

AGENDA

FOR THE 474TH RETIREMENT MEETING OF JUNE 20, 1988

1. Meeting will be called to order at 9:30 a.m., Promenade Ballroom, Hotel Nikko.
2. Approval of the Minutes of the 473rd Meeting held May 16, 1988.
3. Report by Trustee.
4. Presentation of actuarial valuation -- report by Mr. John Baratka of Wyatt Co.
5. First Quarter 1988 SEI report -- Mr. R. Wood.
6. Announcement of deaths reported since the last meeting.
7. Announcement of Pre-Retirement Surviving Spouse Allowances.
8. Presentation of new retirement applications for approval.
9. Employees on Disability Retirement re-examined.
10. Presentation of Refunds of Contributions to be paid June 30, 1988.
11. Presentation of Bills and Remittances.
12. Death Benefits for approval.
13. Report by Secretary of Deposits, Disbursements and Investments.
 - a) Report on results of the asset allocation model.
 - b) 1st Quarter 1988 directed commission report.
14. Unfinished Business
 - a) Assignment of new seniority date for William Cornelius. Thirty day extension to repay refund of \$11,618.83 expired 06-16-88. New seniority date for pension purposes only -- 06-25-86.
 - b) Assignment of new seniority date for Thomas Hall. Thirty day extension to repay refund of \$14,758.40 expired 06-16-88. New seniority date for pension purposes only -- 03-19-87.

- c) Thirteen month period to repay refund of contributions and interest expires -- recommendation that the following be granted a 30-day grace period.

Name & Badge No.	13 Month Period Expires	Entered Service Date	Amount Due
Theodore N. Rencher 7164	06-18-88	09-24-79	\$2,419.62

- d) Morton Libert - question of pension calculation.

15. New Business

- a) Bernard Barton - approved for 05-01-88 retirement at Retirement Allowance Committee meeting of 04-18-88 passed away on 04-22-88.
- b) Harry Brown - revoked his retirement application and his B-ALL Survivorship Option which were approved at the Retirement Allowance Committee meeting of 04-18-88 and which were to have become effective on 05-01-88.
- c) Alfred Thomas - revoked his retirement application which was approved at the Retirement Allowance Committee meeting of 05-16-88 and which was to have become effective on 06-01-88.
- d) Clavorn Giner - D-2362 - returned to duty 03-15-88.
- e) Patricia Marshall - D-2387 - returned to duty 05-02-88.
- f) Raymond Rumppe - D-2381 - returned to duty 04-04-88.
- g) Discussion of the calculation of compensation for pension earnings purposes for individuals on leave of absence holding full-time union positions.
- h) Proposed amendment to the redemption provisions of the RREEF USA III Fund.
- i) Fiduciary Liability Insurance coverage for Retirement Allowance Committee.
- j) 1st Quarter 1988 Direct Real Estate report and 1st Quarter 1988 PRITA report -- Dr. Robert Zerbst.

16. Adjournment

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 474th Meeting of the Retirement Allowance Committee was held Monday, June 20, 1988 at 9:30 A.M., in the Promenade Room B - Hotel Nikko. The following were in attendance:

Mr. E. Gresham, Chairman	Ms. J. Hughes
Mr. A. Kasmer, Jr.	Mr. G. Nagle, Secretary
Mr. C. Knox	Ms. V. Wendorf
Mr. I. Thomas	

The Secretary noted that in the absence of the Chairman (who arrived later in the meeting), and the Vice-Chairman, a Chairman Pro-Tem should be nominated. Mr. C. Knox nominated Mr. I. Thomas Chairman Pro-Tem, Mr. A. Kasmer seconded, and the Committee unanimously approved. Alternate W. Buetow sat in W. Clark's stead. Alternate H. Reed sat in W. Black's stead. Alternate A. Curtis sat in D. Perk's stead. Alternates L. Brown, H. Williams and L. Morris were present. Mr. W. Ross and Ms. P. Williams of the Pension Office staff were present. Ms. S. Luthy and Mr. C. Coleman of the Harris Trust and Savings Bank were present. Messrs. J. Baratka and R. Clasen of the Wyatt Company were also present. Mr. S. Grant, Piedmont Realty Advisors, Inc. was present. Mr. R. Burke, the Plan Attorney was present. Mr. B. Scholz, pensioner representative was also present.

(1) The Chairman Pro-Tem called the meeting to order at 9:46 A.M.

(2) On the call for approval of the Minutes of the 473rd meeting, held May 16, 1988, Mr. Reed made a motion for

approval, Mr. Knox seconded the motion, and the Committee unanimously approved.

(3) Ms. S. Luthy of the Harris Trust and Savings Bank presented a report on the activity in the markets over the last 30 days and year to date.

(4) Mr. John Baratka of the Wyatt Company presented the Actuarial Study of the Retirement Plan for CTA Employees as of January 1, 1988, dated June 15, 1988. He noted that there was a correction to page 12 of the report. The second sentence should read as follows: "The average annual pay for participants under age 65 (excluding new participants) increased from approximately \$32,009.00 as of January 1, 1987 to \$33,080 as of January 1, 1988, an increase of approximately 3.3%." Mr. Baratka responded to questions posed by the Committee and offered to make himself available at the next Committee meeting to respond to any questions that might come up after the Committee had had an opportunity to review the full report.

(5) The Secretary stated that the first quarter SEI report was not available and asked that this item be held until the next month.

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

(7) The Secretary reported that there were no Pre-Retirement

Surviving Spouse Allowances.

(8) The Secretary presented thirty-one (31) Retirement Applications for approval, including a request for retroactivity to 6/1/88 for Mr. L. Davenport received from the Manager of Personnel Administration, Mr. Thomas Czech. The application papers had been received one day late. The disability allowance for Robert Krejca was approved subject to medical evaluation. On a motion by Mr. Kasmer, seconded by Mr. Morris, the Committee unanimously approved the retirement applications as presented, including Mr. Davenport's request for retroactivity to June 1, 1988.

(9) The Secretary informed the Committee that nine (9) employees who are presently receiving Disability Retirement Benefits were examined or had their files reviewed.

(10) The Secretary presented twenty-one (21) Refunds of Contributions totaling \$174,260.07 for approval. On a motion by the Secretary, seconded by Mr. Morris, the Committee unanimously approved the Refunds of Contributions to be paid June 30, 1988.

(11) The Secretary presented for approval one (1) Chicago Transit Authority Bill, totaling \$47,611.66, sixteen (16) Operating Bills, totaling \$114,624.23, nine (9) Remittances, totaling \$480,900.63 and the FIT Deposit, totaling \$207,279.73.

On a motion by Mr. Morris, seconded by Mr. Knox, the Committee unanimously approved the Bills and Remittances, totaling \$850,416.25.

(12) The Secretary presented for approval twenty-nine (29) Death Benefits, totaling \$78,500.00. On a motion by Mr. Morris, seconded by Mr. Knox, the Committee unanimously approved the Death Benefits to be paid June 30, 1988.

(13) The Secretary turned the Committee's attention to the Report on Deposits, Disbursements and Investments in the Trustee Summary and noted that the May, 1988 performance for the Fund was $-.14\%$ and the market value of the total assets of the Plan as of May 31, 1988 was \$796.6 million. The Secretary also noted that the Wellesley Group First Quarter report had shown an incorrect number for the Oppenheimer performance for the first quarter, 1988. The correct number should be $+9.5\%$ instead of $+1.3\%$ and this correction has been recorded.

(13a) The Secretary presented a report on the results of the asset allocation model which indicated that the inception to date (thru 5/31/88) value added by the Boston Company was 1.38% . The report also identified the asset allocation changes since inception and indicated that the market value of the Boston Company account was \$78,145,724.00 as of May 31, 1988.

(13b) The Secretary presented a report entitled Directed

Commissions - 1st Quarter 1988 identifying the commission dollars directed to Wilshire, Bear Stearns, SEI and Chicago based or minority brokers.

(14a) The Secretary recommended that the Committee assign a new pension seniority date for William Cornelius whose thirty day extension to repay a refund of \$11,618.83 expired 6/16/88. On a motion by Mr. Reed, seconded by Mr. Knox, the Committee unanimously approved a new pension seniority date of 6/25/86 for Mr. Cornelius.

(14b) The Secretary recommended that the Committee assign a new pension seniority date for Thomas Hall whose thirty day extension to repay a refund of \$14,758.40 expired 6/16/88. On a motion by Mr. Reed, seconded by Mr. Knox, the Committee unanimously approved a new pension seniority date of 3/19/87 for Mr. Hall.

(14c) The Secretary informed the Committee that Theodore N. Rencher's thirteen month period for repayment of contributions had expired and recommended that he be granted a 30-day grace period. On a motion by Mr. Knox, seconded by Mr. Reed, the Committee unanimously approved.

(14d) The Secretary then turned the Committee's attention to a handout regarding the question of Morton Libert's pension calculation and the different options the Committee

could choose in settling this matter. As a result of being on a disability retirement, Mr. Libert had only 2 years of pension earnings in the last 10 Plan years. A discussion ensued between Committee members and the Plan Attorney during which several members expressed the view that the pension benefit must be calculated in strict compliance with the provisions of the Plan. Mr. Knox then moved that Mr. Libert be informed that if he retires, his average earnings will be calculated in strict accordance with provisions of the Plan, regardless of the fact that he had less than 4 years of pension earnings in the last 10 Plan years. The motion was seconded by Mr. Kasmer and the Committee unanimously approved.

(15a) The Secretary then noted that Bernard Barton who was approved for a May 1, 1988 retirement at the Retirement Allowance Committee meeting of April 18, 1988 passed away on April 22, 1988.

(15b) The Secretary noted that Harry Brown revoked his retirement application and his B-All Survivorship Option which was approved at the Retirement Allowance Committee meeting of April 18, 1988 and which was to have become effective on May 1, 1988.

(15c) The Secretary noted that Alfred Thomas revoked his retirement application which was approved at the Retirement Allowance Committee meeting of May 16, 1988 and which was to

have become effective on June 1, 1988.

(15d) The Secretary reported that Clavorn Giner - D-2362 returned to duty March 15, 1988.

(15e) The Secretary reported that Patricia Marshall - D-2387 returned to duty May 2, 1988.

(15f) The Secretary reported that Raymond Rumppe - D-2381 returned to duty April 4, 1988.

(15g) Regarding the calculation of compensation for pension earnings purposes for full-time union officers on leave of absence, the Plan Attorney noted that the current procedure, while inequitable, could not be changed by the Committee. It is a matter that would have to be taken up in collective bargaining, or alternatively, could be rectified by the Authority by way of establishing a job classification for union officers reflecting actual compensation levels. The Chairman directed the Plan Attorney to write to Mr. Gresham explaining the latter alternative. Mr. Knox requested that this item be placed on the July agenda in order that he have an opportunity to investigate this issue further.

(15h) The Secretary reported on the proposed amendment to the redemption provisions of the RREEF USA III Fund. Mr. Reed moved that the Committee adopt the proposed amendment to the redemption provisions of the RREEF USA III Fund, the Secretary

seconded, and the Committee approved. Ms. Hughes abstained from voting.

(15i) The Secretary reported that he was informed by Mr. Charles Andersen, Manager of Benefit Services, that coverage on the current policy (expiring 6/17/88) for fiduciary liability insurance with the AETNA Casualty and Surety Company would be extended until such time as a new policy was finalized and approved. He asked that this item be held until the next month's meeting.

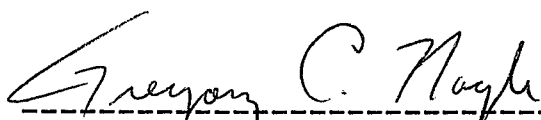
(15j) Mr. Steve Grant of Piedmont Realty Advisors presented the 1st Quarter 1988 Direct Real Estate report. He noted that he would like to pursue a proposal for eventual presentation to the Committee to purchase 3 additional industrial use type buildings near the Hawthorne properties. The Committee indicated it was not opposed to his pursuing a proposed deal for their consideration. Mr. Grant also reported that Dr. Zerbst had met with the trustees of the PRITA fund, and a plan for orderly liquidation of the assets of PRITA was approved. He further noted that written notification of the trustees plan to all unitholders is forthcoming and that Dr. Zerbst would provide more detail of the liquidation strategy at a later meeting.

Steve Grant also made reference to the FSI bankruptcy at Woodfield Business Center, noting that Piedmont is working with


Mr. Burke's office and Great West Life on a resolution of the matter of unpaid 1985 and 1986 real estate taxes and common area maintenance charges for 1986. He reported that Great West Life has offered to settle the matter by paying \$18,000.00, which amounts to the common area maintenance charges. Mr. Burke then explained that FSI, under lease, is obligated to make payment of real estate taxes and common area maintenance charges. The real estate taxes in question are real estate taxes for 1985 and 1986. The 1985 real estate taxes were billed to the tenant by the property manager, Great West Life, in the fall of 1986 when the second installment of the 1985 real estate taxes and common area maintenance charges were due. The tenant went into bankruptcy and subsequently Chapter 11 in June, 1988. The 1985 real estate taxes and common area maintenance charges were not paid by the tenant, FSI. The 1986 real estate taxes were not paid and were due in 2 installments (March and September, 1987). He further noted that in light of the eminent bankruptcy of FSI, it is not reasonable to suggest that the managing agent should have sole responsibility for the 1986 taxes. He stated that it was his belief that the 1985 real estate taxes and the common area maintenance charges should have been paid by the tenant in the fall of 1986. Mr. Burke then noted that he has advised Piedmont and Great West Life that they are collectively responsible for the obligations because of the fact that the Retirement Plan was not advised of FSI's delinquency status in a timely

manner, thereby precluding the Plan from taking a course of action. He recommended that the Committee should not accept the present settlement and that more information from Dr. Zerbst should be presented to the Committee before a final decision is reached.

(16) The Committee unanimously approved a motion to adjourn at 12:35 P.M.



EXECUTIVE SECRETARY
RETIREMENT ALLOWANCE COMMITTEE



CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATE