

AGENDA
For the 641st Retirement Allowance Committee Meeting of
June 25, 2002

1. Meeting will be called to order at 8:30 A.M., Northern Trust Co., 50 South LaSalle Street, Directors' Dining Room, 6th floor.
2. Roll call
3. Approval of the Minutes of the 640th meeting held May 30, 2002.
4. Investment Subcommittee
 - a.) Account opinion on RREEF sale
 - b.) Potential Paine Webber sale
5. Real Estate Subcommittee
 - a.) Manager presentation – Russ Ewing with Paradigm
 - b.) Stable value search
6. Subcommittee On General Administration
 - a.) Announcements of deaths reported since last meeting.
 - b.) Presentation of pre-retirement surviving spouse allowances for approval.
 - c.) Presentation of new retirement applications for approval.

Carlos Valencia #19267 applied for disability allowance effective 07-01-02
And is requesting retroactivity to 06-01-02.

Ronald J. Kornfeind #11854 applied for disability allowance effective
03-01-02 and revoked. He applied for an early retirement effective 07-01-02
retroactive to 03-01-02.

Zulane Funches #1211 returned to work from disability on 06-05-02.

- d.) Presentation of death benefits for approval.
- e.) Presentation of refunds of contributions for approval.
- f.) Presentation of bills and remittances.

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7. Old business
 - a.) Part-time union officials
8. New Business
9. Executive Session
10. Adjournment

The 641st 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 June 25, 2002 at The Northern Trust. The Chairman and the Executive Director were present. A quorum being present, the meeting was called to order at approximately 10:00 a.m..

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

Dennis Anosike
Marcellus Barnes
Wanda Black
Loid Brown
Dorval Carter
Claudette Ogletree
Pam Beavers as an alternate for Lynn Sapyta
Jerry Williams
Richard Winston

On a motion by Mr. Anosike, consideration of the minutes of the 640th meeting was deferred until July, 2002.

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 6f, which dealt with various benefits, bills and remittances was approved on a motion by Ms. Ogletree.

Mr. Barnes then brought up the case of Zulane Funches (Badge # 1211) who was found fit to return to work. Mr. Barnes indicated that, although she was found fit to return to work, there was no position for her at the CTA.

Ms. Black indicated that she thought the RAC's practice was to allow people to continue to collect a disability allowance until a position was found by the CTA.

On a motion by Ms. Black, the Committee approved the extension of Ms. Funches benefits until a position was found at the CTA.

Investment Subcommittee Report

Mr. Winston gave a brief report on the meeting of the Investment Subcommittee, including the presentation by Paradigm Asset Management.

Mr. Winston also reported on the meeting held to interview Stable Value managers and asked Mr. Kallianis to schedule a second meeting of the Investment Subcommittee to choose a second Stable Value manager.

The report on the Subcommittee meeting was approved on a motion by Mr. Barnes.

Real Estate Subcommittee Report

Mr. Carter gave a brief report on the Real Estate Subcommittee, including an update on the status of the sale of RREEF to Deutsche Bank, the potential sale of Paine Webber by UBS Warburg and the first quarter results for 2002. All of these items were addressed at the Subcommittee meeting by Mr. Steve Burns and Mr. Kevin Lynch from the Townsend Group.

Old Business

Part-Time Union issues were deferred until the next meeting.

New Business

The Retirement Allowance Committee meeting was adjourned at approximately 10:30 a.m. on a motion made by Ms. Black.

Executive Session

There was no Executive Session.

II. General Administration Subcommittee Minutes

A regular meeting of the General Administration Subcommittee was held on June 25, 2002 at The Northern Trust. The Chairman and the Executive Director were present. A quorum being present, the meeting was called to order at 8:50 a.m..

Mr. Barnes presented for approval items 6a through 6f., including the pre retirement surviving spouse allowances, the regular retirements, disability allowances, 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 \$4,333,854.72.

On a motion by Mr. Brown, the various benefits, bills and remittances including items 6a through 6f, were approved by the General Administration Committee.

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

III. Investment Subcommittee Minutes

A regular meeting of the Investment Subcommittee was held on June 25, 2002 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 9:15 a.m..

Mr. Russell Ewing and Mr. James Francis From Paradigm Asset Management then gave the Committee an update on the status of their investments in Paradigm's Large Cap Value Fund. Mr. Francis explained that it is the goal of Paradigm to provide consistent and reliable returns. Mr. Ewing and Mr. Francis then went on to explain the structure of Paradigm Asset Management and the process by which they make investment decisions.

Mr. Kallianis then asked Ivory Day and Dave Erfort to give a brief summary of the Investment Subcommittee Meeting at which Stable Value Managers were presented. Mr. Day gave a summary and indicated that he thought all of the candidates were good managers and that we should probably focus on selecting one of the four that presented.

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 June 25, 2002 at The Northern Trust. The Chairman and the Executive Director were present. A quorum being present, the meeting was called to order at 9:50 a.m..

Mr. Burns asked that he be able to add an item to the agenda regarding CNL. CNL experienced a 55,000 sqft. vacancy in one of their properties over the last quarter, but was subsequently able to lease up 33,000 of those sqft.

Mr. Burns and Mr. Lynch from the Townsend Group then gave a brief update on the status of the sale of RREEF to Deutsche Bank and indicated that the principals at the Townsend Group had met on several occasions with the principals from RREEF. They indicated that Townsend would recommend to the RAC that they consent to the assignment of the account from RREEF to Deutsche Bank.

Mr. Burns also indicated that UBS was still trying to sell the Paine Webber Real Estate and that there were ongoing negotiations between UBS and the Pennsylvania Public Schools Pension Fund. Mr. Burns indicated that it looked promising and that towards the end of June there should be a decision made on this issue and then the approvals of the other Limited Partners would be necessary.

Mr. Burns indicated that he would keep the Committee informed on the progress of these issues through Mr. Kallianis and would come back at the Committee's request to discuss any other issues.

Mr. Burns and Mr. Lynch then gave a brief summary of the performance of the Real Estate portfolio for the first quarter of 2002. They indicated that the valuations of properties would probably continue for the short term, but that the fund was still earning income on the investments through rent.

The Real Estate Subcommittee was adjourned on a motion by Mr. Barnes.

Executive Director

Chairman