

AGENDA

FOR THE 557TH RETIREMENT MEETING OF JUNE 27, 1995

1. Meeting will be called to order at 10:00 a.m., Harris Trust & Savings Bank 111 West Monroe Street, Executive Dining Rooms - 37th floor.
2. Roll call.
3. Approval of the Minutes of the 556th Meeting held April 16, 1995.
4. Investment Subcommittee report.
5. Real Estate Subcommittee report.
6. Subcommittee on General Administration
 - a) Announcement of deaths reported since the last meeting.
 - b) Presentation of Pre-Retirement Surviving Spouse Allowances for approval.
 - c) Presentation of new retirement applications for approval.
 - (i) Lee Alfred - #8506 - request for retroactivity to 06/01/95.
 - (ii) Eugene Vann - #9017 - request for retroactivity to 06/01/95.
 - (iii) George Raniszewski - #9055 - request for retroactivity to 06/01/95.
 - (iv) Joseph Martinek - #36005 - (disability) - request for retroactivity to 06/01/95.
 - (v) Henry Hinkle - #2867 - (disability) - request for retroactivity to 06/01/95.
 - d) Presentation of Death Benefits for approval.
 - e) Presentation of Refunds of Contributions for approval.
 - f) Presentation of Bills and Remittances for approval.
7. Old Business: *Investment Policy for the Retirement Plan*
8. New Business
9. Financial Report
10. Adjournment.

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY

The 557th Meeting of the Retirement Allowance Committee was held on Tuesday, June 27, 1995, at the Harris Trust and Savings Bank, 111 West Monroe Street, Executive Dining Room - 37th Floor. The following were in attendance:

Mr. I. Thomas, Chairman
Mr. T. Collins
Mr. L. Brown
Mr. J. Williams
Ms. W. Black

Mr. E. Hill, Vice Chairman
Mr. T. Stevens
Mr. W. Buetow
Mr. M. Holzman

Mr. D. Perk, Executive Director, was in attendance. Mr. C. Lang sat in Mr. Burrus' stead. Alternates also present were L. Murray, R. Baughn, L. Sanford, M. Caffery, P. Beavers and R. Schultz. L. Smith, J. Forte and A. Dungan of the Pension Office Staff were in attendance. Mr. B. Baker of the Harris Trust and Savings Bank was present. Mr. R. Burke of Burke, Warren & MacKay was present. Messrs. Bill C. Gilmore, J. Henderson and B. Scholz were also in attendance.

1. The Chairman called the meeting to order at 11:00 A.M.
2. A roll call was taken which indicated that a quorum of Committee members was present.
3. On a motion by T. Stevens, seconded by T. Collins, the Committee unanimously approved the Minutes of the 556th Meeting of the Retirement Allowance Committee. Mr. Stevens also suggested that we keep all the tapes of the subcommittee meetings and the Retirement Allowance Committee. Two tapes of all meetings will be made, one for Chairman I. Thomas and another for use in the Pension Staff's Office.
4. Mr. T. Collins, Chairman of the Investment Subcommittee, reported on the meeting held this date.

The main item on the agenda was the presentation by Mr. Mike Granger of Ark Capital with an appeal of the decision made by the Committee. There was no support on behalf of Mr. Granger, therefore, the decision made a few months ago still stands. Also, the Administrative Office has been directed to bring in two managers per meeting for a 10 minute presentation so the Committee can familiarize themselves with all of the managers. This is necessary so that there will be a working relationship with the managers.

The Committee reminded Ned Joachimi that they are looking for a chart showing the initial investment of each manager and the compounded rate of return so the Committee can get a good view of what each manager has done so far.

On a motion by Mr. Brown, seconded by Mr. Lang, the Committee unanimously approved the Investment Subcommittee Report.

5. Mr. J. Williams, Chairman of the Real Estate Subcommittee, reported on the meeting held this date.

Capital Associates listed Country Lakes Apartments on the market for \$13 million. A brochure has been prepared, and they will report back to the Committee when and if they have a viable buyer. The occupancy is 99% on this property, according to the Plan Attorney.

Discussion ensued regarding Trustee strategy for the disposition of the Paragon Building (Adams Office Building), given the termination of the TCP Acquisitions transaction. It was decided that the strategy, i.e., market the property through CB Commercial, would not be changed.

Mr. Perk reported that Mr. Wolkoff of RREEF advised that he had received and would be evaluating three letters of intent proposing purchase prices ranging from \$1,740,000 to \$2,050,000.

RREEF fee structure - no change.

The Plan Attorney stated, as reported at the last meeting, 60% of the unit owners of USA3 had approved the transaction whereby three of the RREEF USA properties in three large shopping center properties are going into a real estate structure. There will be a report coming out sometime this fall to all the unit holders stating that these properties are going into a REIT, and the owners have an election to make. They either take units in the REIT or they are cashed out. The Committee will need counsel from Townsend whether they should stay in the RREEF REIT or receive cash for the value of the properties. There are more properties in USA3 than these three, and RREEF USA3 by its terms is obligated to wind down. They will start a program of disposing of the other properties. It will probably happen

in 1996 or 1997. There will be cash coming to the Fund from the disposition of the other properties.

Mr. Hill said he would like to receive from Mr. Kevin Lynch of Townsend an analysis in terms of what the Plan put into the program, what the return is, what will the Plan get out of it now if we sell out.

Mr. Lynch reported that right now RREEF Retail REIT is trying to raise the necessary dollars in the event the participants would like to cash out. RREEF figure they will need approximately \$300 million. The final decision is postponed until some time in September, 1995 when the Plan has to invest in the REIT or take the cash and reinvest it elsewhere. Mr. Lynch will prepare the analysis for the next meeting. There will be an appraisal of all 13 properties so the Committee will be able to make a decision.

Mr. Lynch then discussed the direction his firm is taking. He will again be our full time consultant on a day to day basis.

On a motion by Mr. Stevens, seconded by Mr. Collins, the Committee unanimously approved the Real Estate Subcommittee Report.

6. Mr. T. Stevens, Chairman of the General Administration Subcommittee, reporting on the meeting held this date. Mr. Stevens requested approval of items 6a through 6f.

Two items were given to the Plan Attorney to follow-up on; one is putting together a rule for individuals on disability re medicare and secondly to review the disability questionnaire paying special attention to items 5, 6 and 7. Mr. Burke will report to the Committee at the next meeting.

There were two items for Executive Session as requested by D. Perk and J. Forte.

Mr. Forte reported on the 8 missing people who received letters re being dead or alive. All of the 8 are alive, therefore the checks will be sent. Every retiree on the list was alive at the time the form was sent; some died later but no one claimed the retiree was alive and collected his/her check.

There was a question raised by Mr. Forte about Michael Kristman qualification for disability. The Committee said if Medical approved it, then there should be no problem approving him for disability.

Messrs. Czech, Bruen and Forte reported on disability retirees and the cost of disability and a letter to disability retirees put together by Mr. Burke. Mr. Burke will review the disability questionnaire especially items 5, 6 and 7 as requested by the Chairman.

Mr. Bruen did audit 17 disability files, in an effort to determine if the disability was permanent, or if they were on Medicare, and what monthly payments they receive. It was reported that in some files, several years have gone by without providing any new or recent medical documents to the Pension Office. Most of the time if there is a doctor's notice, it is because an employee wanted to return to work. There are 665 employees on disability. Several committee members questioned why disability employees are not on Medicare. The Chairman would like to set up a meeting with the Executive Director and some of the Committee members to discuss this Medicare situation. The Chairman does not want to take benefits away that someone is entitled to. There was a long discussion about Medicare for individuals on disability retirement who are under 65. The Plan Attorney will draft a rule to the Committee regarding disability retirees under 65 going on Medicare.

On a motion by Mr. T. Collins, seconded by Mr. J. Williams, the Committee unanimously approved items 6a through 6f.

7. Old Business - Investment Policy for the Retirement Plan has been reviewed. The Plan Attorney explained that the bank would like to review the policy; this will be taken up at next month's meeting.
8. New Business - Ms. Nancy Wolcott, a representative from Harris Bank gave a presentation on decisions Harris had made regarding handling the Ameritech account and gave the impression they are going commercial.
9. Financial Report - The Executive Director then turned the Committee's attention to Report of Deposits, Disbursements and Investment in the Trustee Summary and noted that for the month of May, 1995, the performance for the total fund was 2.78 %, and the value of the total assets of the Plan as of May 31, amounted to \$1,258,428.991.00.

10. There being no further business, the Committee unanimously agreed to adjourn at 11:40 A.M. to Executive Session.



Executive Director
Retirement Allowance Committee



Chairman,
Retirement Allowance Committee

Dated: August 22, 1995

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