

AGENDA
For the 646th Retirement Allowance Committee Meeting of
November 26, 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 645th meeting.
4. Investment Subcommittee
 - a.) SSARIS (RXR) Presentation
 - b.) 3rd Quarter Report
5. Real Estate Subcommittee
 - a.) Status on UBS/Paine Webber
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

Edward M. Reagan #31451 applied for retirement benefits effective 12-01-02. He is requesting that his pension earnings from 1988 (\$44,981.23) be used as one of the high four pension earning years in calculating his benefits.

Wayne T. Batts #13914 applied for disability benefits retroactive to 11-01-02.

Sylvia Carter #25217 applied for disability benefits retroactive to 09-01-02.

Ciaran T. Dawson #26027 applied for disability benefits retroactive to 11-01-02.

David James #13636 applied for disability benefits retroactive to 11-01-02.

Albert R. Polk #22182 applied for disability benefits retroactive to 10-01-02.

Grant J. Smith #13670 applied for disability benefits retroactive to 05-01-02.

Evelyn Stewart #19742 applied for disability benefits retroactive to 10-01-02.

J. W. Sutton #26198 applied for disability benefits – retroactive to 11-01-01.

Ralph Williams #3687 applied for disability benefits retroactive to 09-01-02.

Jesse Wells #6905 returned to work from receiving disability benefits 10-22-02.

Daniel Somsel #22758 applied for retirement benefits effective 02-01-03 and revoked his application.

Jeanette Milliner #4284 applied for retirement benefits effective 11-01-02 and revoked her application.

Rhonda M. Berry #9756 applied for retirement benefits effective 11-01-02 and is revoking her application.

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Kevin Majors #15426 applied for benefits effective 10-01-02. It was determined after his approval that he was not eligible to retire due to a break in continuous service.

- d.) Presentation of death benefits for approval.
 - e.) Presentation of refunds of contributions for approval.
 - f.) Presentation of bills and remittances.
7. Old business
- a.) Part-time union officials
 - b.) IRS Determination Letter
8. New Business
- a.) Designation of Beneficiary for death benefits.
9. Executive Session
- a.) Administrative Issues
10. Adjournment

Revised 11-22-02

The 645th 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 October 22, 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 11:00 a.m..

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

Dennis Anosike
Marcellus Barnes
Loid Brown
Joyce Coleman as an alternate for Dorval Carter
Susan Leonis
Claudette Ogletree
Lee Robinson
Lynn Sapyta
Jerry Williams
Richard Winston

On a motion by Mr. Brown, the minutes of the 644th 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 termination of US Bancorp and reduction in funding to the Large Cap Value managers in order to fund the first half of the Investment with Goode Investment Management in the Stable Value asset class.

The report on the Subcommittee meeting was approved on a motion by Ms. Ogletree.

Real Estate Subcommittee Report

Ms. Ogletree gave a brief report on the Real Estate Subcommittee, including an update on the potential sale of Paine Webber by UBS Warburg and the status of the

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

Old Business

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

Mr. Kallianis then gave the Committee an update on the application for the IRS Determination Letter. He indicated that the IRS would issue a determination letter with the understanding that the Plan document would be amended to include three changes required by Federal Statute.

New Business

There was no new business.

Executive Session

The RAC adjourned to Executive Session at 11:00 a.m. to discuss the administration of health care benefits related to the Plan retirees and the Actuarial Assessment for 12/31/2001.

The Retirement Allowance Committee returned from Executive Session and was adjourned at approximately 11:50 p.m. on a motion made by Ms. Ogletree.

II. General Administration Subcommittee Minutes

A regular meeting of the General Administration Subcommittee was held on October 22, 2002 at The Northern Trust. The Chairman and the Executive Director were present. A quorum being present, the meeting was called to order at 8:55 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 \$4,169,951.43.

On a motion by Mr. Brown, the Subcommittee approved the items on the agenda for the General Administration Subcommittee.

III. Investment Subcommittee Minutes

A regular meeting of the Investment Subcommittee was held on October 22, 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. Steve Sanders, President and Co-CEO of MDL Capital Management then came in and addressed the Committee regarding performance of the fund, changes in the firm and overall economic outlook. Mr. Sanders indicated that there were no significant changes at the firm, other than they were buying back some of the shares of the firm.

Mr. Kallianis and Mr. Burke then spoke to the Committee about the need for the Committee to nominate SSARIS Capital Management in place of RXR Capital Management. RXR had taken on another party to the firm, State Street, and they would bring to bear all of the resources of State Street in addition to the three principals remaining in place. After some discussion, and on a motion by Mr. Williams, the Committee voted to approve the nomination of SSARIS to Northern Trust to be reviewed for a management agreement.

Mr. Winston then asked Mr. Day from Marco to give a brief summary of the information from the Investment Subcommittee meeting. After some discussion by the Committee, and on a motion by Mr. Brown, the Committee voted to terminate the Fixed Income account with US Bancorp and to take the suggested amounts from the Large Cap Value managers to fund the first half of the commitment for Goode Investment Management.

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

IV. Real Estate Subcommittee Minutes

A regular meeting of the Real Estate Subcommittee was held on October 22, 2002 at The Northern Trust. The Chairman and the Executive Director were present. A quorum being present, the meeting was called to order at 10:15 a.m..

Mr. Terry Fancher and Mr. Jeff Moore from Paine Webber came in with Mr. Steve Burns from the Townsend Group to give the Committee an update on the potential sale of the fund by UBS and to give the Committee an update on the performance of the existing assets in the fund.

Mr. Fancher explained to the Committee that Paine Webber was acquired by UBS and had since given the Paine Webber Real Estate people notice that they did not want to stay in the real estate business. Mr. Fancher then told the Committee some of the things they were doing to keep the fund intact during his discussions with the people at UBS. He indicated that the Pennsylvania Public school fund would be willing to

buy out the General Partner, UBS/PW and commit the additional money necessary to make the next investment in the fund - Bay Meadows.

Mr. Burns then walked the Committee through its options, including trying to get all of our investment back and staying in the fund, but for Bay Meadows. Mr. Burns indicated that he was keeping in contact with UBS/PW and that he would bring any necessary decisions to the Committee as soon as he had final information.

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

Executive Director

Chairman