

AGENDA

FOR THE 478TH MEETING OF OCTOBER 20, 1988

1. Meeting will be called to order at 9:30 a.m., Wright Room, Hyatt Regency Chicago.
2. Approval of the Minutes of the 477th Meeting held September 19, 1988.
3. Report by Trustee, including a report on the Harris Cash Management Account.
4. Presentation of Walden Ventures II venture capital partnership.
5. Presentation of Batterson, Johnson, & Wang, L.P. venture capital partnership.
6. Report by the Townsend Group on commingled real estate fund managers, status of their review of direct portfolio, and status of their review of overall real estate policy objectives.
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 October 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.
 - b) Report on the liquidation of the Atalanta Sosnoff account.
15. Unfinished Business.
 - a) Discussion of the calculation of compensation for pension earnings purposes for individuals on leave of absence holding full-time union positions.

16. New Business.

- a) Discussion of the PRITA liquidation plan and unitholders meeting scheduled on October 24, 1988 in Atlanta.

17. Adjournment.

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 478th Meeting of the Retirement Allowance Committee was held Thursday, October 20, 1988 at 9:30 A.M., in the Wright Room - Hyatt Regency, Chicago. The following were in attendance:

Ms. W. Black	Mr. C. Andersen
Mr. E. Gresham, Chairman	Mr. C. Burrus
Mr. A. Kasmer, Jr.	Mr. M. Holzman
Mr. C. Knox	

Mr. G. Nagle, Executive Secretary, was present. Alternate A. Curtis sat in Mr. Perk's stead. Alternate D. Carter sat in Ms. J. Hughes' stead. Alternates W. Buetow and E. Hill were present. Alternate L. Morris sat in Mr. I. Thomas' stead. Alternates L. Brown, H. Williams and H. Hegarty were in attendance. Mr. W. Ross and Ms. P. Williams of the Pension Office staff were present. Messrs. F. Duda, R. Walker and Ms. S. Luthy of the Harris Trust and Savings Bank were in attendance. Messrs. G. Sarlo and A. Berliner and Ms. L. Gordon of Walden Ventures II were present. Messrs. L. Batterson, D. Johnson and Ms. S. Wang of Batterson, Johnson & Wang, L.P. were also in attendance. Mr. T. Ahern of the Townsend Group was present. Mr. N. Joachimi of the Wellesley Group was present. Mr. R. Burke, the Plan Attorney and Mr. T. Paravola of Burke, Wilson & McIlvaine were present. Mr. B. Scholz, pensioner representative was also present.

(1) The Chairman called the meeting to order at 10:02 A.M.

(2) On the call for approval of the Minutes of the 477th meeting, held September 19, 1988, Ms. Black made a motion for approval, Mr. Kasmer 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 gave a detailed report dated September 30, 1988 on the cash management account.

(4) Ms. L. Gordon, Mr. G. Sarlo and Mr. A. Berliner of the San Francisco based, Walden Ventures then presented a report on the merits of investing in venture capital and the capability of their firm in venture capital investment.

After discussion with regard to the process for investment managers to be brought before the Committee for presentations, the Chairman directed that a special meeting be called to provide an overview of the investment policy and its implementation and also to discuss the establishment of a subcommittee on investment policy matters.

(5) Messrs. L. Batterson, D. Johnson and Ms. S. Wang of Batterson, Johnson & Wang, L.P. then gave a presentation on their firm's venture capital investment capabilities explaining that their focus would be on Chicago, Cook County and Midwest based companies.

(6) Mr. T. Ahern of the Townsend Group distributed a report

dated 10/20/88 on the commingled fund real estate managers, status of their review of the direct portfolio, and the status of their review of the overall real estate policy objectives. A copy of the letter dated 10/20/88 from Mr. Ahern summarizing the Townsend Group's progress to date is attached to these minutes.

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

(8) The Executive Secretary reported that there was one (1) Pre-Retirement Surviving Spouse Allowance to be effective September 1, 1988.

(9) The Executive Secretary presented eleven (11) Retirement Applications for approval. On a motion by Ms. Black, seconded by Mr. Kasmer, the Committee unanimously approved the retirement applications as presented.

(10) The Executive Secretary informed the Committee that eleven (11) employees who are presently receiving Disability Retirement Benefits were examined or had their files reviewed.

(11) The Executive Secretary presented seventeen (17) Refunds of Contributions, totaling \$105,622.41 for approval. On a motion by Mr. Knox, seconded by Mr. Kasmer, the Committee unanimously approved the Refunds of Contributions to be paid October 31, 1988.

(12) The Executive Secretary presented for approval one (1) Chicago Transit Authority Bill, totaling \$33,054.04, eight (8) Operating Bills, totaling \$184,542.60, nine (9) Remittances, totaling \$483,469.06, and the FIT Deposit, totaling \$215,311.88. On a motion by Mr. Kasmer, seconded by Ms. Black, the Committee unanimously approved the Bills and Remittances, totaling \$916,377.58.

(13) The Executive Secretary presented for approval thirty-six (36) Death Benefits, totaling \$54,500.00. On a motion by Mr. Holzman, seconded by Ms. Black, the Committee unanimously approved the Death Benefits to be paid October 31, 1988.

(14) The Executive Secretary turned the Committee's attention to the Report on Deposits, Disbursements and Investments in the Trustee Summary and noted that the report dated September 30, 1988 contained errors. The corrections are as follows: for equities, all funds combined, the current period number should read 4.49% instead of 2.00% and the actual from 1/1/88 of 22.37% was also in error. The correction to that number will be supplied later. The fixed income current period for all Funds combined should be .41% instead of 1.69%. The Executive Secretary reported that the market value of the total fund is \$833.6 million, as of 9/30/88. The Executive Secretary stated that the J. P. Morgan oil and gas investment is now a separate line item in the report called "Special Situations - Equity". He further indicated that he would report on the status of that

investment at the next meeting.

(14a) Mr. W. Ross then presented a report on the results of the asset allocation model which indicated that the inception to date (thru 9/30/88) value added by the Boston Company was 2.00%. He further noted that Boston Company calculates the same value added number to be 2.64% and that the .64% difference is being investigated. The report also identified the asset allocation changes since inception and indicated that the market value of the Boston Company account was \$88,591,272.00 as of September 30, 1988.

(14b) The Executive Secretary then reported that liquidation of the Atalanta Sosnoff account was accomplished on September 30, 1988.

(15a) The discussion of the calculation of compensation for pension earnings purposes for individuals on leave of absence holding full-time union positions was deferred until the next meeting.

(16a) With regard to the proposed liquidation of PRITA, the Executive Secretary gave the following report: The Plan committed \$15 million representing 40% of the total PRITA fund in February of 1982. A \$3 million cash distribution has been paid to the Plan giving the Plan a net investment of \$12 million. At the request of the Committee at the 9/19/88 meeting, Plan Counsel directed correspondence to the Trustees (with copies to

the other unitholders) requesting that a meeting of the unitholders and Trustees of PRITA be scheduled to address the proposed liquidation plan. That meeting has been scheduled for Monday, October 24, 1988 in Atlanta. He suggested it would be advisable that attendees from the Committee have direction from the full Committee with respect to its position on this matter. At a meeting attended by Messrs. E. Gresham, M. Holzman, T. Ahern, G. Nagle and R. Burke, various strategies which the Committee could consider were discussed. Suggested courses of action included requesting that appraisals of all of the PRITA properties be done forthwith by an independent third party, requesting input into the selection of the firm to sell the properties and fee arrangement, and the possibility of taking property in kind in lieu of cash distribution, and at a minimum be given time to analyze the proposed liquidation before the trustees move ahead with it. The other unitholders were contacted, and having been supplied with even less information than the Committee, were generally supportive of a position that the PRITA trustees should allow the unitholders more input into the proposed liquidation before any plan is finalized.

The Plan Attorney noted that the PRITA Trustees have the legal right to make the decisions regarding the disposition of the assets, but as a practical matter, and in view of the fact that the Trustees are fiduciaries, should listen to the views of the unitholders allowing for input from this Committee as the largest beneficiary of PRITA. Mr. Holzman moved that

the Executive Secretary, Mr. Perk, the Chairman, and the Plan Attorney be approved to attend the meeting of the unitholders in Atlanta on October 24th and relay to the Trustees the concerns of the Committee expressed by the Executive Secretary and the Plan Attorney.

(17) There being no further business, the Committee unanimously approved to adjourn at 2:45 P.M.

EXECUTIVE SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

Eloise Gresham

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE