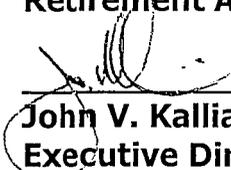


Retirement Plan for CTA Employees

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(312) 441-9694
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NOTICE

TO: Retirement Allowance Committee Members and Alternates

FROM: 
John V. Kallianis
Executive Director

DATE: May 15, 2000

RE: RETIREMENT ALLOWANCE COMMITTEE MEETING

This is to announce that the meetings listed below will be held Tuesday, May 23, 2000 at the Northern Trust Company, 50 S. LaSalle Street, 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 at 9:30 A.M.
- The Real Estate Subcommittee at 10:30 A.M.
- The Retirement Allowance Committee Meeting at 11:30 A.M.

If you have any questions on the Agenda, please call me at (312) 463-0350.

JVK:gmb

AGENDA

For the 616th Retirement Allowance Committee Meeting of MAY 23, 2000

1. Meeting will be called to order at 8:30 A.M., Northern Trust Company, 50 South LaSalle Street, Directors Dining Room, 6th floor.
2. Roll Call.
3. Approval of the Minutes of the 615th meeting held April 25, 2000.
4. Investment Subcommittee report.
5. Real Estate Subcommittee report
 - a.) Consideration of Investment Policy and Strategies.
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.
 - i.) Howard L. Bramham - #21293 – request for disability – retro to 05-01-00.
 - d.) Presentation of Death Benefits for approval.
 - e.) Presentation of Refunds of contributions for approval.
 - f.) Presentation of Bills and Remittances for approval.
 - g.) Filing System Proposal.
 - h.) Rule #30
7. Old Business
 - a.) Allen Austin #17292 – request for disability – retro to 05-01-97.
 - b.) Part-time Union Officials
8. New Business
 - a.) New Members, Alternates
9. Executive Session
10. Adjournment

The 616th 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 May 23, 2000 at The Northern Trust. The Chairman and the Secretary (Executive Director) were present. A quorum being present, the meeting was called to order at approximately 10:45 a.m..

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

Marcel Acosta
Pam Beavers as an Alternate for Dennis Anosike
Leon London as an Alternate for Marcellus Barnes
Wanda Black
Loid Brown
Pam Beavers as an Alternate for Susan Leonis
Claudette Ogeltree
Jerry Williams
Robert Smith as an Alternate for Richard Winston

On a motion by Mr. Brown, the minutes of the 615th meeting were approved as amended.

General Administration Report

In the absence of Mr. Barnes, a brief report was given by Ms. Black on the General Administration Subcommittee Meeting. The report on the Subcommittee was approved on a motion by Mr. Williams.

Investment Report

A brief report was given by Mr. Williams on the Investment Subcommittee Meeting. The report on the Subcommittee meeting was approved on a motion by Mr. Acosta.

Real Estate Report

A brief report was given by Mr. Acosta on the Real Estate Subcommittee Meeting. The report on the Subcommittee meeting was approved on a motion by Mr. Williams.

Old Business

Mr. Kallianis indicated that the CTA's attorneys and the Association's attorneys had met and were trying to come to an agreement on the administration of the Part Time arbitration award. Both Mr. Burke and Mr. Kallianis pledged their assistance to the group in trying to resolve the issue.

The meeting was adjourned at approximately 11:15 a.m. on a motion made by Mr. Williams.

II. General Administration Subcommittee Minutes

A regular meeting of the General Administration Subcommittee was held on May 23, 2000 at The Northern Trust. Ms. Black chaired the meeting in Mr. Barnes' absence. The Secretary (Executive Director) was present. A quorum being present, the meeting was called to order at 8:45 a.m..

Ms. Black 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. Kallianis stated that the total of bills and remittances for the month needed to be reduced by \$9,478.50 for the Lucent line item and \$17,512.77 for the Qoutepro line item as they had already been approved at a prior meeting. On a motion by Ms. Ogeltree, the Subcommittee approved the bills and remittances for the month of May.

Mr. Kallianis and Ms. Rayford presented a proposal by Ellis Filing Systems to replace and reorder all of the files in the Pension office. The refiling and reordering would be done by Ellis and a new file creation system would also be purchased as part of the agreement with Ellis. On a motion by Mr. Brown, the subcommittee approved the purchase of the new filing system from Ellis.

Mr. Kallianis presented a proposal to shift the local and long distance service from Ameritech and AT&T, respectively to Intermedia Communications. Mr. Kallianis indicated that the local and long distance calls would be cheaper with Intermedia and that they would also install a T1 line, allowing the office to speed up communications with the CTA and Northern Trust. It would also allow the office to have an 800#. The only cost involved would be changes to the Lucent switching equipment in the office at a maximum cost of \$3,800. On a motion by Ms. Black, the Subcommittee approved the switch to Intermedia and up to \$3,800 for the changes to the Lucent equipment.

At Mr. Kallianis' request, Mr. Burke summarized Rule 30 of the Plan which calls for benefits to be paid out to participants the April following the calendar year in which they turn 70 ½ years old. Mr. Kallianis indicated that there are approximately 20 current employees of the CTA who would fall into this category. The Subcommittee requested that Mr. Kallianis get an accurate count of the number of participants affected and put together a plan to deal with them. Mr. Burke indicated that he would write a letter to the CTA and the "Association" so that they could deal with this issue in the ongoing labor contract negotiations.

The Subcommittee on General Administration was adjourned on a motion made by Mr. Acosta.

III. Investment Subcommittee Minutes

A regular meeting of the Investment Subcommittee was held on May 23, 2000 at The Northern Trust. The Chairman and the Secretary (Executive Director) were present. A quorum being present, the meeting was called to order at 9:35 a.m..

Mr. Williams asked Dave Erfort of Marco Consulting and Larry Gray of Gray and Company to give the Subcommittee a report on what they had done so far in relation to the fund.

Mr. Erfort gave a brief summary of his initial impressions of the fund. He indicated that the Investment Policy for the Fund was OK, but needed to be enhanced by adding specifics related to benchmarks for managers. He also indicated that we had a large number of managers for the size of the fund, which generally leads to paying higher fees for smaller amounts under management. He also said that having multiple managers in the same categories could lead to having managers working against each other by buying and selling the same stock at the same time. Mr. Erfort also indicated that it appeared from the Wellesley reports that had been provided that there are some managers that needed to be recategorized.

Mr. Gray introduced himself and indicated that his office would be preparing the Quarterly and Annual reports and that the Committee could expect to see some changes from the format that the Wellesley Group had provided. Mr. Gray also indicated that there were managers that were mis-categorized and that he and his staff would correct that for purposes of reporting and analysis. Mr. Gray also indicated that the reports would include general information about the markets in the beginning and then zero in on each of the managers and how they performed, including attribution analysis so that the Committee could see at a glance where the managers were getting positive and negative returns.

Mr. Williams directed Mr. Kallianis to put together a meeting with him and the two consultants to prepare a timeline that the Subcommittee could work from to proceed.

Mr. Ross gave a brief update on the financial status of the Plan. The market value for the Plan as indicated in the FCS report for April was \$1,914,655,084. The return figure for the month of April, 2000 was -2.04% and 3.33% year to date.

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

IV. Real Estate Subcommittee Minutes

A regular meeting of the Real Estate Subcommittee was held on May 23, 2000 at The Northern Trust. The Chairman and the Secretary (Executive Director) were present. A quorum being present, the meeting was called to order at approximately 10:15 a.m..

At Mr. Acosta's request, Kevin Lynch from the Townsend Group summarized the changes to and the contents of the Proposed Real Estate Investment Policy and the Real Estate Strategic Plan. Included in the changes are the prohibition of investing in REIT's, and changes to the referral process with the Townsend Group.

On a motion by Mr. Brown, the Subcommittee approved the Real Estate Investment Policy and the Strategic Plan for Real Estate.

Mr. Acosta directed Mr. Kallianis to work with the Townsend Group to have TA Associates come in to the next meeting and to begin to plan for a Core search for a decision at the July, 2000 meeting.

The Real Estate Subcommittee was adjourned on the motion of Mr. Williams.

Executive Director

Chairman