AGENDA {revised August 26, 1997}

FOR THE 583rd RETIREMENT MEETING OF AUGUST 26, 1997

1. Meeting will be called to order at 11:30 A.M., Northern Trust Company, 50 South LaSalle Street, Directors Dining Room - 6th Floor.

2. Roll call.

3. Approval of the Minutes of the 582nd Meeting held July 22, 1997.

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) Randolph T. Cirillo - #36324 - request for retro-activity to 11-01-96.

      (ii) Maria C. Castillo - #4641 - (disability) - request for retro-activity to 08-01-97.

      (iii) Marion Stubbs - #6155 -- (disability) - request for retro-activity to 08-01-97.

      (iv) Carolyn S. Hardy - #1774 - (disability) - request for retro-activity to 08-01-97.

      (v) Felicia Clower - #9419 - (disability) - request for retro-activity to 08-01-97.

      (vi) Albert Powell - #23592 - (disability) - request for retro-activity from 08/01/96 to 04/20/97 *(lump sum pymt.)

   d) Presentation of Death Benefits for approval.

   e) Presentation of Refunds of Contributions for approval.

   f) Presentation of Bills and Remittances for approval.

   g) Jackie Smith - #D3242- returned to duty - July 21, 1997.

7. Old Business

8. New Business

9. Financial Report

10. Executive Session

11. Adjournment

REVISED

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY

The 583rd Meeting of the Retirement Allowance Committee was held on Tuesday, August 26, 1997, at the Northern Trust Company, 50 South La Salle Street, 6th Floor. The following were in attendance:

Mr. E. Hill, Chairman	Mr. I. Thomas, Vice Chairman
Mr. W. Buetow	Mr. L. Brown
Mr. D. Anosike	Mr. T. Collins
Ms. M. Green	Ms. W. Black
	Mr. J. Williams

L. Sanford sat in S. Leonis' stead. Alternates also present were P. Beavers, L. Morris, R. Baughn and M. Caffrey. W. Ross, J. Forte and A. Dungan of the Pension Office Staff were in attendance. Ms. P. Newton of Northern Trust Company was present. Mr. R. Burke of Burke, Warren, MacKay & Serritella was present. Messrs. C. Wesley, C. Spears, J. Henderson, B. C. Gilmore and J. Guerrero were also in attendance.

1. The Chairman called the meeting to order at 10:25 A.M.

2. A roll call was taken which indicated that a quorum of Committee Members was present.

3. On a motion by Mr. Thomas, seconded by Mr. Brown, the Committee approved the Minutes of the 582nd Meeting.

4. Mr. W. Buetow, Chairman of the Investment Subcommittee, reported on the meeting held this date.

   There was a discussion about a letter sent by the Plan Attorney to Mr. Joachimi regarding a telephone call to Mr. Buetow about changes to the investment policy.

   Mr. Joachimi stated the Plan's asset allocation mix is 65% stocks and 35% bonds. The market performance has moved the equity portfolio above its allocation. There is over 70% in equities. According to Mr. Joachimi what the Committee is looking at is balancing back to 65%. Mr. Joachimi would like the Committee to look at fixed income. It can be accomplished very easily by completing our search.

   Mr. Joachimi stated that some movement has been accomplished with Piper, RXR and Mentor. He proposed that we look at this at either the next meeting or a special meeting but the whole Committee would need to be at the special meeting.

   Mr. Burke said it would be wise to adopt the investment policy. There was a discussion about the fiduciary responsibility.

Mr. Joachimi said the important part is that the Committee has two choices: it can change the asset allocation by increasing or decreasing the percentage, or dispose of equity assets and reinvest the proceeds in fixed income holdings. It is easier to move the assets in the Plan.

Mr. Joachimi stated this Plan is funded as well as it is because the Committee made a decision to have more invested in equities. That is what made the fund as strong as it is.

Mr. Burke recommended the Board to approve the Investment Policy.

Mr. Joachimi said the Plan has a liability that needs to be funded every month.

On a motion by Mr. Thomas, seconded by Mr. Collins, the Committee unanimously approved the Investment Policy. It was decided that the Committee would look at poor performers.

Mr. Hill recommended a special meeting of the Investment Subcommittee with all the Retirement Allowance Committee Members attending. Mr. Buetow will set up a meeting.

Mr. Joachimi discussed American National Bank Index Fund. Also discussed were managers on the watch list, which is any manager who has not exceeded their peer group performance or did not exceed the peer group and the S&P 500 Index performance for a 5 year period. Ariel Capital and 20th Century have not done the job.

In the growth group, Chicago Corporation does not beat the peer group or the index for 5 years.

Weiss, Peck and Greer has changed managers, and their performance has improved during the past year.

NCM has disturbing things going on with its management. Mr. Joachimi said many of its good managers thought they should have ownership interests but stock ownership was not offered so they have left the firm. This is why they are on the watch list.

Mr. Joachimi thought we should look at the fixed income group next. The managers who have given us the most problems are Bear Stearns and Weiss, Peck and Greer. They have under performed their index for the 5 year period.

NCM in the intermediate fixed income group has not beat the index or the peer group.

Mr. Buetow wants to do an audit on soft dollars. He has contacted several firms.

Mr. Burke said the SEC has a major decision coming out on whether soft dollars will be allowed. An article on this subject was given to the Committee. Mr. Buetow said they are waiting for this report from the SEC.

Mr. Collins spoke about the Weiss, Peck and Greer Venture fund. The recommendation was the stocks which were distributed to the Plan should be sold. The Plan had a substantial number of CIENA shares according to Mr. Ross. The Plan sold the CIENA shares in two pieces and $9.9 million should be received from these sales.

Financial Report - Wayne Ross then turned the Committee's attention to Report of Deposits, Disbursements and Investment in the Trustee Summary and noted that for the month of July, the performance for the total fund was 6.05 %, and the value of total assets of the Plan as of July 31, 1997, amounted to $1,714,014,075.

Mr. Ross stated that this month the CTA will fund the Plan with pension contributions for the month of July.

Mr. Hill said at the present time we have $80 million in International Equity and if we are at 5%, are we coming fairly close to that allocation. He told Mr. Joachimi he felt it was something we should talk about soon. Since the Plan has invested in international equities, it has under performed domestic equity investment.

Mr. Collins asked Mr. Ross about Ark. Mr. Ross said there had only been one draw down of about $103,000 and nothing has happened since that time. Mr. Ross will call and see what Ark's current plans are.

The cash balance as of August 25 was $94 million. It looks like $65 million will be going out shortly in terms of CNL, RXR and Mentor.

Mr. Buetow discussed how Mr. Ross was contacted by Watson Wyatt and Ernst and Young and their agreement with the Plan for professional services expires on September 30. Mr. Hill wants to hold up making a decision for another month. The Investment Policy was passed among the Committee Members for their signature of approval.

On a motion by Mr. Williams, seconded by Mr. Collins, the Committee unanimously approved the Investment Subcommittee Report.

5. Ms. Maria Green, Chairman of the Real Estate Subcommittee, reported on the meeting held this date.

Ms. Green informed the Committee that there were two items on the agenda. 1. The Townsend Contract has expired. The old contract was a 3 year contract and there was a presentation to extend that contract with an increase in the fee. Mr. Lynch has asked for a 3 year contract with a clause where he will automatically get a pay increase. Mr. Thomas had a problem with that. He suggested we do not pass on it. Ms. Green said now there is agreement to extend the contract for a 1 year term at the existing fee with a 30 day cancellation clause.

On a motion by Ms. Green, seconded by Mr. Williams, the Committee unanimously approved an extension of the contract of Townsend for 1 year at the rate of $78,675 per year with a termination clause of 30 days.

Mr. Brian Rieger of RREEF spoke about two properties that are up for sale.

Elk Grove Land Parcel, which they have been marketing for about 3 years, is 18.5 acres on the Northeast corner of Devon and 290 in Elk Grove Village. It is in Cook County and it zoned for office. RREEF has been talking to a series of residential developers over the past few years which would require a zoning change. The highest offer they have received was $2.8 million about a year ago . There is now an offer from Trammell Crow for $3.8 million which RREEF felt is an excellent opportunity. Mr. Rieger said what is enabling them to pay this much money is they have a hotel concept for approximately half the site. The other half will be for apartments. Permits will have to be obtained before there would be a closing. There are offices and hotels adjacent to this property but they are in DuPage County. The Plan has been paying real estate taxes and management fees on this property. This property had been sitting vacant, prior to RREEF's involvement, around 7 years. Ms. Green asked what is the carrying value, the acquisition cost plus the ongoing real estate taxes and interest. Mr. Rieger said the initial cost was described as accrued but not collected interest on foreclosure, the cost of actually buying the property back from foreclosure. Real estate taxes are not part of the carrying cost. The property has been on the market for the last 4 years and it has been vacant ever since. Mr. Rieger said there were numerous inquiries from residential developers, and they felt the most they would pay for a residential development is around $2.8 or $2.9 million so it has not worked for us as residential. The office market, when it does come back, will mostly likely go into a DuPage site because of the tax burden in Cook County. Residential developers cannot afford it and it is zoned office so it is sort of caught in no-man's-land. Mr. Rieger was asked what the chances were for it being rezoned. He said 60-40. He felt Elk Grove Village would like to see the property back on the tax rolls. There was a discussion about the property.

Mr. Rieger would like a little flexibility in the offering price. If it goes below $3.7, he would come back to the Committee.

The other parcel is 635 Remington which is a single story R&D building located in Schaumburg - also Cook County. It has historically not performed as well as it is now. It is currently 100% leased with 5 tenants with short leases. It has a current value of $1,840,527. RREEF marketed it to institutional investors but there was very little interest because of its Cook County location and it is not a favored type of real estate asset for institutional investors. A second round of marketing was done to local entrepreneurs and 4 offers were received. The highest one was from Washington Properties at $2.2 million. Mr. Rieger felt it was an excellent sale price. The asset is somewhat volatile. One tenant was acquired by a successor company and wanted to convert to a month-to-month lease. They forced the tenant into a year and a half lease. RREEF had to actually file a forcible detainer to have them move on that. Mr. Rieger thought the new lease will be signed in the next two weeks.

In addition, Microage one of the other major tenants has been complaining about lack of parking for some time, and RREEF feels they will be in the market looking for new space. 70% of the lease are up in the next 18 months. The net operating income is currently $275,000. It currently generates about 12-1/2 or 13% income so it is attractive for this buyer.

Mr. Rieger gave an update on 711 Jorie Blvd. RREEF is in the process of completing a marketing book which will go out to investors soon. McDonald's has right of first offer. They have decided not to buy the building at $24.7. They have an additional opportunity to purchase it depending on the price but if it is above $24.5 million, they have no further rights to acquire it.

191 Wacker - Demolition completed a little ahead of schedule and on budget. A lease has been signed with All Right Parking. They were the high bidder out of 6 bids RREEF received. Improvements are 95% completed. The parking lot is open and operating. The lot is generally filled. The rates will be raised. The strategy is to hold on to the property and try to get another real estate tax reduction.
Mr. Thomas asked for the lease rate for the property. Mr. Rieger will get that information for the Committee.

The RREEF Venture Capital fund has started and there is a final round of funding on September 30th which will close the funding. $170 million has been raised. RREEF is looking at another acquisition - a development project in California. The fund has acquired 3 assets to date and they are very optimistic about this being a success.

The Plan Attorney stated that with the disposition of the Schaumburg property and

Elk Grove Village, there will only be 3 direct investments left in the portfolio namely, 711 Jorie, 191 Wacker and Jeffery Manor Shopping Center. All the other real estate investments are basically commingled funds. 711 Jorie according to Mr. Rieger will most likely be sold before the end of the year.

Meridian Business Campus - Mr. Rieger said they have had some recent activities lately but the land activity as predicted has slowed during the first half of the year. There is a hotel employees pension fund that is looking at a 6 acre site for an office project, and they are speaking to Menard's about a 14 acre anchor for second stage retail.

There is a disposition program in place for RREEF USA III according to the Plan. Attorney. The Plan Attorney asked Mr. Ross about the $3 million received, according to the report. Mr. Ross said it was a disposition of properties.

On a motion by Mr. Williams, seconded by Mr. Brown, the Committee unanimously approved RREEF selling the Elk Grove property for not less than $3.7 million and the Remington property for not less than $1.8 million.

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

6. Mr. T. Collins, Chairman of the General Administration Subcommittee, reported on the meeting held this date.

Mr. Collins requested approval of items 6a through g.

Mr. Forte discussed how Mr. Randolph T. Cirillo asked for retro back to November 1, 1996. He was fired in October, 1996. He was waiting for the union to arbitrate his case but the union turned it down. Mr. Morris questioned the fact that someone can retire because he has 25 years and has been fired. Mr. Hill wondered if Mr Forte really wanted the responsibility of signing the applications that CTA has refused to sign off on because they were discharged. He suggested it should be cleared through the Plan Attorney to make sure it is not a violation of any of the current rules.

Mr. Williams brought up about the individual who was discussed at last month's meeting regarding not getting down to the Mart on time to fill out his papers because of a death in the family. Mr. Williams was not at the July meeting but he understood there was to be some sort of investigation. The Plan Attorney said the Plan Document said the application has to be filed by a certain given date. This individual did not do this. He told Mr. Williams this was discussed at last month's meeting and it is up to the Authority and the Unions to agree to waive that one date in this situation because the dates are specific as to when an individual has to make application. The Committee really has no authority to handle this. Mr. Hill suggested the union sit down with the President of CTA and if they can come to an agreement, then it could be resolved that way. The Committee cannot overrule because collective bargaining is involved. The Plan Attorney said if the bargaining party said give the Committee discretion in extraordinary health, family situations, something could be worked out. Some members of the Committee felt it would open a can of worms because everyone would be saying they want to retire now because there were extenuating circumstances why they could not retire before the deadline.

On a motion by Ms. Black, seconded by Mr. Brown, the Committee unanimously approved the General Administration Meeting.

7. Old Business - None

8. New Business - None

9. Financial Report - See number 4

10. Executive Session - None

11. The Committee unanimously agreed to adjourn at 10:25 A.M.

James Forte

Chairman,
Retirement Allowance Committee

Dated: Oct. 21, 1997

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   Mr. Joachimi stated the Plan's asset allocation mix is 65% stocks and 35% bonds and letting the market run is not a good idea. Mr. Joachimi would like the Committee to look at fixed income. There is over 70% in equities. According to Mr. Joachimi what the Committee is looking at is balancing back to 65%. It can be accomplished very easily by completing our search.

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There is a disposition program in place for RREEF USA III according to the Plan Attorney. The Plan Attorney asked Mr. Ross what the $3 million in the report was. Mr. Ross said it was a disposition of properties.

On a motion by Mr. Williams, seconded by Mr. Brown, the Committee unanimously approved RREEF representing the Fund in the sale of the Elk Grove property and not less than $3.7 million and the sale of the Remington property at not less than $1.8 million.

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

6. Mr. T. Collins, Chairman of the General Administration Subcommittee, reported on the meeting held this date.

Mr. Collins requested approval of items 6a through g.

Mr. Forte discussed how Mr. Randolph T. Cirillo asked for retro back to November 1, 1996. He was fired in October, 1996. He was waiting for the union to arbitrate his case but the union turned it down. Mr. Morris questioned the fact that someone can retire because he has 25 years and has been fired. Mr. Hill wondered if Mr Forte really wanted the responsibility of signing the applications that CTA has refused to sign off on because they were discharged. He suggested it should be cleared through the Plan Attorney to make sure it is not a violation of any of the current rules.

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On a motion by Ms. Black, seconded by Mr. Brown, the Committee unanimously approved the General Administration Meeting.

7. Old Business - None

8. New Business - None

9. Financial Report - See number 4

10. Executive Session - None

11. The Committee unanimously agreed to adjourn at 10:25 A.M.

James Forte

James Forte

Elroy Hill

Chairman,
Retirement Allowance Committee

Dated: September 23, 1997

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