

A G E N D A

FOR THE 459TH RETIREMENT MEETING OF MARCH 16, 1987

1. Meeting will be called to order at 9:30 A.M., Western Stage Room  
14th floor, Holiday Inn Mart Plaza.
2. Approval of the Minutes of the 458th Meeting held February 23, 1987.
3. Report by Trustee.
4. Fourth quarter Performance Analytics report - review by Robert  
Moseson and Les Golembo.
5. Fourth quarter report on indirect real estate investments -- review  
by Barbara Cambon.
6. Fourth quarter direct real estate report and PRITA update -- review  
by Robert Zerbst.
7. Announcement of deaths reported since the last Meeting.
8. Presentation of Survivorship Options.
9. Announcement of Pre-Retirement Surviving Spouse Allowances.
10. Presentation of new retirement applications for approval.
11. Employees on Disability Retirement re-examined.
12. Presentation of Refunds of Contributions to be paid March 31,  
1987.
13. Presentation of Bills and Remittances.
14. Death Benefits for approval.
15. Report by Secretary of Deposits, Disbursements and Investments.
  - a.) Report on payment on the Certificate of Indebtedness  
for 1981 Employer Contributions.
16. Unfinished Business.
  - a.) Proposal by Compensation and Capital, Inc. to increase  
their fees.
  - b.) 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.

- c.) RREEF proposal that a restriction prohibiting investment in industrial properties in Southern California that range in size from \$5 million to \$15 million be lifted.
- d.) Fiduciary liability insurance -- report by Mr. C. Andersen.
- e.) House bill #220 -- review of draft of summation of Retirement Allowance Committee position from Plan Attorney.

17. New Business.

- a.) Assignment of new pension seniority date for Freddie L. Alford. Thirty day extension to repay refund of \$3,767.02 expired February 26, 1987. New seniority date for pension purposes only -- November 18, 1985.
- b.) Everett C. Mann - 13 month period to repay refund of contributions and interest expires 03-11-87 -- recommendation that he be granted a 30 day grace period.

Name & Badge No.	Returned to Work	Entered Service Date	Amount Due
Everett C. Mann	02-12-86	02-08-78	\$4,604.53

- c.) CTA RAC, INC. -- selection of officers and directors.

18. Adjournment.

RETIREMENT PLAN  
FOR  
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 459th Meeting of the Retirement Allowance Committee was held Monday, March 16, 1987, at 9:30 A.M., in the Western Stage Room, 14th Floor, Holiday Inn Mart Plaza. The following were in attendance:

Ms. W. Black	Mr. G. Nagle
Mr. W. Clark	Ms. V. Wendorf
Ms. J. Hughes	

Mr. L. Morris sat in Mr. E. Gresham's stead. Mr. H. Hegarty sat in Mr. E. Flowers' stead. Mr. L. Brown sat in Mr. A. Kasmers stead. Mr. H. Williams sat in Mr. I. Thomas' stead (who arrived at the meeting later). Mr. D. Perk also arrived at the meeting later. Mr. H. Reed, Ms. A. Curtis and Mr. W. Buetow were also present. Mr. J. Mullen, Ms. P. Williams and Ms. C. Cox were present. Mr. W. Ashley, Plan Consultant, was present.

Mr. R. Burke, the Plan Attorney, was present. Ms. S. Luthy and Mr. C. Coleman of the Harris Trust & Savings Bank were present. Dr. R. Zerbst and Mr. R. Klauseger of Piedmont Realty Advisors were present. Ms. B. Cambon of Institutional Property Consultants, Inc. was present. Mr. L. Golembo of Performance Analytics was present. Mr. B. Scholz, pensioner representative, was present. Mr. J. Tully was also present.

The Secretary called the Meeting to order at 9:40 A.M. and informed the Committee that the Chairman would not

be in attendance and the Vice-Chairman would be detained, therefore, it was necessary to appoint a Chairman Pro Tem. Ms. Black nominated Mr. L. Morris to serve as Chairman Pro Tem, Mr. L. Brown seconded the nomination. There being no further nominations, the Committee unanimously appointed Mr. L. Morris Chairman Pro Tem.

The Chairman Pro Tem called for approval of the Minutes of the 458th Meeting held February 23, 1987. On a motion by Mr. Clark, seconded by Mr. Brown, the Committee unanimously approved the Minutes of the 458th Meeting held February 23, 1987.

Ms. S. Luthy of the Harris Trust & Savings Bank presented the Trustee Report noting the activity in the market for the previous month, present month and year to date.

Mr. L. Golembo reviewed the 4th Quarter Performance Analytics Report and responded to Committee questions.

In response to the call by the Chairman Pro Tem for the report on the Plan's direct and indirect real estate investments, Dr. Zerbst of Piedmont Realty Advisors introduced Mr. Bob Klauseger noting that Mr. Klauseger heads their Chicago operation and is officed at the First National Plaza. Dr. Zerbst then introduced Ms. Barbara Cambon of IPC, Inc. indicating that she is responsible for producing the reports that cover the Plan's entire real estate portfolio. Dr. Zerbst further indicated that Piedmont had acted as consultant on the total real estate portfolio and as manager of the direct investments, but that now those functions were being separated and

IPC would act as consultant and Piedmont would act solely as the manager of the direct portfolio.

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

The Secretary presented eleven (11) Survivorship Options for approval; including an option for Joseph J. LaBellarte, pending receipt of additional proof of age for spouse. On a motion by Mr. Brown, seconded by Ms. Black, the Committee unanimously approved the Survivorship Options as presented.

The Secretary informed the Committee that there were no Pre-Retirement Surviving Spouse Options to report at this meeting.

The Secretary informed the Committee that there were twenty-eight (28) Retirement Applications being presented for approval; including a request for a retroactive March 1, 1987 disability retirement for Joseph T. Slaughter, who was misinformed of the date his 26-week A&S Benefits would end and, therefore, submitted his application for retirement late. The Secretary further noted that the disability retirement of Ms. P. Wilson, Messrs. L. Lee, D. Walcott, and Ms. S. Watson were being submitted for approval subject to receipt of a favorable disposition from the CTA Medical Department. On a motion by Ms. Black, seconded by Mr. Brown, the Committee unanimously approved the Retirement Applications as presented.

Mr. Hegarty brought to the Committee's attention a letter addressed to the Plan Attorney from Mr. Stanton,

legal counsel for Local 308, regarding the disability retirement case of Carl McCormack. The Plan Attorney noted that he had received the correspondence and suggested that this matter be placed on the agenda for the April Meeting for discussion by the Committee.

The Secretary informed the Committee that five (5) employees who are presently receiving Disability Retirement Benefits were examined or had their file reviewed.

The Secretary presented nine (9) Refunds of Contributions, totaling \$75,266.35, for approval. On a motion by Ms. Black, seconded by Mr. Brown, the Committee unanimously approved the Refunds of Contributions to be paid March 31, 1987.

The Secretary presented for approval one (1) Chicago Transit Authority bill, totaling \$33,641.87; twenty-one (21) Operating Bills, totaling \$69,428.08; eleven (11) Remittances, totaling \$433,112.11; and the FIT Deposit for the second month, first quarter of 1987, totaling \$141,154.36. On a motion by Mr. Brown, seconded by Mr. Hegarty, the Committee unanimously approved the Bills and Remittances, totaling \$677,336.53.

The Secretary presented for approval thirty-nine (39) Death Benefits, totaling \$107,575.20. On a motion by Mr. Brown, seconded by Mr. Perk and Ms. Black, 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 February 1987 was 3.25%. The

Secretary further noted that the total portfolio had a market value of \$812,423,915.07 at a cost of \$670,209,555.79.

Mr. J. Mullen presented a report on the Certificate of Indebtedness noting that two monthly principal payments of \$705,829.38 each had been received on February 2 and February 27 representing payment for the months of January and February.

The Secretary requested that the matter of the proposal for a fee increase by Compensation & Capital, Inc. be deferred as Mr. Cerasoli was unable to attend the meeting.

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 noting that this item was held over from the last meeting pending receipt by the Plan Attorney of a letter of interpretation from RREEF. The Plan Attorney noted that he had received a response from RREEF which stated that a closing date satisfactory to the redeeming client would be selected and this would be the same date on which the funds would be transferred. The Plan Attorney recommended that the Committee approve the amendment. After a brief discussion, Mr. Perk made a motion for approval of adoption of the amendment for RREEF USA III allowing the redemption of units by utilizing the proceeds of the issuance of replacement units, Mr. Nagle seconded the motion, and the Committee unanimously approved.

The Secretary then turned the Committee's attention to the matter of the request by RREEF to lift a

restriction prohibiting investment in industrial properties which was held in abeyance at the last meeting pending receipt of further information. The Secretary informed the Committee that RREEF intends to put together a package of about 30-40 million dollars in industrial properties in Southern California and as the total RREEF USA III Fund was in excess of 700 million dollars, this property would amount to some 5% of the RREEF Fund. On a motion by Mr. Nagle, seconded by Mr. Perk, the Committee unanimously approved the RREEF proposal to lift the restriction prohibiting investment in industrial properties in Southern California that range in size from \$5 million to \$15 million.

The Chairman Pro Tem called for a report on the Fiduciary Liability Insurance. Mr. C. Andersen distributed and explained to the Committee a report on the Fiduciary Liability Insurance coverage noting that the third annual installment on the policy, in the amount of \$70,000, was due - half of which is paid by the Retirement Plan and the remaining half paid by the Authority. A brief discussion ensued after which Mr. Nagle made a motion for approval of the payment of the Fiduciary Liability Insurance, Messrs. Williams and Brown seconded the motion, and the Committee unanimously approved.

The Secretary turned the Committee's attention to the matter of House Bill 0220 and asked the Plan Attorney to expound. The Plan Attorney distributed and explained a draft summation noting that House Bill 0220 was being introduced for presentation to the state legislature and the bill is seeking to amend the Pension Code to add Article 25, which would enact



into state law the CTA Retirement Plan placing it under the jurisdiction of the state. The Plan Attorney further noted that it would subject the Plan to additional examination and audit by the State of Illinois which is unnecessary as the Plan is already subject to IRS review and also uses outside auditors for review to ensure compliance. Further, the Bill would be harmful as an old version of the Plan is being used as the model to be adopted, any changes to the Plan would have to be done by going to the state legislature, and, it opens the door to placing the Plan under the control of State Agencies. The Plan Attorney strongly urged the Committee to take whatever action necessary to stop the enactment of this proposed Bill. A discussion ensued between Committee Members during which Ms. Hughes suggested that a one-page document expressing the Committee's opposition to the Bill be drafted and signed by all Committee Members. Mr. Perk suggested that the document be drafted by the Plan Attorney. Mr. Thomas stated that the document was a good idea, however, the most effective way to deal with this matter would be to meet with the representatives. Mr. Scholz asked if it would be helpful for the pensioners to write to their representative expressing opposition to the Bill and if they could be provided a model letter. After further discussion, Mr. Thomas made a motion that the Plan Attorney draft a letter to be signed by the Committee as well as a model letter to be distributed to pensioners in order that they could express their opposition to this Bill. Messrs. Williams, Hegarty and Perk seconded the motion, and the Committee unanimously approved.

The Secretary informed the Committee that Freddie L. Alford failed to reimburse his refunded contributions during the 30-day repayment extension period, which expired on February 26, 1987, therefore, it was being recommended that Mr. Alford be given a new pension seniority date of November 18, 1985. On a motion by Mr. Nagle, seconded by Ms. Black, the Committee unanimously approved a new pension seniority date of November 18, 1985 for Freddie L. Alford.

The Secretary informed the Committee that Everett C. Mann's 13-month period to repay his refunded contributions expired on March 11, 1987 and recommended that he be granted a 30-day repayment extension. On a motion by Mr. Nagle, seconded by Mr. Williams, the Committee unanimously approved.

The Secretary turned the Committee's attention to a letter in the meeting material regarding CTA RAC, Inc. and asked the Plan Attorney to expound. The Plan Attorney reviewed the reasons why CTA RAC, Inc. was established noting that the Retirement Allowance Committee members were named directors. He further noted that subsequent to that action, the Harris Bank trust officers suggested that they serve as directors in their capacity as Retirement Plan Trustee. The Plan Attorney recommended that the Committee approve a change in directorship of CTA RAC, Inc. from the Retirement Allowance Committee members to Mr. Coleman, Ms. Luthy, and Mr. Walker of the Harris Trust. A discussion ensued during which Mr. Perk made a motion that the issue of whether or not the corporate directorship should be conveyed to the Harris Bank be deferred until the next meeting

pending receipt, review and approval by the Committee Members of the documents that structure the current composition of CTA RAC, Inc., Mr. Brown seconded the motion, and the Committee unanimously approved.

The Chairman Pro Tem called for a break in the Meeting at 11:20 A.M.

The Chairman Pro Tem reconvened the Meeting at 11:40 A.M.

The Secretary presented a review on the progress being made by the Wellesley Group on: International Equities, Asset Allocation, Relative Equity Subsector Weighting, and Manager Considerations. A discussion ensued during which Ms. Hughes and Mr. Thomas asked for a copy of a listing of all consultants, their area of consultation, and any contracts.

Dr. Zerbst then reviewed and explained to the Committee a report on the Plan's direct real estate investments and answered questions posed by Committee Members.

Ms. Barbara Cambon presented the 4th Quarter Report on the Plan's indirect real estate investments and briefly explained each section of the report.

Dr. Zerbst then gave a recap on PRITA and reviewed the portfolio.

There being no further business, on a motion by Mr. Williams, seconded by Mr. Hegarty, the Committee unanimously agreed to adjourn at 1:45 P.M.

Gregory C. Nagle  
SECRETARY  
RETIREMENT ALLOWANCE COMMITTEE

Leonard W. Mow  
CHAIRMAN  
RETIREMENT ALLOWANCE COMMITTEE

DATED APRIL 20, 1987