is at $16.1 billion. The Plan's Cash Fund is invested in units of this STIF Fund.

STEP Fund is a short term extendable portfolio. Northern has run this fund for 7 years. It has almost $6 billion of assets under managements. The goal of this Fund is to earn a return of 20 to 50 basis points in excess of the STIF Fund on an annual basis. The STEP fund has a duration that is 40 to 60 days longer than the STIF Fund and a maximum duration of 5 months. It has always outperformed STIF.

STAGE Fund is a newer fund and has been opened for about 15 months. It is a more aggressive, short term vehicle. It has an average duration of 220 days and it can fluctuate dramatically from month to month. It is not an appropriate vehicle to put the Plan's money for benefit payments. It is good for a longer term investment or blend in with holdings of STIF or STEP.

The credit quality of all three funds is very high. He discussed the average duration of each fund and the maturity of each one.

For the latest year, the STEP Fund has outperformed the STIF Fund by about 18 basis points. For three years, the STEP Fund has outperformed the STIF Fund by 21 basis points and for 5 years the STEP Fund has outperformed the STIF Fund by 39 basis points.

The Plan Attorney alerted the Committee to the fact that Northern Trust is your custodian, and are not historically a money manager and the Committee would be looking at these funds as investment vehicles. He questioned if Northern Trust can act in that capacity. Northern Trust acts as trustee and hires money managers, and they would be effectively hiring themselves. The Committee may have to look elsewhere. He felt there is an inherent conflict for Northern to act as trustee and Northern acting as money manager. Mr. Collins asked if there was a conflict with the STIF account. The Plan Attorney said there is no conflict for the STIF Account because it is a short term fund and you are working it daily for benefits but if you are getting into an investment program, then you are going beyond your immediate cash needs and that is where you cross the line from daily cash management into investment portfolio. Mr. Joachimi said the rolling money for benefit payments is no problem at all, and you could use the three accounts as benefit payments.

Financial Report - M ... ttention to Report of Deposits, Disburseme ... ry and noted that the past month's perforn ... he value of the total assets of the Plan as ... 37,895.

① Klrong — Called

On a motion by Mr. ... Committee approved the Investment Subco ... funding to RXR until approval by the Com ... the RXR motion.

② Marcel — Voted N/6

ACCEPTANCE OF ... L OF RXR MOTION

I. Thomas	
W. Black	
T. Collins	Not Present
L. Brown	
J. Williams	
S. Leonis	
L. Sanford	

5. Mr. Marcel Acosta, Chairman of the Real Estate Subcommittee, reported on the meeting held this date.

Mr. Brian Reiger spoke about the 191 N. Wacker property. The highest offer is $12,105,000.00 from Hines. The second highest offer was $11 million from the Prime Group and the third highest offer was from First Industrial Trust payable in stock. They recommended Hines. They have 45 days of due diligence to complete negotiations and finalize zoning with the city. They have asked for the right to extend it an additional 90 days with the payment of $500,000 and not refund the earnest money. RREEF would go back and negotiate that part. Mr. Reiger was asking for the approval of the Committee at 95% of the asking price. Mr. Reiger said if Hines decides to pass on this offer, there is still time to go back to the Prime Group.

On a motion by Mr. Collins, seconded by Ms. Leonis, the Committee unanimously approved RREEF accepting the offer of Hines at 95% of the asking price.

Mr. Reiger discussed Elk Grove property and rezoning and how someone is interested in building a hotel if it can be rezoned.

Mr. Acosta discussed having a special Real Estate Meeting on Monday, May 11, regarding strategic planning, and the Pension Office will inform the Committee of the time and place.

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

6. Mr. Louis Sanford, Vice Chairman of the General Administration, reported on the meeting held this date.

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

Mr. Forte reported that out of the 41 retirees in March, 27 retired under the incentive program. Two bills gave from the Chicago Transit so they are now paid up to the end of January. Last month, Mr. Forte had reported that they had not been receiving bills from CTA.

Mr. Thomas asked about the matching funds being paid for the Union members. Mr. Anosike was advised that it will be resolved in the next few days and it appears the issues were not given to the right people. The Plan Attorney said the issue with the part time union officers has nothing to do with the full time officers. Mr. Burke has looked over the arbitration award, and has raised the question with the Authority. He felt as fiduciaries it should be paid and will make a demand upon the Authority. He sees no reason for it not being paid. There is no issue with full time union officers. Mr. Thomas felt interest should be paid to the Fund. He wants something in writing documenting how much is paid and how it is paid.
Mr. Morris felt there should be 22% interest paid.

Mr. Anosike's primary goal is to get money paid to the Fund. He does not think the Committee should ask anything beyond that. Anything higher than what has been negotiated should apply. Mr. Morris felt the interest rate should be whatever is the going rate at this time. The 3%, as stated in the contract, is only for the members not for the Plan according to Mr. Morris. He stated the Committee has a fiduciary responsibility to the Plan to collect the 22%.

Mr. Morris wants the matching funds for other officers that are not being paid for each month.

Mr. Collins asked when employees are reinstated, does the company match the back pay award. He has never seen anything in any report that this does occur.
He would like some procedure to be in effect so that the Committee knows that it does occur. The award means that whatever money is brought in should be at 6% pay from the employee to match the amount the employee pays back.

Mr. Williams said that he felt that in the future whoever may be in charge of the Finance Department may for whatever reason say we will hold up the contributions to the Plan. In the meantime, while the money is being held up, the Authority is gaining interest for that money but they are denying the Plan the opportunity to make the interest we should make.

The Plan Attorney said if the Committee is to make the appropriate step forward, then a calculation will be needed from the Pension Office as to what the principal amount that is unpaid and how long it is unpaid. Mr. Forte said the report would be broken down on a monthly basis.

The Plan Attorney was directed to contact the Authority regarding matching funds and request payment in full for the officers of the various unions and request interest to be paid.

The Plan Attorney spoke about Mr. Krasowski who died February 15, 1997 and the letter from the widow, which was discussed at the March, 1998 meeting. When Mr. Krasowski died he was still an employee. On March 7, 1997, the Pension Office received retirement papers for Mr. Krasowski. He signed them in early February but had not submitted them prior to his death. The Committee had taken the position in light of the early retirement program if a situation was such that the person was in the process of submitting the papers and had died in the process, his spouse would then be granted A-1/2 pension. Mrs. Krasowski wrote again requesting that the Committee provide her 100% survivorship option. We had told her earlier when she raised this question we could not grant this request under the terms of the Plan because Mr. Krasowski had died prior to his retirement date, and the retirement option is set by the Plan and in that situation it would be A-1/2. The Plan Attorney said his view is still the same. He felt Mrs. Krasowski should receive A-1/2 because we do not have flexibility under the Plan to do this. Mr. Collins asked if it was 1.85% or 2.40%. The Plan Attorney said 2.40%. The Plan Attorney will send Mrs. Krasowski a letter stating the above.

On a motion by Mr. Collins, seconded by Ms. Leonis, the Committee unanimously approved the General Administration Subcommittee Report.

Mr. Williams had to leave before the regular Committee meeting so he brought up the issue of a new Executive Director for the Pension Office.

On a motion by Mr. Williams, seconded by Mr. Thomas, a motion was made to fill the Executive Director's position in the Pension Office with Mr. Elonzo Hill. A vote was taken as follows:

I. Thomas	Yes	Susan Leonis	Yes
Wanda Black	Yes	Louis Sanford	Yes
Tom Collins	Yes	Dennis Anosike	No
Loid Brown	Yes	Marcel Acosta	No
Jerry Williams	Yes	John Kallianis	Not present

Ms. Leonis made a motion seconded by I. Thomas, that an arbitrator be brought in to resolve the issue of filling the Executive Director's position. She said it was clear that as a body we are unable to make a decision. Mr. Williams asked if the motion meant we would arbitrate to fill D. Perk's position of Executive Director. Ms. Leonis' said her motion is that the Committee is not able to resolve this issue and that an outside party be brought in, an arbitrator that is able to help us resolve the issue.

Mr. Anosike asked if the motion was regarding the Executive Director position only. Ms. Leonis answered it was the Executive Director position. She said it is fine if the Arbitrator brings in other issues, but there is only one job open and that is Executive Director of this Pension Plan. There has been no Executive Director of this Pension Plan for one year, and Ms. Leonis felt it was very clear that the Committee is not able to resolve this issue. An arbitrator needs to come in and help resolve this issue. If in fact there are other issues that come into during the arbitration, that is fine but her motion is that we to bring in someone to just arbitrate the Executive Director's spot so that this fund has a leader.

The Plan Attorney said as he understands Ms. Leonis' motion, she is calling for an arbitrator to come to address the issue. He asked her if she meant someone who will come and make a decision and the parties will live with that decision just like you would in an arbitration. He is not coming as a mediator or counselor and he asked Ms. Leonis if that is what the thrust of her motion was. Ms. Leonis answered that he was correct. The Plan Attorney said that motion is to address that one issue of Executive Director and arbitration. Based upon Ms. Leonis clarification that Arbitrator would effectively fill that spot. He asked her if that was correct. She answered in the affirmative. He reminded the Committee that in the by-laws of the Retirement Allowance Committee, there is a procedure for arbitration. Ms. Leonis is not going to use that procedure. The procedure calls for an arbitrator from each side; one selected by management and one selected by the union and the third arbitrator is selected by the two appointed arbitrators. That is not the route selected by Ms. Leonis. This motion is perfectly in order -- an arbitrator to fill that one spot and that is the thrust of her motion. Ms. Black wanted to know how this arbitrator is going to select a person. The Plan Attorney said he is going to pick a person. He can pick Elonzo Hill or he can pick anyone. The Committee has the right to select names but the arbitrator can pick a name out of the blue.

Mr. Anosike said he understands that we are at a impasse, and we cannot resolve it. Mr. Burke said the by-laws provide the Committee can have a three member panel; one chosen by management, one chosen by union and these two pick a third person. Ms. Leonis is suggesting one person resolve the arbitration. Ms. Leonis amended her motion to have the regular arbitration procedure provided in the by-laws used. Mr. Thomas asked the Plan Attorney if he would be named. He said no. Mr. Thomas said then we will name our counsel and management will name their counsel. Ms. Leonis wanted to make it clear she had not spoken to anyone from the Committee about this, but she felt that after a year this has not been resolved, and we have to move on.

Mr. Anosike asked if the motion is for just one position. Ms. Leonis said as far as she is concerned there is only one job that needs to be filled by this Committee. She is only asking that the Executive Director job be filled. She said the Committee members all have a responsibility to be working toward filling the Executive Director's job not other jobs. Ms. Leonis also felt that the Executive Director (whoever that may be) should fill the other jobs in the office.

Ms. Leonis made a motion, seconded by I. Thomas, that an arbitrator fill the job of Executive Director for the Pension Office. The voting was follows:

I. Thomas	Yes	Susan Leonis	Yes
Wanda Black	Yes	Louis Sanford	Yes
Tom Collins	Yes	Dennis Anosike	No
Loid Brown	Yes	Marcel Acosta	Voting Stopped at this point
Jerry Williams	Yes	John Kallianis	Not Present

There was a discussion regarding Mr. Anosike not voting in the affirmative.
Mr. Williams said that when we come to an impasse and the motion was put on the floor to fill the Executive Director's job if two sides do not agree, it goes to arbitration anyway. Mr. Williams said Labor says yes and two members of management said yes. We did not get a majority vote but we have these individuals who said take it to arbitration. This is what the Plan calls for when we come to an impasse. Mr. Williams said the Committee should move forward and select the arbitrators. Management will select their arbitrator and Labor will select their arbitrator and the two will come together and select an impartial arbitrator who will arbitrate the case.

Mr. Anosike wanted to amend the motion to include FRAC and to include the other jobs to be filled in the Pension Office. Ms. Leonis said she felt the only job the Committee should fill is Executive Director.

Mr. Acosta entertained a motion that we add the following issues to the motion by Ms. Leonis: management of the office, bringing in FRAC to look at the organization of the Pension Office and how it is structured. Mr. Williams said the motion died for lack of interest but the Committee said to continue so they could understand what this is about. Ms. Leonis said she did not understand at this point in time bringing in an outside person (she thinks bringing in an outside person to see what has gone on the last 10 years in management of the office is fine) and how it fits into this motion of filling the Executive Director's position.

Mr. Burke said that management or labor can set the criteria in looking for an Executive Director, and they can also look into FRAC, etc. He said in looking for an Executive Director, you are really opening the overall function of the Executive Director and the management of the Pension Office.

Mr. Collins is still waiting for FRAC to come before the Committee and tell us what they can do. He felt we should not just simply identify one organization but identify someone who does similar work so the Committee can compare and make a decision.

Mr. Thomas said the only thing under the by-laws is selecting an Executive Director. This is what the Arbitrator will go after no matter if it is Management's recommendation or Labor's recommendation.

Mr. Anosike said he supported 100% the issue of going to arbitration but we wants it to go on the record that we want to look at all the issues of impasse of this Committee. Mr. Burke said the only issue of impasse that has been voted upon is the Executive Director position. In addressing that, the question is how broad does he look at the structure or responsibility. They could speak to people from other pension funds and outside experts and listen to whoever the parties wish to bring before them regarding the structure of the Executive Director's office. Here is the person and here is how we think the role should be. He felt that in that context Management can say they want to hear a report from FRAC. Labor can say they want to hear from Ernst and Young. In light of the scope of the motion that has been passed regarding the impasse, it is going to be perfectly appropriate to bring before that Arbitrator, FRAC's view, Ernst & Young's views and anyone else who has views regarding the functions of the Executive Director.

Mr. Anosike said he still wants the Committee to vote on all these issues.
Ms. Leonis said we have no official document before us so that we can vote on all these issues.

The only thing we can do now according to Mr. Thomas is for labor and management to name an arbitrator. If management fails to name an arbitrator, someone will name one for them and we will proceed. They have the right to name one. Ms. Leonis said she shares his concerns. She wants the whole office to be looked at but felt that the entire office and structure are covered under this motion and arbitration is the only answer. Mr. Burke will write everyone a letter setting forth the time frame, procedure and how to name an arbitrator who will pick the third party.

7. Old Business - None

8. New Business - None

9. Executive Session.

10. Adjournment. There being no further business, the Committee adjourned at noon.

James Forte

Chairman,
Retirement Allowance Committee

Dated: 11/24/98

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