

AGENDA

FOR THE 477TH RETIREMENT MEETING OF SEPTEMBER 19, 1988

1. Meeting will be called to order at 10:00 a.m., Skyway 264 Room, Hyatt Regency Chicago.
2. Approval of the Minutes of the 476th Meeting held August 15, 1988.
3. Report by Trustee, including a report on the Harris Cash Management Account.
4. Recommendation on reallocation of funds managed by Atalanta Sosnoff -- report by Mr. Joachimi.
5. Discussion of adding a venture capital investment allocation -- report by Mr. Joachimi.
6. Second Quarter 1988 SEI report -- Mr. R. Wood.
7. Second Quarter 1988 Direct Real Estate report -- Dr. R. Zerbst.
8. Second Quarter 1988 PRITA report -- Dr. R. Zerbst.
9. Announcement of deaths reported since the last meeting.
10. Announcement of Pre-Retirement Surviving Spouse Allowances.
11. Presentation of new retirement applications for approval.
12. Employees on Disability Retirement re-examined.
13. Presentation of Refunds of Contributions to be paid September 30, 1988.
14. Presentation of Bills and Remittances.
15. Death Benefits for approval.
16. Report by Secretary of Deposits, Disbursements and Investments.
 - a) Report on results of the asset allocation model.
17. Unfinished Business
 - a) Discussion of the calculation of compensation for pension earnings purposes for individuals on leave of absence holding full-time union positions.

18. New Business

- a) Maria Agnew - D-2450 - returned to work on 08-17-88.
- b) Michael Nugent - D-2247 - returned to work on 08-29-88.
- c) Assignment of new pension seniority date for Duane A. Butler. Thirty day extension to repay refund of \$3,753.18 expired 08-18-88. New seniority date for pension purposes only - 05-26-87.
- d) Assignment of new pension seniority date for Melvin Collins. Thirty day extension to repay refund of \$13,027.31 expired 08-18-88. New seniority date for pension purposes only - 05-26-87.
- e) Assignment of new pension seniority date for James W. Catching. Thirty day extension to repay refund of \$8,558.09 expired 09-15-88. New seniority date for pension purposes only - 07-04-87.
- f) Assignment of new pension seniority date for William Bankston. Thirty day extension to repay refund of \$14,644.36 expired 09-15-88. New seniority date for pension purposes only - 07-14-87.
- g) Assignment of new pension seniority date for Wilbert G. Brown. Thirty day extension to repay refund of \$15,289.82 expired 09-15-88. New seniority date for pension purposes only - 07-14-87.
- h) Pension credit for improperly laid-off employees.

19. Adjournment

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 477th Meeting of the Retirement Allowance Committee was held Monday, September 19, 1988 at 10:00 A.M., in the Skyway 264 Room - Hyatt Regency, Chicago. The following were in attendance:

Ms. E. Gresham, Chairman	Mr. C. Andersen
Mr. A. Kasmer, Jr.	Mr. D. Perk
Mr. C. Knox	

Mr. G. Nagle, Executive Secretary, was present. Alternate W. Buetow sat in Mr. C. Burrus' stead. Alternate D. Carter sat in Ms. J. Hughes' stead. Alternate H. Williams sat in Ms. W. Black's stead. Alternate L. Morris sat in Mr. I. Thomas' stead. Alternates L. Brown and H. Hegarty were in attendance. Messrs. W. Ross, R. Pirovano and Ms. P. Williams of the Pension Office staff were present. Messrs. L. Knecht, F. Duda and Ms. S. Luthy of the Harris Trust and Savings Bank were in attendance. Dr. R. Zerbst of Piedmont Realty Advisors, Inc. was present. Mr. N. Joachimi of the Wellesley Group was also in attendance. Mr. R. Wood and M. Duncan of SEI were present. Mr. R. Burke, the Plan Attorney and Mr. R. McGaugh of Burke, Wilson and McIlvaine were in attendance. Mr. B. Scholz, pensioner representative was also present.

- (1) The Chairman called the meeting to order at 10:10 A.M.
- (2) On the call for approval of the Minutes of the 476th meeting, held August 15, 1988, Mr. Knox made a motion for approval, Mr. Morris 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. Mr. F. Duda then presented a report on the performance of the cash management account noting that he would return to give a more detailed report on the history and guidelines when the new Committee members are in attendance. Mr. L. Knecht reported on fixed income markets and the economy in general.

(4) Mr. N. Joachimi of the Wellesley Group made the following recommendation with respect to the liquidation of the \$50 million Atalanta Sosnoff account:

- . no new manager be hired at this time.
- . \$10 million be transferred to Ariel Capital.
- . \$15 million be transferred to Delaware.
- . \$5 million be transferred to Fidelity.
- . the balance be transferred to the Harris cash management account.

Mr. Knox moved that the Committee accept the recommendation of Mr. Joachimi to terminate the investment manager agreement with Atalanta Sosnoff, Mr. Andersen seconded, and the Committee unanimously approved. The Plan Attorney suggested that the Committee hear from the Trustee on their view with regard to the termination of Atalanta Sosnoff. Ms. Luthy stated that with regard to a manager termination directive, the Trustee would have

no objection. After further discussion by the Committee, Mr. Perk moved that the recommendation of Mr. Joachimi on the liquidation of the Atalanta Sosnoff account be accepted, Mr. Williams seconded, and the Committee unanimously approved.

(5) Mr. N. Joachimi reported that his firm continuously reviews prospective venture capital investments, and that as he comes across favorable deals he will bring them to the attention of the Committee.

(6) Mr. R. Wood presented the second quarter, 1988 SEI report.

(7) Dr. Robert Zerbst presented the Direct Real Estate Report for the second quarter, noting that the total return net of fees for the quarter was 8.32% annualized.

He also reported that the Jeffery Manor property has two tenants that have gone bankrupt causing the occupancy to decline to 57%. He noted that efforts are underway to lease the empty space.

He reported that he is researching a possible sale of the Woodfield Business Center properties after the Remington building is leased up. He noted that the Cook County tax increases have been most damaging to industrial properties.

Dr. Zerbst then reviewed with the Committee the status of the 333 West Lake Street investment and the business plan that was originally conceived for that property. He noted that one part

of the strategy was to have the property rezoned at the most favorable floor area ratio (FAR) as possible. The most recent appraisal assumed a 23 to 1 FAR could be achieved. Hiffman Shaffer and Anderson, our partner in this transaction, has prepared a business planned development proposal seeking a 29 to 1 FAR rezoning of the property, which if successful would result in a \$3 million increase in the property value. Dr. Zerbst recommended that based on the economics the Committee should approve the rezoning application process. The Plan Attorney reviewed with the Committee the legal aspects of the rezoning process identifying a number of factors that should be addressed in order that the process is handled properly and beneficially for the Plan. He noted that his firm and Piedmont would be very careful that the Plan retain all its options with respect to the disposition of the property after the rezoning is complete. He suggested that the following resolution be adopted:

RESOLVED, that Hiffman Shaffer & Anderson acting on behalf of the 333 West Lake Street Building Associates is hereby authorized to initiate and pursue an application for a proposed zoning change of the building at 333 West Lake Street from C3-7 zoning to Business Planned Development zoning permitting the construction thereon of an office structure and that Hiffman Shaffer & Anderson report periodically to the Retirement Allowance Committee and to Harris Trust and Savings Bank as trustee of the Retirement Plan in regard to the success of its efforts;

BE IT FURTHER RESOLVED, that the law firm of Burke, Wilson & McIlvaine is authorized to act as lead counsel for the 333 West Lake Street Building Associates in regard to the proposed zoning change and said firm is authorized to engage the services, to the extent deemed necessary by Burke, Wilson & McIlvaine, of the law firm of Rudnick & Wolf to assist in the requested zoning change.

Mr. Perk moved that the resolution be adopted, Mr. Kasmer seconded, and the Committee unanimously approved.

(8) Dr. Robert Zerbst presented a report on the Plan's investment in Pension Realty Income Trust A (PRITA) including a brief review of the history of PRITA. He noted that the original trustees of PRITA were William W. Lowry, William R. Bain, and Eugene M. Howerdd, all of whom worked for William W. Lowry and Associates. At a recent meeting, the PRITA trustees met and made a number of decisions as follows:

- 1) Messrs. Bain and Lowry were removed as trustees and replaced by Mr. H. Ray York and Mr. Michael T. Wilkenson.
- 2) The trustees retained Piedmont Realty Advisors to perform the trust administration and the reporting function to unitholders.
- 3) Decided excess cash would be distributed to unitholders at this time and to proceed with the orderly liquidation of the assets over the next 3 years. Of the current cash position of \$7 million, \$5 million would be

distributed to unitholders now. Piedmont has been instructed to prepare a plan to liquidate the assets in an orderly fashion with the objective of maximizing their value. The Plan Attorney stated that while the trustees of PRITA have the right to make the decisions with regard to the disposition of the assets, the unitholders can hold the trustees to a standard of care in making decisions that are in the best interests of the beneficiaries. He further noted that as a 40% interest holder, the Plan must be allowed input into the liquidation decision making process. The Plan Attorney further suggested that the Committee request a meeting with PRITA trustees and the other unitholders (names to be provided by Dr. Zerbst) prior to the finalization of any liquidation plan. After discussion, the Chairman directed the Plan Attorney to correspond with the PRITA trustees requesting that a meeting be held.

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

(10) The Executive Secretary reported that there were no Pre-Retirement Surviving Spouse Allowances.

(11) The Executive Secretary presented fourteen (14) Retirement Applications for approval. On a motion by Mr. Williams, seconded by Mr. Knox, the Committee unanimously

approved the retirement applications as presented.

(12) The Executive Secretary informed the Committee that thirteen (13) employees who are presently receiving Disability Retirement Benefits were examined or had their files reviewed.

(13) The Executive Secretary presented thirty-two (32) Refunds of Contributions, totaling \$121,269.78 for approval. On a motion by Mr. Williams, seconded by Mr. Morris, the Committee unanimously approved the Refunds of Contributions to be paid September 30, 1988.

(14) The Executive Secretary presented for approval one (1) Chicago Transit Authority Bill, totaling \$29,684.05, seventeen (17) Operating Bills, totaling \$111,887.05, nine (9) Remittances, totaling \$484,791.44, and the FIT Deposit, totaling \$213,729.28. On a motion by Mr. Morris, seconded by Mr. Williams, the Committee unanimously approved the Bills and Remittances, totaling \$840,091.82.

(15) The Executive Secretary presented for approval twenty-three (23) Death Benefits, totaling \$46,500.00. On a motion by Mr. Morris, seconded by Mr. Knox, the Committee unanimously approved the Death Benefits to be paid September 30, 1988.

(16) The Executive Secretary turned the Committee's attention to the Report on Deposits, Disbursements and Investments in the Trustee Summary and noted that the August, 1988 performance for

the Fund was $-.86\%$ and the market value of the total assets of the Plan as of August 31, 1988 was \$821.2 million.

(16a) Mr. W. Ross then presented a report on the results of the asset allocation model which indicated that the inception to date (thru 8/31/88) value added by the Boston Company was 3.33% . The report also identified the asset allocation changes since inception and indicated that the market value of the Boston Company account was \$96.7 million as of August 31, 1988.

(17a) The Chairman requested that this item be deferred until the next meeting.

(18a) The Executive Secretary reported that Maria Agnew - #D-2450 returned to work on August 17, 1988.

(18b) The Executive Secretary reported that Michael Nugent - #D-2247 returned to work on August 29, 1988.

(18c) The Executive Secretary recommended that the Committee assign a new pension seniority date for Duane A. Butler whose thirty day extension to repay a refund of \$3,753.18 expired August 18, 1988. On a motion by Mr. Andersen, seconded by Mr. Knox, the Committee unanimously approved a new pension seniority date of May 26, 1987 for Duane A. Butler.

(18d) The Executive Secretary recommended that the Committee assign a new pension seniority date for Melvin Collins, whose thirty day extension to repay a refund of \$13,027.31 expired

August 18, 1988. On a motion by Mr. Andersen, seconded by Mr. Knox, the Committee unanimously approved a new pension seniority date of May 26, 1987 for Melvin Collins.

(18e) The Executive Secretary recommended that the Committee assign a new pension seniority date for James W. Catching, whose thirty day extension to repay a refund of \$8,558.09 expired September 15, 1988. On a motion by Mr. Andersen, seconded by Mr. Knox, the Committee unanimously approved a new pension seniority date of July 4, 1987 for James W. Catching.

(18f) The Executive Secretary recommended that the Committee assign a new pension seniority date for William Bankston, whose thirty day extension to repay a refund of \$14,644.36 expired September 15, 1988. On a motion by Mr. Andersen, seconded by Mr. Knox, the Committee unanimously approved a new pension seniority date of July 14, 1987 for William Bankston.

(18g) This employee was erroneously put on the agenda.

(18h) With regard to the item on pension credit for improperly laid off employees, Mr. Pirovano explained that for the period from October 16, 1981 through March 15, 1982, 27 CTA employees were found to have been improperly laid off. Further, pursuant to the terms of the Settlement Agreement and Release dated June 15, 1984, these individuals are to get 80% of the compensation they would have received had they not been laid off less any unemployment compensation received. Further, the parties agreed

to bring to the Retirement Allowance Committee the matter and support the position that each of the grievants should receive in service and pension credits the amounts they would have received if they had not been laid off. On a motion by Mr. Kasmer, seconded by Mr. Williams, the Committee unanimously approved the crediting of pension service credits and earnings for said grievants (names and amounts are on file in the Executive Secretary's office) in the amount of the compensation they would have received had they not been laid off, to be applied one-half in 1981 and one-half in 1982 and that any contributions due on said earnings be paid by the individuals and the Authority.


(19) There being no further business, on a motion by Mr. Williams, seconded by Mr. Kasmer, the Committee unanimously agreed to adjourn at 2:30 P.M.



EXECUTIVE SECRETARY
RETIREMENT ALLOWANCE COMMITTEE



CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE



DATE