

R E V I S E D

AGENDA

FOR THE 481ST RETIREMENT MEETING OF JANUARY 25, 1989

1. Meeting will be called to order at 10:00 a.m., Mark Beaubien Room, Holiday Inn - Mart Plaza.
2. Approval of the Minutes of the 480th Meeting held December 19, 1988.
3. Report by Trustee.
4. Report on direct real estate holdings by the Townsend Group.
5. Presentation of direct real estate purchase and sale opportunities by Piedmont Realty Advisors -- Steve Grant.
6. Report on performance of equity managers by the Wellesley Group.
7. Presentation of Rick Johnson Equity Partners, a venture capital partnership.
8. Announcement of deaths reported since the last meeting.
9. Presentation of Pre-Retirement Surviving Spouse Allowances for approval.
10. Presentation of new retirement applications for approval.
11. Employees on Disability Retirement re-examined.
12. Presentation of Refunds of Contributions for approval.
13. Presentation of Bills and Remittances for approval.
14. Presentation of Death Benefits for approval.
15. Report by Secretary of Deposits, Disbursements and Investments.
  - a) Report on results of the asset allocation model.
16. Unfinished Business
  - a) Discussion of the calculation of compensation for pension earnings purposes for individuals on leave of absence holding full-time union positions.
  - b) Discussion of the audit of pension calculations.

17. New Business

- a) Joseph L. Cans revoked his application for retirement which was approved at the Retirement Allowance Committee meeting of December 19, 1989 and which was to have become effective January 1, 1989.
- b) Discussion of health insurance premium rates for pensioners.
- c) Rescheduling the February 20, 1989 Retirement Allowance Committee meeting.
- d) Election of Retirement Allowance Committee Chairman and Vice-Chairman.

18. Adjournment

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 481st Meeting of the Retirement Allowance Committee was held Wednesday, January 25, 1989 at 10:00 A.M., in the Mark Beaubien Room, Holiday Inn - Mart Plaza. The following were in attendance:

Ms. W. Black	Mr. C. Andersen
Mr. E. Gresham, Chairman	Mr. C. Burrus
Mr. C. Knox	Mr. D. Perk
Mr. I. Thomas	

Mr. R. Pirovano, Acting Executive Secretary, was present. Alternate A. Curtis sat in J. Hughes' stead. Alternate W. Buetow sat in M. Holzman's stead. Alternate E. Hill was present. Alternates H. Reed, L. Brown, H. Williams and H. Hegarty were present. Mr. W. Ross and Ms. P. Williams of the Pension Office staff were present. Ms. S. Luthy of the Harris Trust and Savings Bank was present. Mr. R. Hoffman of the Wellesley Group, Inc. was present. Messrs. T. Ahern and K. Lynch of the Townsend Group were present. Messrs. R. Johnson, C. Brock and K. Cherry of Rick Johnson Equity Partners were present. Mr. S. Grant of Piedmont Realty Advisors, Inc. was in attendance. Mr. R. Burke of Burke, Wilson & McIlvain was present. Mr. B. Scholz, pensioner representative was present.

(1) The Chairman called the meeting to order at 10:28 A.M.

(2) On the call for approval of the Minutes of the 480th meeting, held December 19, 1988, Mr. Knox made a motion for approval, Mr. Brown seconded the motion and the Committee unanimously approved.

(3) Ms. S. Luthy of the Harris Trust and Savings Bank presented a report on the activity in the markets over the last 30 days and year to date.

(4) Mr. K. Lynch of the Townsend Group reviewed the direct Real Estate portfolio. He also summarized Piedmont Realty Advisors' progress to date with each of the holdings.

(5) Mr. S. Grant of Piedmont Realty Advisors reported on the direct real estate purchase and sale opportunities.

He reviewed the Bannockburn property recommending that the Committee approve the sale of its mortgage position to its partner, Lincoln Property Company for \$3,275,000.00 by April 7, 1989 citing that the loan term expires on that date and that the Plan would realize a 15.1% rate of return on the investment. He also noted that the Plan would avoid certain risks by selling its position. After a brief discussion by Committee members, a motion was made by Mr. Thomas, seconded by Mr. Reed to accept the recommendation of Piedmont for the sale of the Bannockburn property. The Committee unanimously approved.

Mr. Grant reviewed the One East Commerce Drive property recommending that the Committee approve the sale of two properties on this site, the vacant site and One East Commerce Drive, to Omron Electronics who is the current tenant. He recommended approving the sale of these properties to the tenant for \$3,400,000.00 with a closing date on or before March 31, 1989. On a motion by Mr. Andersen, seconded by Mr. Brown, the

Committee unanimously approved the sale of the two recommended properties to Omron Electronics.

Mr. Grant then reviewed the 3660 Lake Shore Drive property recommending that the Committee approve the sale of its mortgage position to the borrower, Development Management Group, Inc for \$340,000.00 with a closing date on or before March 31, 1989. He also noted that the borrower would like to proceed with the development of Phases II and III and must remove the Plan's lien prior to development. After a brief discussion by Committee members, on a motion by Mr. Thomas, seconded by Mr. Perk, the Committee unanimously approved the sale of its position on this property for \$340,000.00 to Development Management Group, Inc.

(6) Mr. R. Hoffman then reported on the performance of the equity managers noting that the total value of the combined equity managers for the Fund amounted to \$508,759,000.00.

(7) Mr. R. Johnson and Mr. C. Brock then gave a presentation on their firms investment capabilities explaining that their focus is on already announced leveraged buyouts of generally smaller manufacturing firms.

(8) The Acting Executive Secretary made the Announcement of Deaths since the last meeting, as per the attached list.

(9) The Acting Executive Secretary reported that there was one (1) Pre-Retirement Surviving Spouse Allowance effective December 1, 1988.

(10) The Acting Executive Secretary presented sixteen (16) Retirement Applications for approval, including the applications for Charles Rogers, Jr., and Deborah Brown pending medical evaluation. On a motion by Mr. Knox, seconded by Mr. Brown, the Committee unanimously approved the retirement applications as presented.

(11) The Acting Executive Secretary informed the Committee that two (2) employees who are presently receiving Disability Retirement Benefits were examined or had their files reviewed.

(12) The Acting Executive Secretary presented eighteen (18) Refunds of Contributions, totaling \$89,508.34. On a motion by Mr. Knox, seconded by Mr. Perk, the Committee unanimously approved the Refunds of Contributions to be paid January 31, 1989.

(13) The Acting Executive Secretary presented for approval one (1) Chicago Transit Authority Bill, totaling \$66,443.05, sixteen (16) Operating Bills, totaling \$154,341.69, nine (9) Remittances, totaling \$637,500.49, and the FIT Deposit, totaling \$215,047.43. On a motion by Mr. Perk, seconded by Mr. Brown, the Committee unanimously approved the Bills and Remittances, totaling \$1,073,332.66.

(14) The Acting Executive Secretary presented for approval twenty (20) Death Benefits, totaling \$59,300.00. On a motion by Mr. Knox, seconded by Mr. Brown, the Committee unanimously approved the Death Benefits to be paid January 31, 1989.

(15) The Acting Executive Secretary turned the Committee's attention to the Report on Deposits, Disbursements and Investments in the Trustee Summary and noted that the December, 1988 performance for the Fund was 0.73% and the value of the total assets of the Plan as of December 31, 1988 amounted to \$837,681,000.

(15a) Mr. W. Ross then presented a report on the results of the asset allocation model which indicated that from inception to date (thru 12/31/88) value added by the Boston Company was +1.63%. The report also identified the asset allocation changes since inception and indicated that the market value of the Boston Company account was \$83.8 million as of December 31, 1988.

The Acting Executive Secretary informed the Committee that the Pension Office had been researching to find new office space as the Pension Office lease expires May 1, 1989. Mr. Pirovano stated that the search had been narrowed to 111 West Washington and 221 North LaSalle. After some discussion, the Chairman appointed a real estate subcommittee consisting of Messrs.

Kasmer, Knox, Perk, Pirovano and himself. Mr. Perk was appointed Chairman of the subcommittee. The subcommittee was charged with the task of examining the alternatives and making a final decision on Pension office space within two weeks of the Retirement Allowance Committee meeting.

The Acting Executive Secretary turned the Committee's attention to the IFEBP seminars noting that there was a request by H. Reed and L. Morris to attend the conference in Orlando, Florida, February 20 - 22, 1989. He also noted that E. Hill requested to attend the conference in Lake Tahoe, Nevada, June 26 - 28. On a motion by Mr. Brown, seconded by Mr. Knox, the Committee unanimously approved the requests for attendance of these seminars.

(16a) With regard to this issue, Mr. Knox requested that the item should read " Discussion of the calculation of compensation for pension earnings purposes of all union officers." This issue was then deferred until the next meeting.

(16b) After a lengthy discussion, the Committee agreed that an audit of pension calculations should be performed. Mr. Gresham stated that he would be in contact with Mr. Burrus to request that the CTA continue audit of pension calculations. If the CTA cannot continue the audit, the Committee agreed that it be appropriate for an outside auditing firm to perform the work.

(17a) The Acting Executive Secretary announced that Joseph L.



Cans revoked his application for retirement which was approved at the Retirement Allowance Committee meeting of December 19, 1988 and which was to have become effective January 1, 1989.

(17b) The Committee discussed the cost of health care and determined that, although, this is a serious problem for pensioners, it is a matter for collective bargaining. Members of the Committee agreed that it would be appropriate for the Plan to pay health insurance costs for dependents. There was a consensus that members would present this position during the next labor-management negotiations.

(17c) The Committee agreed to reschedule the February 20, 1989 Retirement Allowance Committee meeting to February 17, 1989 at 9:30 A.M.

(17d) The Committee unanimously named Mr. C. Burrus to serve as Chairman and Mr. E. Gresham to serve as Vice-Chairman of the Retirement Allowance Committee for a period of two years.

Mr. Gresham announced that the Retirement Allowance Committee had selected Mr. Perk to be head of the Pension Office. Mr. Perk is to assume his duties sometime in February. His title is to be determined.

(18) There being no further business, the Committee unanimously agreed to adjourn at 3:23 P.M.

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ACTING EXECUTIVE SECRETARY  
RETIREMENT ALLOWANCE COMMITTEE

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CHAIRMAN  
RETIREMENT ALLOWANCE COMMITTEE  
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DATED