

AGENDA
For the 626th Retirement Allowance Committee Meeting of
March 27, 2001

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 625th meeting held February 27, 2001.
4. Investment Subcommittee
 - a.) Status on Rebalancing Implementation
 - b.) Strategy for Private Equity
 - c.) Revised Fee Schedule
 - d.) Mentor Request
5. Real Estate Subcommittee
 - a.) Funding status for PRISA
 - b.) Nomination of Capri/Capital Advisors
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.

Charlene Beauchamp - #8489 – request for disability allowance effective 04-01-01, retroactive to 11-01-00.

Paul E. Pryor, Jr. - #36495 – disability allowance effective 04-01-01, retroactive to 03-01-01.

- d.) Presentation of death benefits for approval.
- e.) Presentation of refunds of contributions for approval.
- f.) Presentation of bills and remittances for approval.
- g.) **Rosa E. Alfaro - #6733** – returned to work from Disability on 01-15-01.
- h.) **Cynthia Readus - #4930** – returned to work from Disability on 12-22-00.
- i.) **Joannie R. Wheeler - #7466** – returned to work from Disability on 12-28-00.

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7. Old Business

- a.) Part-time union officials

8. New Business

- a.) Appointment to D.N. Partners Advisory Board
- b.) Burke, Warren, MacKay & Serritella, Inc. request for increase in hourly rates.

9. Executive Session

10. Adjournment

The 626th 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 March 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 10:45 a.m..

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

Dennis Anosike
Willie Means as an Alternate for Marcellus Barnes
Wanda Black
Leon London as an Alternate for Loid Brown
Claudette Ogletree
Lynn Sapyta
Jerry Williams
Robert Smith as an alternate for Richard Winston

On a motion by Ms. Ogletree, the minutes of the 625th meeting were approved.

General Administration Subcommittee Report

A brief report was given by Mr. Means on the General Administration Subcommittee Meeting. The report of the Subcommittee, including items 6a through 6j on the subcommittee agenda, which dealt with various benefits, bills and remittances was approved on a motion by Mr. Williams. Item 6j was added at the meeting and called for the recalculation of Mr. Robert Clay's pension benefits, based on substituting 1995 for 1991 as one of his "high four" years.

Investment Subcommittee Report

Mr. Williams gave a brief report on the issues addressed at the Investment Subcommittee Meeting. The report on the Subcommittee meeting was approved on a motion by Mr. Barnes.

Real Estate Subcommittee Report

A brief report was given by Ms. Ogletree on the Real Estate Subcommittee Meeting, including the status of the Fund's investment in Prudential to be funded at \$22.2 million as Core Real Estate Manager for the Fund. The report on the Subcommittee meeting was approved on a motion by Mr. Smith.

Old Business

There was no old business.

New Business

An increase in the hourly rates paid to Burke, Warren, MacKay and Serritella, P.C. for Paralegals from \$80/hour to \$90/hour and an increase in the hourly rates for attorneys from \$150/hour to \$165/hour was approved on a motion by Mr. Smith.

The Retirement Allowance Committee meeting was adjourned at approximately 11:00 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 March 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 8:45 a.m..

Mr. Barnes presented for approval items 6a through 6i, including 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 \$4,334,309.05.

Mr. Kallianis added item 6j to the list of the items to be approved at this meeting. Item 6j allowed for Mr. Robert Clay to substitute 1995 for 1991 as one of his "high four" years and to recalculate his retirement benefits accordingly.

On a motion by Mr. Williams, the various benefits, bills and remittances including items 6a through 6j were approved for payment by the Subcommittee.

Mr. Barnes asked Mr. Kallianis to have an update on the copier lease for the office for the next meeting.

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

III. Investment Subcommittee Minutes

A regular meeting of the Investment Subcommittee was held on March 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..

The Committee then heard a brief presentation from Ivory Day of Marco Consulting on Private Equity within our portfolio. Mr. Day explained that Marco Consulting was prepared to make recommendations to the Committee on "Fund of Fund's" managers, but, that Marco could not make recommendations on "Direct" investments in Private Equity Funds.

Mr. Kallianis made a brief statement on the status of the implementation of the rebalancing plan that the Committee had previously adopted.

Mr. Kallianis also indicated that the Fund, according to the Northern Trust Company, should not have retained the services of State Street Global Advisors in the liquidation of the account of Delaware Investment Advisors last year, because they were not nominated and approved as a "Special Account Manager" as the Wellesley Group had been in the past. Mr. Kallianis indicated that he and Mr. Ross had been working with a number of firms to solicit bids for "transition" services including the State Street Global Advisors, Fidelity Capital Markets, Merrill Lynch, Lynch, Jones and Ryan, Capital Resource Financial Services, The Russell Investment Group, Northern Trust Global Advisors, Gardner Rich and Loop Capital Markets. On a motion by Ms. Black, the previously named firms were nominated as "Special Account" managers to handle transitions as they occur.

Mr. Kallianis also made a brief statement on the fee reductions that the Fund was able to receive from some of the managers via the correspondence sent out from the Marco Consulting Group.

Mr. Burke provided a summary of a request that the Fund had received from Mentor Investment Advisors to consent to their change of name to Evergreen Investment Management Company. Mentor had been acquired by First Union Corp. several years ago, but had continued to operate under the Mentor name. First Union now wishes to consolidate the names of the Investment Advisors under the "Evergreen" name. The Committee directed the Northern Trust to consent to the name change on a motion by Mr. Williams.

Mr. Ross gave an 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 the month ending February 28, 2001 was \$1.836 billion. The return figure for the month of February, 2001 was -4.33 %. The YTD return was -3.55%.

The Subcommittee on Investments was adjourned on a motion made by Ms. Ogletree.

IV. Real Estate Subcommittee Minutes

A regular meeting of the Real Estate Subcommittee was held on March 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 10:25 a.m..

Mr. Kallianis indicated to the Committee that the issues related to the investment in the Prudential PRISA Core Fund had been resolved and that the investment of \$22.2 million would be made with Prudential at the end of March.

As a follow up to the presentation that Mr. Burns from the Townsend Group had given in February, the Committee nominated the newly formed Capri / Capital Advisors as an investment manager on a motion by Mr. Anosike.

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

Executive Director

Chairman