

**AGENDA**  
**For the 625<sup>th</sup> Retirement Allowance Committee Meeting of**  
**February 27, 2001**

1. Meeting will be called to order at 8:30 A.M., Northern Trust Company, 50 South LaSalle Street, Directors' Dining Room, 6<sup>th</sup> floor.
2. Roll call
3. Approval of the Minutes of the 624<sup>th</sup> meeting held January 23, 2001.
4. Investment Subcommittee
  - a.) Status on Asset Allocation
  - b.) Acquisitions, Mergers and Reorganizations
    - i.) Capri-Capital Associates
5. Real Estate Subcommittee
  - a.) Funding status for various commitments
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.

**Ralph E. Louis - #16858** – request for retroactive benefits to 02-01-01.

**Ruby L. Williams - #12024** – request for disability allowance Effective 03-01-01, retroactive to 02-01-01.
  - d.) Presentation of death benefits for approval.
  - e.) Presentation of refunds of contributions for approval.
    - i.) **Nathaniel Ross - #31031** – discharged 10-30-98, reinstated November 1, 1999. Did not receive refund of contributions. Retains original pension seniority date of April 8, 1997.

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- f.) Presentation of bills and remittances for approval.
  - g.) Report on Disability Allowance Project.
7. Old Business.
- a.) Part-time union officials
8. New Business
9. Executive Session
10. Adjournment

# **The 625th 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 February 27, 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 8:45 a.m..

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

Linda Fuller as an Alternate for Marcel Acosta  
Dennis Anosike  
Marcellus Barnes  
Wanda Black  
Leon London as an Alternate for Loid Brown  
Claudette Ogletree  
Lynn Sapyta  
Jerry Williams  
Richard Winston

On a motion by Ms. Black, the minutes of the 624<sup>th</sup> 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 6g on the subcommittee agenda, which dealt with various benefits, bills and remittances was approved on a motion by Mr. Williams. Also included in that motion were the extension of Pedro Lebron's repayment of contributions by 30 days. A bill for MercyWorks was pulled from the agenda for further review by the Pension Office.

### **Investment Subcommittee Report**

Mr. Winston gave a brief report on the Investment Subcommittee Meeting, including the movement of the Fund into the adopted Asset Allocation. The report on the Subcommittee meeting, including the motion made to implement the Asset Allocation was approved on a motion by Mr. Williams.

### **Real Estate Subcommittee Report**

A brief report was given by Ms. Fuller on the Real Estate Subcommittee Meeting, including the status of the Fund's investment in the Prudential PRISA fund. The report on the Subcommittee meeting was approved on a motion by Mr. Winston.

### **Old Business**

Ms. Black indicated that attorneys for the CTA and 241/308 were discussing the latest decision rendered by Arbitrator Healy and that she would report any progress to the Committee.

### **New Business**

There was no new business.

The Retirement Allowance Committee meeting was adjourned at 11:15 a.m. on a motion made by Mr. Barnes.

### **II. General Administration Subcommittee Minutes**

A regular meeting of the General Administration Subcommittee was held on February 27, 2001 at The Northern Trust. The Chairman and the Executive Director were present. A quorum being present, the meeting was called to order at 8:55 a.m..

Mr. Barnes presented for approval 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 \$4,440,351.00.

Mr. Pedro Lebron's deadline for repayment of contributions added to the list of benefits as item e (ii).

At the request of Mr. Kallianis, the bill for Mercy Works was pulled from the agenda to be further reviewed by the staff at the Pension Office.

On a motion by Mr. Winston, the various benefits, bills and remittances were approved for payment by the Subcommittee.

The Subcommittee on General Administration was adjourned on a motion made by Ms. Fuller.

### **III. Investment Subcommittee Minutes**

A regular meeting of the Investment Subcommittee was held on February 27, 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 9:20 a.m..

On a motion made by Mr. Winston, the Committee approved (copy attached) the implementation of the Asset Allocation that had been approved by the Committee in

the fourth quarter of 2000. Mr. Winston's motion included the termination and hiring of various managers, as well as adding to and reducing the existing amounts under management by various managers.

Todd Davis from the Marco Consulting Group gave an update on the request made by the Fund of all existing and potential managers to consider decreasing their fees. Mr. Davis indicated that he would have a report ready to send to the Mr. Kallianis for inclusion in the meeting materials for the March, 2001 meeting.

The Committee then heard a report on 4<sup>th</sup> Quarter - 2000 performance of the various managers from Gwelda Swilley-Burke of Gray & Co.

Mr. Ross gave a brief update on the financial status of the Plan per the FCS Report. The market value for the Plan as indicated in the FCS report for January, 2001 was \$1.931 billion. The return figure for the month of January, 2001 was 0.81 %. The YTD return was also 0.81 %.

On a motion by Mr. Barnes, the Committee accepted the Financial Report.

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

#### **IV. Real Estate Subcommittee Minutes**

A regular meeting of the Real Estate Subcommittee was held on February 27, 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 approximately 10:35 a.m..

Steve Burns from the Townsend Group gave a report on the 4<sup>th</sup> Quarter - 2000 performance of the CTA's Real Estate portfolio, as well as an update on the pending investment in the Prudential PRISA fund. He also gave a brief reporting indicating his comfort with the acquisition of a portion of Capital Associates by Capri. Mr. Burns further indicated that Townsend would monitor this acquisition for future developments.

The Real Estate Subcommittee was adjourned on the motion of Ms. Sypata.

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Executive Director

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Chairman

## MOTION

After the Investment Subcommittee heard presentations from potential managers, and after discussion by the Investment Subcommittee, in order to move the Fund into the Asset Allocation that it adopted within the context of Its overall Investment Policy, I move that....

In the **Large Cap Core** category, the Fund:

- Sets its allocation to this category to 12.78% of the overall Fund.
- Terminates the investment management services of Aeltus Investment Management, Weiss, Peck & Greer and ABN-AMRO Asset Management.
- Retains Invesco, Inc. and Northern Trust Quantitative Advisors to manage 6.39% of the overall Fund amount each, or approximately \$121,400,000.

In the **Large Cap Growth** category, the Fund:

- Sets its allocation to this category to 12.78% of the overall Fund.
- Nominates *Alliance Capital Management* to manage 4.26% of the overall Fund or approximately \$80,900,000.
- Nominates *Aeltus Investment Management* to manage 4.26% of the overall Fund or approximately \$80,900,000.
- Retains Janus Capital to manage 4.26% of the overall Fund, or approximately \$80,900,000.

In the **Large Cap Value** category, the Fund:

- Sets its allocation to this category to 12.78% of the overall Fund.
- Nominates *Harris Investments* to manage 3.36% of the overall Fund, or approximately \$63,800,000.
- Retains The Edgar Lomax Company and Paradigm Asset Management to manage 4.26% of the overall Fund each, or approximately \$80,900,000. Also retains Mesirov Asset Management at their current amount under management, which is approximately 0.9% of the Fund.
- Moves all of the "temporary" money (approximately \$71,751,408) that it had invested with Northern Trust Quantitative Advisor's Russell 1000 Value Index fund to the new manager's allocation hired in this category.

In the **Midcap** Category, the Fund: -

- Sets its allocation to this category to 11.8% of the overall Fund.
- Terminates the investment management services of The Kenwood Group.
- Nominates *Ariel Capital Management* to manage 3.93% of the overall Fund, or approximately \$74,670,000.
- Retains Friess Associates and First American Asset Management to manage 3.93% of the overall Fund each, or approximately \$74,670,000.

In the **Small Cap** Category, the Fund:

- Sets its allocation to this category to 8.86% of the overall Fund.
- Retains Dreyfus Investment Advisors, Mentor Investment Group and Ariel Capital Management to manage 2.95% of the overall Fund each, or approximately \$56,050,000.

In the **International Equity** Category, the Fund:

- Sets its allocation to this category to 5% of the overall Fund.
- Retains Morgan Stanley Dean Witter and The Bank of Ireland to manage 2.5% of the overall Fund amount each, or approximately \$47,500,000.

In the **Fixed Income** Category, the Fund:

- Sets the allocation to this category to 10% of the overall Fund.
- Terminates the Investment Management services of ABN-AMRO Asset Management and Chicago Title and Trust.
- Retains First American Asset Management, MDL Capital Management and Amalgamated Trust Company to manage 2.9% of the overall Fund each, or approximately \$55,100,000.
- Retains RXR Capital Management to manage the current market value of the investment.

In the **Stable Value** Category, the Fund:

- Sets the allocation to this category to 10% of the overall Fund.
- Nominates *LaSalle Bank* to manage 10% of the overall Fund amount or approximately \$190,000,000.

In the **Private Equity** Category, the Fund:

- Sets its allocation to this category to 6% of the overall Fund.
- Directs Marco Consulting, together with Gray and Company to do an analysis of existing investments within this asset class and make recommendations to the Committee on an appropriate strategy to diversify our investments within this category.

I further move that Northern Trust, as Trustee, is to take direction from the Executive Director to set termination dates, with respect to the above-mentioned rebalancing motion.