

AGENDA

FOR THE 469TH RETIREMENT MEETING OF JANUARY 19, 1988

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 468th Meeting held December 21, 1987.
3. Report by Trustee.
4. Presentation on proposed investment in FS Realty/Paragon Partnership - Mr. Richard Sesler.
5. Pension Real Estate Services, Inc. real estate consultant proposal.
6. Institutional Property Consultants, Inc. real estate consultant proposal.
7. Announcement of deaths reported since the last meeting.
8. Announcement of Pre-Retirement Surviving Spouse Allowances.
9. Presentation of new retirement applications for approval.
10. Employees on Disability Retirement re-examined.
11. Presentation of Refunds of Contributions to be paid January 31, 1988.
12. Presentation of Bills and Remittances.
13. Death Benefits for approval.
14. Report by Secretary of Deposits, Disbursements and Investments.
 - a) Report on results of the asset allocation model.
15. Unfinished Business
 - a) Pension office salary proposal.
 - b) New pension seniority date assigned for Evert Holmes. Thirty day extension to repay refund of \$13,824.29 expired. Additional extension granted at Retirement Allowance Committee Meeting of 12-21-87 also expired. New seniority date for pension purposes only -- 09-30-86.

- c) Report on status of RREEF management's attempt to recover expense of asbestos removal at a retail shopping mall property - Ms. B. Cambon of Institutional Property Consultants.
- d) Report on the status of the issue of service credit for employees over age 65.
- e) Fee proposal from SEI.
- f) Assignment of new pension seniority date for Arcadio DeLeon. Thirty day extension to repay refund of \$9,617.67 expired 12-27-87. New seniority date for pension purposes only - 10-28-86.
- g) Assignment of new pension seniority date for Reuben R. Muzzall. Thirty day extension to repay refund of \$14,742.26 expired 12-27-87. New seniority date for pension purposes only - 10-27-86.

16. New Business

- a) James F. Madden revoked his A-1/2 Survivorship Option which was to have become effective at his retirement on 01-01-88 and elected a B-1/2 Survivorship Option.
- b) James Barlow - D-2401 - found fit to return to duty as bus operator on 10-22-87. Not put back to work because he tested positive for cocaine. Pension terminated in accordance with Section 12.3 of Plan.
- c) Fiduciary Liability Insurance Coverage - current three year policy expires June, 1988.
- d) Rescheduling the February 15, 1988 Retirement Allowance Committee Meeting.

17. Adjournment

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 469th Meeting of the Retirement Allowance Committee was held Tuesday, January 19, 1988 at 9:30 A.M., in the Western Stage Room, 14th floor, Holdiay Inn Mart Plaza. The following Committee Members were in attendance:

Ms. W. Black	Mr. W. Clark
Mr. E. Gresham, Chairman	Mr. G. Nagle, Secretary
Mr. A. Kasmer	Mr. D. Perk, Vice Chairman
Mr. I. Thomas	Ms. V. Wendorf

Alternates H. Hegarty, who sat in Mr. E. Flowers's stead, and W. Buetow, who sat in Ms. Hughes's stead, were present. Alternates L. Brown, J. Butler, L. Morris, H. Reed and H. Williams were present. Mr. J. Mullen and Ms. P. Ware of the Pension Office staff were present. Ms. S. Luthy of the Harris Trust and Savings Bank was present. Messrs. R. Sesler and J. Brown of FS Realty/Partners were present. Messrs. M. Oliphant and E. Howerdd of Pension Real Estate Services, Inc. were present. Messrs. M. Howard and N. Tannura of SEI were also present. Ms. B. Cambon of Institutional Property Consultants, Inc. was also present. Mr. T. Paravola of the Plan Attorney's office was present. Mr. B. Scholz, pension representative was also present.

(1) The Chairman called the Meeting to order at 9:43 A.M.

(2) On the call for approval of the Minutes of the 468th Meeting, held December 21, 1987, Mr. Thomas made a motion for approval, Ms. Black seconded the motion, and the Committee un-animously approved.

(3) Ms. S. Luthy of the Harris Trust and Savings Bank presented the Trustee Report noting the activity in the market for the last 30 days and year to date.

(4) Ms. Cambon reviewed with the Committee her recommendation to invest in the FS Realty/Paragon Partnership which was introduced at the last meeting. Messrs. Brown and Sesler of FS Realty Partners presented a report on specifics of the investment and responded to questions. Mr. Thomas moved that the Committee reject this proposed investment and that the consultant be directed to look for other properties, Ms. Black seconded, and the Committee approved the motion. The Secretary voted nay.

(5) Mr. Clark moved that other firms providing real estate consulting services be invited to compete for the consulting role and that their resumes be made available prior to any presentations, Mr. Thomas seconded, and the Committee un-animously approved.

Messrs. Howerdd and Oliphant of Pension Real Estate

Services, Inc. presented a proposal on their real estate consultant capabilities.

(6) Ms. Cambon presented a proposal on her firm's real estate consulting services.

The Chairman stated that Mr. Morris would sit in Mr. Thomas's stead for the remainder of the meeting.

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

(8) The Secretary reported that there was one Pre-Retirement Surviving Spouse Allowance effective November 1, 1987.

(9) The Secretary presented twenty-eight (28) Retirement Applications for approval, including requests for retroactivity for Abrams and Kaczmariski to 1/1/88 due to misinformation as to application deadlines. On a motion by Ms. Black, seconded by Mr. Kasmer, the Committee unanimously approved the Retirement Application as presented.

(10) The Secretary informed the Committee that twenty-one (21) employees who are presently receiving Disability Retirement benefits were examined or had their files reviewed.

(11) The Secretary presented twenty (20) Refunds of Contributions, totaling \$122,598.29 for approval. On a motion by Ms. Black, seconded by Mr. Clark, the Committee unanimously approved the Refunds of Contributions to be paid January 31, 1988.

(12) The Secretary presented for approval one (1) Chicago Transit Authority Bill, totaling \$42,858.30, seventeen (17) Operating Bills, totaling \$72,757.30; nine (9) Remittances, totaling \$440,515.39 and the 3rd month, 4th quarter 1987 FIT Deposit, totaling \$192,046.09. On a motion by Mr. Clark, seconded by Mr. Thomas, the Committee unanimously approved the Bills and Remittances, totaling \$748,177.17 to be paid January 31, 1988.

(13) The Secretary presented for approval seventeen (17) Death Benefits, totaling \$56,000.00. On a motion by Mr. Thomas, seconded by Mr. Hegarty, the Committee unanimously approved the Death Benefits to be paid January 31, 1988.

(14) The Secretary turned the Committee's attention to the Report on Deposits, Disbursement and Investments in the Trustee Summary and noted that the December, 1987 rate of return for the Fund was +6.92% and the market value of the total assets of the Plan as of December 31, 1987 was \$739.3 million.

(14a) Mr. Mullen presented a report on the results of the asset allocation model which indicated that the inception to date (thru 12/31/87) performance for the target was -17.33% and the Boston Company model was -16.33%. The report also identified the asset allocation changes since inception and indicated that the market value of the Boston Company account was \$71,479,055 as of January 15, 1988.

The Secretary reported that he had received travel requests from several Committee members and Alternates. On a motion by the Secretary, seconded by Ms. Black, the Committee unanimously granted approval for Messrs. Morris and Reed to attend the GFOA Public Pension Investment Strategies Conference in San Diego, and for Messrs. Gresham, Kasmer, and Brown to attend the Harris Bank Pension Conference in Key Largo.

The Secretary referenced a letter dated January 12, 1988 from Ned Joachimi of the Wellesley Group which explained the reasons for forming Wellesley Resources and registering it as a Broker/Dealer.

Mr. Mullen presented a report on the performance of the Europe, Australia, and Far East index for the last 1, 3, and 5 year periods. The Secretary requested that the subject of International Equity Investment be reexplored by the Committee.

The Committee approved the placing of this topic on the agenda for discussion at the next meeting.

The Secretary referenced a letter dated January 12, 1988 received from Mr. John Streicker of Security Captial Real Estate Corporation which indicated that the corporation was going to be sold to a management group of key employees. The Chairman directed the Plan Attorney to investigate the alternatives available to the Committee as a unitholder of this fund.

The Secretary reported that the National Conference on Public Employees Retirement Systems was being held in Chicago, April 10-14 this year. He further noted that the registration fee was \$150.00.

(15a) The Chairman requested that the Pension office salary proposal be held in abeyance until the next meeting.

(15b) The Secretary reported that in accordance with the motion approved at the last meeting, Mr. Holmes was assigned a new pension seniority date of 9/30/86. The Secretary noted that Mr. Holmes did not repay his refund within the extension period granted by the Committee.

(15c) Ms. Cambon reported that it was the intent of RREEF management to vigorously pursue the filing of lawsuits against

the seller-developer of the property, the consultants who advised that the property was asbestos-free, its laboratory, the suppliers of the materials which contained the asbestos, the manager of the property who was supervising the renovation, the contractors who was carrying out the renovation, and possibly the original contractor. She further noted that RREEF management believes there is a good possibility that judgements can be obtained to recover all or a substantial portion of the costs associated with the asbestos problem. Additionally, the RREEF Fund does have liability and property insurance and is pursuing reimbursement under these policies.

(15d) Mr. Paravola reported that he was advised by counsel for the unions that both negotiating parties had agreed to amend the Plan to comply with the provisions of the Age Discrimination in Employment Act. He explained that service credits for people over age 65 would therefore begin to accrue only as of January 1, 1988, and would not be made retroactive for service prior to that date.

(15e) Messrs. Howard and Tannura reviewed SEI's Funds Evaluation Services and referenced a letter dated January 15, 1988 setting forth their fees for the various services offered. On a motion

by Mr. Clark, seconded by Ms. Wendorf, the Committee unanimously, approved the usage of SEI's basic Funds Evaluation Services including the loading of historical data for a one-time charge of \$700 (\$1000 in commissions) and an annual fee of \$45,000 (\$64,000 in commissions).

The Committee directed the Secretary to request the Wellesley Group to explain how the decision to recommend the Boston Company was arrived at and also to provide information on what other managers offer asset allocation programs.

(15f) The Secretary recommended that the Committee assign a new pension seniority date for Arcadio DeLeon whose 30 days extension to repay a refund of \$9,617.67 expired 12/27/87. On a motion by the Secretary, seconded by Mr. Kasmer, the Committee unanimously approved a new pension seniority date of 10/28/86 for Mr. DeLeon.

(15g) The Secretary recommended that the Committee assign a new pension seniority date for Reuben R. Muzzall whose 30 day extension to repay a refund of \$14,742.26 expired 12/27/87. On a motion by the Secretary, seconded by Mr. Kasmer, the Committee unanimously approved a new pension seniority date of 10/27/86 for Mr. Muzzall.

(16a) The Secretary reported that Mr. James F. Madden revoked his A-1/2 Survivorship Option which was to become effective on January 1, 1988 and elected instead a B-1/2 option.

(16b) The Chairman asked that this item be held in abeyance until the next meeting as it was his understanding that there was a new development in this case.

(16c) The Secretary reported that the three year fiduciary liability insurance policy expires in June, 1988, and noted that previously this Committee asked that the CTA Insurance Department procur bids on this coverage. The Committee directed the Secretary to follow the same procedure again.

(16d) The Committee rescheduled the February Committee Meeting to February 16, 1988.

Mr. Kasmer moved that Barbara Cambon be asked to continue providing the indirect real estate report on a quarter-to-quarter basis at a fee of 5 basis points annually, Mr. Hegarty seconded, and the Committee unanimously approved.

(16e) The Committee approved adjournment at 3:25 p.m.

Gregory C. Haugh
EXECUTIVE SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

Eloise Gresham
CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

2/16/88
DATE