

RETIREMENT PLAN

FOR

CHICAGO TRANSIT AUTHORITY EMPLOYEES

A Special Meeting of the Retirement Allowance Committee was held on Tuesday, December 21, 1982, at 11:30 A.M., in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

Mr. R. Fleming	Mr. P. Kole
Mr. E. Flowers	Mr. D. Perk
Mr. J. Gallagher	Mr. I. Thomas
Mr. A. Kasmer	Mr. J. Weatherspoon

Mr. A. Kemp, alternate for Mr. C. Hall, was present.

Mrs. A. Curtis, alternate for Mr. W. Ashley, was present.

Messrs. L. Brown, H. Hegarty, S. Bianchi, R. Bartkowicz, R. Goldman and L. Morris were present. Mr. S. Miller and Ms. N. Finley were present. Messrs. D. Lemm, G. Nagle and Ms. C. Cox were present. Messrs. E. Hamilton, W. Green, R. Keigher and Mrs. K. Ford of Continental Bank were present. Messrs. C. Manning and J. Manning of the Plan Attorney's Office were present. Dr. R. Zerbst of Pension Realty Advisors was present. Mr. R. Harrell of Lowry, Raclin, Harrell & Howerdd was also present.

The Chairman called the meeting to order at 11:50 A.M. and informed the Committee that in the absence of the Secretary it would be necessary to appoint a Secretary Pro Tempore. On a motion by Mr. Kole, seconded by Mr. Flowers, the Committee unanimously appointed Mr. R. Fleming as Secretary Pro Tempore.

Mr. R. Harrell of Lowry, Raclin, Harrell & Howerdd began

his presentation of the 3rd Quarter Report by noting that he had forwarded a letter to the Secretary's Office in November informing them that the market in the S & P 400 had gone over 1.2 times book and at that level a process of reducing our equity exposure, as provided for in the Statement of Policy, was in order. Mr. Harrell noted that since July of 1982 we have gone from a level of 3 per cent over book value to a present level of approximately 30 per cent. Mr. Harrell also noted that the total assets in the Fund, as of November 30, 1982, were approximately \$557,000,000 and the debt equity ratio should be lowered from its present position of 75 per cent down to 70 per cent. Mr. Harrell stated that in order to pursue that goal he would be writing a recommendation to the Committee that the Screen Fund be reduced by \$23,000,000 and that this money be placed in the cash equivalent distribution account and remain there until the ratio is changed again. A discussion ensued during which the Chairman asked how the money is taken out of the Screen Fund; is it done across the board or according to sub-sector. Mr. Harrell stated that it would first be taken from any cash position that's in the Screen Fund and then on a pro rata basis so as not to disturb the dollar-weighting in the portfolio.

Mr. Harrell also noted that after the last two meetings regarding the Screen Fund the Lowry organization attorneys concluded that due to the fact that their investment advisory division had become a very large part of their business and, therefore, it is appropriate that they enter into investment management agreements with their clientele and an agreement had been forwarded

to the Secretary's Office. Mr. Fleming interjected that copies of the agreement had been received and were in the hands of the Plan Attorney for his review and he will comment on the matter at the next regular Committee Meeting.

Mr. Harrell turned the Committee's attention to the quarterly report noting the performance of each money manager, which included the risk profile, earnings stability score, internal growth rate, dividend yield and total return. Mr. Harrell noted that the asset base is in very good shape and the dollar-weighting is appropriate according to the measures used.

The Chairman asked a representative of the Real Estate Sub-Committee to bring the Committee uptodate on their latest findings. Mr. Kole stated that the sub-committee had met with several organizations, most of whom have pool accounts. In doing so, they had acquired good exposure to real estate. Mr. Kole stated that the sub-committee had met with Mr. Bill Ramseyer and Dr. Bob Zerbst who will be speaking to the Committee today. Mr. Kole stated that the sub-committee had come across a piece of property which looks like it has some potential and Dr. Zerbst had been given documents drawn up by the developer and would report on his findings.

Dr. Zerbst stated that there were three areas he would cover; to bring the Committee uptodate on the work his organization had done on developing a set of real estate consultant services; secondly, to bring the Committee uptodate on the status of Realty Income Trust A; and, to make a report on the loan proposal on the property on Lake Shore Drive.

Dr. Zerbst stated his organization had made two studies to ascertain whether a tax exempt organization could make money in real estate and what could be expected in mortgage investments. Copies of these reports were passed out to the Committee and Dr. Zerbst explained the reports and the conclusion of the studies. A discussion ensued between Dr. Zerbst, Mr. Anderson and Committee Members regarding the risks and real rate of return in real estate investing of different types and what standards should be set in light of the high rate of risk.

The Chairman recommended that the Committee take a lunch break while the sub-committee recessed for a caucus at 1:17 P.M.

The Vice-Chairman reconvened the meeting at 1:41 P.M. noting that the Chairman had to leave for another meeting.

Dr. Zerbst continued his report and passed out a copy of the study done on the property at 3660 North Lake Shore Drive. Dr. Zerbst explained the terms of the \$4,056,000 loan being sought by the developer from the Retirement Fund as well as the different phases by which the land will be developed and the level of the Fund's involvement in these different phases. A discussion ensued between Dr. Zerbst, Mr. Anderson and the Committee during which the Vice Chairman recommended that this matter be held in abeyance in order that the Committee could give it more thought.

The Vice Chairman recessed the meeting at 2:29 P.M. and informed the Committee that the Special Meeting would reconvene on Thursday, December 23, 1982, at 10:00 A.M., in order to continue discussion on the real estate venture at 3660 North Lake Shore Drive and make a decision as to whether or not the Committee would okay

the proposal.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED _____