

A G E N D A

FOR THE 458TH RETIREMENT MEETING OF FEBRUARY 23, 1987

1. Meeting will be called to order at 9:30 A.M., Merchants' Room, 14th floor, Holiday Inn Mart Plaza.
2. Approval of the Minutes of the 457th Meeting held January 21, 1987.
3. Report by Trustee.
4. Report on investment in Wachovia Bank Real Estate Fund - Cindy Corey.
5. Announcement of deaths reported since the last Meeting.
6. Presentation of Survivorship Options.
7. Announcement of Pre-Retirement Surviving Spouse Allowances.
8. Presentation of new retirement applications for approval.
9. Employees on Disability Retirement re-examined.
10. Presentation of Refunds of Contributions to be paid February 28, 1987.
11. Presentation of Bills and Remittances.
12. Death Benefits for approval.
13. Report by Secretary of Deposits, Disbursements and Investments.
 - a.) Report on payment on the Certificate of Indebtedness for 1981 Employer Contributions.
14. Unfinished Business.
 - a.) Carl L. McCormack - approved for disability pension effective 02-01-87 subject to medical evaluation. The evaluation performed by the CTA medical department indicates that he is not disabled under Section 12 of the Plan.
 - b.) Proposal by Compensation and Capital, Inc. to increase their fees.
 - c.) Proposed amendment to the Group Trust Agreement for RREEF USA-III allowing the redemption of units by utilizing the proceeds of the issuance of replacement units.

15. New Business.

- a.) John D. Smith - D-2366 - returned to duty 02-02-87.
- b.) Ronald D. Mickels - revoked his application for B-2/3 Survivorship Option which was to have become effective on 09-01-87 and which was approved at the Retirement Allowance Committee meeting of 12-22-86.
- c.) Isiah Samuel, Jr. - 13 month period to repay refund of contributions and interest expires 02-15-87 -- recommendation that he be granted a 30 day grace period.

Name & Badge No.	Entered Service Date	Amount Due
Isiah Samuel, Jr. #22812	03-13-70	\$12,942.19

- d.) Fiduciary liability insurance.
- e.) Update on lease renegotiations at 333 W. Lake - report by Secretary.
- f.) Pension department structuring & staffing.

16. Adjournment.

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RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 458th Meeting of the Retirement Allowance Committee was held Monday, February 23, 1987, at 9:30 A.M., in the Merchant's Room, 14th Floor, Holiday Inn Mart Plaza. The following were in attendance:

Ms. W. Black	Mr. A. Kasner
Mr. W. Clark	Mr. G. Nagle
Mr. E. Flowers	Mr. D. Perk
Mr. E. Gresham	Ms. V. Wendorf
Ms. J. Hughes	

Mr. L. Morris sat in Mr. I. Thomas' stead. Mr. H. Reed sat in for Ms. W. Black, who arrived late to the meeting. Messrs. H. Hegarty, H. Williams, W. Buetow, J. Lawrie, and Mrs. A. Curtis were present. Mr. J. Mullen and Ms. P. Williams were present. Mr. W. Ashley, Plan Consultant, was present. Mr. R. Burke, Plan Attorney, was present. Mr. F. Duda of the Harris Trust and Savings Bank was present. Mrs. C. Christopher of Wachovia Bank was present. Mr. B. Scholz, pensioner representative was also present.

The Secretary welcomed and introduced the new Committee Members and Alternates.

The Chairman called the Meeting to order at 9:48 A.M.

The Chairman called for approval of the Minutes of the 457th Meeting held January 26, 1987. On a motion by Mr. Kasner, seconded by Mr. Reed, the Committee unanimously approved the Minutes of the 457th Meeting.

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Mr. F. Duda of the Harris Trust and Savings Bank presented the Trustee Report which showed the activity in the market for the last 30 days.

The Secretary requested that item #4 on the agenda be held until the arrival of C. Christopher of the Wachovia Bank.

The Secretary made the Announcements of Deaths since the last meeting, as per the attached list.

The Secretary presented nine (9) Survivorship Options for approval; including an option for John J. Hester, Jr. pending department head signature; Joseph LaBellarte pending department head signature, proof of age, marriage certificate and physician's statement; and Merrit Kotin pending physician's statement, marriage certificate and proof of age. On a motion by Mr. Kasmer, seconded by Mr. Morris, the Committee unanimously approved the Survivorship Options as presented.

The Secretary informed the Committee that there were no Pre-Retirement Surviving Spouse Allowances to report.

The Secretary informed the Committee that there were sixteen (16) Retirement Applications being presented for approval. On a motion by Mr. Kasmer, seconded by Mr. Clark, the Committee unanimously approved the Retirement Applications as presented.

The Secretary informed the Committee that fifteen (15) employees who were presently receiving Disability

Retirement Benefits were examined or had their file reviewed.

The Secretary presented eleven (11) Refunds of Contributions, totaling \$85,094.78, for approval. On a motion by Mr. Clark, seconded by Mr. Kasmer, the Committee unanimously approved the Refunds of Contributions, to be paid on February 28, 1987.

The Secretary presented for approval one (1) Chicago Transit Authority bill, totaling \$83,901.26; twenty-three (23) Operating bills, totaling \$44,221.96; eleven (11) Remittances, totaling \$436,174.02; and the FIT Deposit for the first month, first quarter of 1987, totaling \$136,054.38. On a motion by Mr. Kasmer, seconded by Mr. Clark, the Committee unanimously approved the Bills and Remittances, totaling \$700,351.62.

The Secretary presented for approval twenty-four (24) Death Benefits, totaling \$70,000.00. On a motion by Mr. Reed, seconded by Mr. Kasmer, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Secretary turned the Committee's attention to the Report on Deposits, Disbursements and Investments noting that the total Fund return for January, 1987 was 6.46%. The Secretary further noted that the total portfolio had a market value of \$786,036,907.28 at a cost of \$664,520,301.22.

Mr. Mullen presented a report on the Certificate of Indebtedness noting that a payment in the amount of \$705,829.38 for the month of January had been received which

leaves a balance on the note of \$7,764,123.21. Mr. Mullen also noted that an interest payment of \$275,853.60 had been received on February 2, 1987.

Mr. Mullen also presented various reports on the overall performance of the Fund and investment manager performance.

The Secretary then noted that the Committee unanimously voted, via telephone poll, to approve the hiring of Don Engel and Associates to appraise the 20 North Michigan and Country Lakes property for a fee of \$12,000.00.

The Secretary also noted that Charles Andersen has withdrawn his travel request to attend the Harris Bank conference. The airline tickets had already been purchased and there would be a 25% penalty amounting to \$79.00 which would be reflected in the next month's meeting material.

The Secretary also noted that there was a request from Loid Brown, Alternate, to attend the National Conference on Public Employees Retirement Systems seminar in Hawaii. The Secretary then entertained the motion for this item. On a motion by Mr. Morris, seconded by Mr. Kasmer, the Committee unanimously approved the request of Mr. Loid Brown to attend the National Conference on Public Employees Retirement Systems in Hawaii on April 4-11, 1987. The Secretary then brought to the Committee's attention a form received from the National Conference on Public Employee Retirement Systems requesting the

names of the official delegates and alternates who may attend future seminars and cast votes, etc. He noted that the Committee was entitled to one vote for each \$25 in membership fees paid, and as the dues amounted to \$150.00, the Committee is entitled to seven (7) votes. On a motion by Mr. Kasmer, seconded by Mr. Clark, the Committee unanimously approved that the three (3) attendees (Ms. Black, Mr. Brown and Mr. Nagle) be allowed to cast the seven votes of the Retirement Allowance Committee on issues put to a vote by the National Conference on Public Employee Retirement Systems at the Hawaii seminar.

The Secretary informed the Committee that the pension credit information statements for all active employees had been distributed.

The Chairman requested that the matter of the proposal for a fee increase by Compensation & Capital, Inc. be deferred until the next meeting as Mr. Cerasoli was unable to attend this meeting due to inclement weather.

The Secretary turned the Committee's attention to the item on the agenda regarding the proposed amendment to the Group Trust Agreement for RREEF USA-III which would allow RREEF to redeem units by utilizing the proceeds of the issuance of replacement units. He further noted that he was directed by the Committee at the last meeting to express a concern to RREEF that the amendment does not provide that in the event the

Committee elects to redeem its units and an eligible purchaser is found the funds will be promptly remitted to the Plan. The Secretary noted that he discussed this issue with a representative of RREEF who indicated further amendment to the Group Trust Agreement was not necessary. He further noted that he asked the Plan Attorney to review the matter with RREEF and asked the Plan Attorney for his report. The Plan Attorney stated that he requested that the amendment be extended to provide for payment forthwith in the event that there is a redemption of units. He suggested that this should be in the form of an amendment to the Group Trust Agreement or at minimum via a letter of interpretation from RREEF. The Attorney stated that he has not received a response from RREEF and asked that this issue be held in abeyance until he receives a response.

The Secretary then turned the Committee's attention to a letter dated February 13, 1987 from RREEF requesting that they be allowed to lift a restriction prohibiting investment in industrial properties in Southern California that range in size from \$5 million to \$15 million. A discussion ensued during which the Secretary was instructed to get additional information on this proposal from RREEF and report back to the Committee.

The Chairman asked that Item 4 on the Agenda, the report on investment in Wachovia Bank Real Estate Fund be

addressed at this time and asked Mrs. Cindy Christopher to make her presentation. Mrs. Christopher reviewed with the Committee a report on the Plan's investment in the Wachovia Bank Real Estate Fund. In response to a question from the Secretary, she indicated that Wachovia uses an independent MAI appraiser for all properties in the Fund. The Plan Attorney asked that the Committee be provided with information as to how the sales price of properties in the Fund compared to the latest appraised value. Mr. Kasmer asked to be provided information as to the cost of the properties as the report presented only reflected the market values. Mrs. Christopher indicated she would respond to these requests.

The Secretary then turned the Committee's attention to Carl L. McCormack who was approved for disability pension effective 2/1/87 subject to CTA medical evaluation. The Secretary indicated that a medical evaluation had been performed by Dr. Roman, CTA Acting Medical Director on 02/03/87 and that Dr. Roman's report indicated long standing alcohol abuse. As a result of the long standing alcohol abuse, Mr. McCormack is not eligible for a disability pension under Section 12 of the Plan. The Plan Attorney indicated that he had reviewed the case and the evaluation by Dr. Roman, and based on that evaluation, Mr. McCormack does not qualify for disability retirement under Section 12 of the Plan. A discussion ensued during which Mr. Clark made a motion that

Mr. McCormack's disability application be denied; Mr. Kasmer seconded the motion. The Chairman called for a vote the results of which were as follows:

Mr. Clark - yea	Mr. Flowers - yea
Ms. Hughes - yea	Mr. Gresham - yea
Mr. Nagle - yea	Mr. Kasmer - yea
Mr. Perk - yea	Mr. Morris - nay
Ms. Wendorf - yea	Mr. Reed - nay

The vote resulted in approval of the motion.

The Secretary noted that John D. Smith, disability retiree, #D-2366 returned to duty February 2, 1987.

The Secretary also informed the Committee that Ronald D. Mickels revoked his application for B-2/3 Survivorship Option which was to have become effective on 09/01/87 and which was approved at the Retirement Allowance Committee meeting of 12/22/86.

The Secretary then stated that the 13-month period to repay refund of contributions and interest expired on 2/15/87 for Isiah Samuel, Jr., and recommended that this employee be granted a 30 day grace period to repay. On a motion by Mr. Perk, seconded by Mr. Flowers, the Committee unanimously approved that Isiah Samuel be granted a 30 day grace period to repay his refund of contributions and interest.

The Secretary turned the Committee's attention to a copy of a memo received from Mr. C. Andersen regarding fiduciary liability insurance coverage for the Committee. He stated that there is a 3 year policy which runs from June of 1985 to June,

1988 and approval is needed to pay the annual premium. A discussion ensued during which Mr. Ashley and the Plan Attorney explained the provisions of the policy to the Committee members. A motion was made by Mr. Clark to hold this issue in abeyance until the next meeting, Ms. Hughes seconded and the Committee unanimously approved. The Secretary then stated that he would request Mr. Charles Andersen to report on this matter at the next meeting.

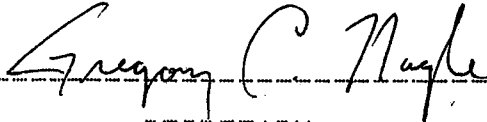
The Secretary then turned the Committee's attention to a report on the update of lease renegotiations at 333 West Lake. The Secretary noted that the Plan's partner, Hiffman, Schaffer, Anderson was required to renegotiate the tenant leases in the building. He stated that this has been accomplished with three year terms with effective dates of April - June, 1987 with an option to extend an additional two years after the three year period. He also noted that either party may terminate the lease with six months notice after the three-year period.

The Secretary presented a proposal to the Committee in which he requested that he be allowed to annually present salary adjustment recommendations to the Retirement Allowance Committee for the Pension Section staff instead of having this function come under the purview of the Authority as it historically has been done. He explained that the Authority has not been responsive to his recommendations regarding his

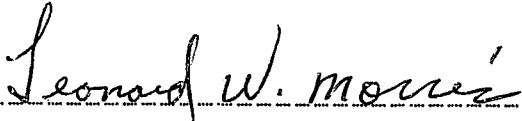
personnel and that this probably stems from the fact that he and his staff are on leave of absence from the Authority and that salaries are paid by the Retirement Fund. A discussion ensued after which the Chairman assigned a subcommittee consisting of Ms. Hughes, Mr. Perk, Mr. Kasmer, and Mr. Flowers to study the matter further with the Secretary and report back to the Committee with a recommendation.

The matter of the introduction of House Bill 220 in the State Legislature to amend the Pension Code to add Article 25, which enacts the CTA Retirement Plan into the code was discussed. The Plan Attorney was directed to prepare a draft summation of the Retirement Allowance Committee's position on House Bill 220 and submit it to the full Committee for approval.

There being no further business, the Committee unanimously agreed to adjourn at 1:30 P.M.



SECRETARY,
RETIREMENT ALLOWANCE COMMITTEE



CHAIRMAN,
RETIREMENT ALLOWANCE COMMITTEE

DATED MARCH 16, 1987