

AGENDA
For the 643rd Retirement Allowance Committee Meeting of
August 27, 2002

1. Meeting will be called to order at 8:30 A.M., Northern Trust Co., 50 South LaSalle Street, Director's Dining Room, 6th floor.
2. Roll call
3. Approval of the Minutes of the 642nd meeting.
4. Investment Subcommittee
 - a.) Second Quarter 2002 Results
 - b.) Stable Value Funding
 - c.) Dreyfus Investment Presentation
5. Real Estate Subcommittee
 - a.) Second Quarter, 2002 Results
 - b.) Paine Webber
 - c.) RREEF Amendment
 - d.) Capri Amendment
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.

Annie Hill # 9436 applied for retirement effective 09-01-02 and revoked.

Angel L. Mojica #9810 applied for retirement effective 09-01-02 and revoked.

Tuesday V. Simpson #8624 applied for retirement effective 09-01-02 and is requesting retroactive benefits to 08-01-02.
 - d.) Presentation of death benefits for approval.
 - e.) Presentation of refunds of contributions for approval.

Thomas P. Krenzel #11649 discharged on 02-17-99 – vested his pension contributions and interest.
 - f.) Presentation of bills and remittances

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Page 2 of 2

7. Old business
 - a.) Part-time union officials
 - b.) Pre-tax Contributions
8. New Business
9. Executive Session
 - a.) Administrative Issues
10. Adjournment

**The 642nd 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 July 23, 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 10:15 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
Lynn Sapyta
Jerry Williams
Richard Winston

On a motion by Ms. Black, the minutes of the 640th and 641st 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 6f, which dealt with various benefits, bills and remittances was approved on a motion by Mr. Williams.

Investment Subcommittee Report

Mr. Winston gave a brief report on the meeting of the Investment Subcommittee, including the presentation by the Edgar Lomax Company, the award of Stable Value management to Goode Investment Management and the extension of the closing period for Mesirov Asset Management.

Mr. Winston also indicated that a meeting would be held to determine how to fund the award to Goode Investment Management.

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 potential sale of Paine Webber by UBS Warburg.

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

Old Business

Mr. Kallianis presented for consideration a proposed rule. The rule is as follows:

If an employee eligible to elect an Option A or Option B benefit pursuant to Paragraph 13.2 files such an election, as part of a retirement application which is complete in all respects, with the Secretary's office and dies before the application can be officially accepted by the Retirement Allowance Committee and recorded in the official minutes of the retirement meetings and if the employee's entitlement to retirement is approved by the Retirement Allowance Committee, the deceased employee's election of an Option A or Option B benefit shall be accepted in lieu of the Option A1/2 benefit otherwise payable in the absence of an election.

On a motion by Ms. Black, the Committee approved the proposed rule for inclusion in the Retirement Plan.

Mr. Kallianis then presented for consideration a package from BWM&S discussing the ability for the employees of the CTA to make their pension contributions on a pre-tax basis. Mr. Carter indicated that he was interested in the idea but asked that the issue be studied prior to consideration by the Committee.

After a brief discussion, the Part-Time Union item was deferred until the next meeting.

New Business

On a motion by Ms. Black, the Committee approved the nomination of Mr. Lee Robinson as the Vice Chair of the Committee.

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

Executive Session

There was no Executive Session.

II. General Administration Subcommittee Minutes

A regular meeting of the General Administration Subcommittee was held on July 23, 2002 at The Northern Trust. The Chairman and the Executive Director were present. A quorum being present, the meeting was called to order at 9:00 am.

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 \$4,456,633.68.

There was not a quorum present to make a motion to the full Committee, so it was recommended by the people in attendance that the various benefits, bills and remittances including items 6a through 6f, be considered by the Full Committee at that meeting.

III. Investment Subcommittee Minutes

A regular meeting of the Investment Subcommittee was held on ^{July 23} August 27, 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 9:20 a.m..

Mr. Dennis McCaskill, Mr. Randall Eley and Ms. Dena Hudgins from The Edgar Lomax Company then gave the Committee an update on the status of their investments in Lomax's Large Cap Value Fund. Mr. Eley indicated to the Committee that, although the equity markets in general were suffering, that the investment in the Lomax Company had performed well due to stock selection and prudent decisions made by the people at Lomax.

Mr. Eley fielded several questions from members of the Committee on what steps they took to look more deeply at stocks like Worldcom, Enron and Tyco so that they didn't get burned along with everyone else. Mr. Eley gave a brief explanation of how they screened investments. Mr. Eley and Mr. McCaskill thanked the Committee for their continuing confidence and indicated that they were always available if there were future questions.

Mr. Winston then gave a brief summary of the Investment Subcommittee meeting that took place on July 11, 2002 and indicated that the Subcommittee had recommended that the second allocation to Stable Value should be awarded to Goode Investment Management. On a motion by Ms. Black, the Subcommittee approved the allocation of ½ of the 23% allocation for Stable Value be awarded to Goode Investment Management.

Mr. Winston then asked Mr. Kallianis to schedule another meeting of the Investment Subcommittee to determine where the money would come from to fund the allocation to Goode.

Mr. Kallianis then presented to the Subcommittee a request from Mesirow Asset Management to extend the final closing of the fund by three months because there

were several investors who were still expecting to approve the investment at their boards in the next few months. On a motion by Mr. Anosike, the Subcommittee approved the extension of the closing date.

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 July 23, 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. Kallianis gave the committee an update on the potential sale of Paine Webber to the Pennsylvania Teachers Retirement Fund. He indicated that the fund and Paine Webber were exchanging documents and that it looked as if it would be approved by the Pennsylvania fund, but that he would keep in contact with Mr. Burns from Townsend on this matter.

Mr. Kallianis also presented to the Committee a request by Capri Capital Management to extend the closing date on their fund. He indicated that he would forward the request to BWM&S for review.

Ms. Black then asked Mr. Kallianis to make sure he kept the chair and the vice chair of the Committee informed about issues related to the Real Estate Subcommittee prior to the meetings.

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

Executive Director

Chairman