

REVISED AGENDA

FOR THE 528TH RETIREMENT MEETING OF JANUARY 26, 1993

1. Meeting will be called to order at 10:30 a.m., Harris Trust & Savings Bank, 111 West Monroe Street, Executive Dining Rooms A & B - West Side, 37th floor.
2. Roll call.
3. Approval of the Minutes of the 527th Meeting held December 22, 1992.
4. Investment Subcommittee report.
5. Real Estate Subcommittee report.
6. Subcommittee on General Administration.
  - a) Announcement of deaths reported since the last meeting.
  - b) Presentation of Pre-Retirement Surviving Spouse Allowances for approval.
  - c) Presentation of new retirement applications for approval.
    - (i) John F. Lowery - #31804 - request for retroactivity to 1/1/93.
    - (ii) Edward Sullivan - #03681 - request for retroactivity to 12/1/92.
    - (iii) Sandra Johnson - #08545 - request for retroactivity to 12/1/92.
    - (iv) Luis M. Garcia - #05425 - request for retroactivity to 12/1/92.
  - d) Presentation of Death Benefits for approval.
  - e) Presentation of Refunds of Contributions for approval.
  - f) Presentation of Bills and Remittances for approval.
7. Unfinished business.
  - a) Pan Agora Asset Management - status.
  - b) SEI Capital Resources - status.
8. Report by Executive Director.
9. Election of Chairman and Vice-Chairman of Retirement Allowance Committee.
10. Adjournment.

01/25/93

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  - d) Presentation of Death Benefits for approval.
  - e) Presentation of Refunds of Contributions for approval.
  - f) Presentation of Bills and Remittances for approval.
  - g) 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
Arthur E. Bell #08598	01/16/93	09/11/69	\$16,734.58

7. Unfinished business.

- a) Pan Agora Asset Management - status.
- b) SEI Capital Resources - status.

8. Report by Executive Director.

9. Election of Chairman and Vice-Chairman of Retirement Allowance Committee.

10. Adjournment.

01/15/93

## RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 528th Meeting of the Retirement Allowance Committee was held Tuesday, January 26, 1993, 10:30 A.M., at the Harris Trust & Savings Bank, 111 West Monroe Street - 37th floor, Executive Dining Room. The following were in attendance:

Mr. I. Thomas, Chairman	Mr. W. Buetow
Ms. W. Black	Mr. E. Hill
Mr. T. Collins	Mr. M. Holzman
Mr. L. Brown	Mr. T. Stevens
Mr. J. Forte	

Mr. D. Perk, Executive Director was present. Alternate R. Schultz sat in C. Burrus' stead. Alternates L. Morris, R. Baughn, M. Caffery, C. Lang, P. Beavers and L. Murray were also in attendance. Messrs. R. Pirovano, W. Ross, L. Smith and Ms. P. Williams of the Pension Office staff were also in attendance. Mr. B. Baker and Ms. D. Burton of the Harris Trust & Savings Bank were also present. Mr. K. Lynch of the Townsend Group was present. Messrs. B. Scholz, R. Goldman, J. Henderson, T. Vernon and R. Crawford, pensioner representatives were in attendance. Mr. R. Burke, Plan Attorney was also present.

- (1) The Chairman called the meeting to order at 10:43 A.M.
- (2) A roll call was taken which indicated that a quorum of Committee members was present.
- (3) On a motion by Mr. Brown, seconded by Ms. Black, the Committee unanimously approved the Minutes of the 527th Meeting held December 22, 1992.
- (4) Mr. T. Collins, Chairman of the Investment Subcommittee reported on the meeting of January 26, 1993. Mr. Collins noted that Mr. Joachimi will research the issue of Pan Agora which led to a motion to accept the minutes of the Investment Subcommittee meeting with the exception of the recommendation for the outcome of the fate of the Pan Agora account which is to be held in abeyance until next month's meeting. On a motion by Mr. Hill, seconded by Mr. Brown, the Committee unanimously approved to accept the Investment Subcommittee report.

(5) Mr. E. Hill, Chairman of the Real Estate Subcommittee reported on the meeting held Tuesday, January 19, 1993 (copy of meeting minutes attached). Mr. K. Lynch was then asked to address the real estate strategic plan and the recommendation that was made with regards to the Dallas Industrial properties. Mr. Lynch then stated that the Dallas Industrial investment comprised 15 properties with approximately 1.5M square feet of industrial space located near the Dallas airport. These properties are 97% occupied with long term tenants and the average age is a little over 12 years. There is a coinvestment with the San Diego County (30%), Alaska Permanent Fund (40%), Stanford University Endowment Fund (15%) and the CTA Retirement Plan would have a 15% position as well. He noted that upon review of the geographical diversification it is consistent with the real estate strategic plan, in that these properties are located outside the metropolitan Chicago area, the property type (industrial) is consistent with the 15% minimum target range for property types. He noted that currently the Fund is slightly over 20%. He also mentioned that there was a review of the projected returns on this investment as being a net of fees to the Fund would be approximately 9%. He noted that factoring in inflation real returns over the holding period is projected to be 5 - 6% to the Fund which is again consistent with the strategic plan. Investment type is all equity and no debt meaning that there would be all cash transactions. Some of the concerns that were voiced to James Snyder, President of Kennedy Associates Real Estate Counsel, Inc. is that the average age of the properties is 12.8 years, some of the properties had less than 24 foot clear height ceilings. He noted that based on the maintenance program that Kennedy Associates has continued to maintain throughout its history and other factors, there is no concern for functional obsolescence of the properties. He also mentioned some other properties in the portfolio that are intending to be liquidated by Kennedy Associates subsequent to their acquisition. He also discussed renewal of leases in the portfolio and other tenant issues. He also noted that the proposed \$6M will contain no additional capital calls and all this will be included in the documentation that will be reviewed by the Plan Attorney and the Fund will have a 15% equity position in this project. He then noted that there was another issue which was discussed regarding the Plan's involvement with the PRITA properties and noted that there may be a conflict of interest insofar as there could be tenants looking at the PRITA properties to lease and space in the Dallas Industrial properties might be acceptable to tenants as well. Mr. Lynch then stated that the Townsend group is recommending investment in the Dallas Industrial investment. There was then a motion made by Mr. Hill to accept the recommendation of the Townsend Group for the CTA Retirement Fund to involve themselves in the \$6M investment project for the Dallas Industrial properties investment. The motion was seconded by Mr. Stevens and the Committee unanimously approved. Mr. Hill then updated the Committee on the Meridian property noting that there was a conference call

set up with RREEF and Messrs. Burke, Perk, Lynch and himself to discuss that RREEF had the opportunity to enter into a tentative agreement with General Electric for a 10 year lease with a 5 year option. Mr. Hill also noted that with regards to the Lake/Wacker property, the Plan will be receiving the deed to this property shortly. There was then a motion made by Mr. Collins and seconded by Mr. Forte to accept the real estate subcommittee report. The Committee unanimously approved.

(6) W. Black, Chairperson of the General Administration subcommittee reported on the meeting held January 25, 1993. She stated that the subcommittee reviewed agenda items 6 (a) - (f) and requested Committee approval for items 6 (b) - (f). On a motion by Ms. Black, seconded by Mr. Brown, the Committee unanimously approved agenda items 6 (b) - (f). She then turned the Committee's attention to the issue regarding those employees that are in Area 605 to determine if they will be qualified under Rule No. 20 to update their status. She noted that it was the consensus of the subcommittee to draft a letter or a questionnaire to those individuals to determine if they are qualified under Rule No. 20 of the Retirement Plan. The Plan Attorney then addressed this issue noting that there are approximately 200 individuals that have been in Area 605 for some period of time and the Authority has made the position to wind down those employees in Area 605 and sent them notification to this effect. He noted that the issue that was posed to the subcommittee is that some of these individuals will have very brief periods of service for pension plan purposes but have the age requirement. He noted that since these employees have been in 605 and have been carried as full time permanent employees for a number of years and have moved up to their retirement dates, they will receive very small retirement benefits, but will qualify for the health insurance benefits and spousal election. The Plan Attorney suggested that the subcommittee work with T. Stevens and research the affected employees' file jackets to see if these individuals are qualified pursuant to the provisions of Rule No. 20 and to report back to the Committee at a later date.

(7) (a) This issue was discussed in the Investment Subcommittee meeting and there was a recommendation to defer any action until the next meeting.

(b) Mr. Perk then noted that he has received a bill from SEI for a \$7000 cash payment to them and stated that he will not pay this bill until he gets direction from the Committee. He stated that he received a letter from SEI regarding this payment which represents a separate charge for additional work performed for the Investment subcommittee meetings which he noted was never negotiated or there is nothing in the minutes which states that there would be any fees paid for services rendered.

(8) The Executive Director then turned the Committee's attention to the Report on Deposits, Disbursements and Investments in the Trustee Summary and noted that for the month of December the performance for the total Fund was 1.74% and the value of the total assets of the Plan as of December 31, 1992 amounted to \$1,173,834,412. He also noted that the value of the Pan Agora account as of December 31 amounted to \$81,986,127.

(9) The nominations for the election of Chairman and Vice-Chairman of the Retirement Allowance Committee were presented. Mr. Stevens nominated Mr. E. Hill to serve as Chairman of the Retirement Allowance Committee and made a motion to this effect. The motion was seconded by Mr. Buetow and the Committee unanimously approved Mr. Elonzo Hill to serve as Chairman of the Retirement Allowance Committee for a two year period. Mr. Collins then nominated Mr. I. Thomas to serve as Vice-Chairman of the Retirement Allowance Committee and made a motion to this effect. The motion was seconded by Mr. Forte and the Committee unanimously approved Mr. I. Thomas to serve as Vice-Chairman of the Retirement Allowance Committee for a two year period.

(10) There being no further business, the Committee unanimously agreed to adjourn at 11:47 A.M.

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EXECUTIVE DIRECTOR,  
RETIREMENT ALLOWANCE COMMITTEE

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CHAIRMAN,  
RETIREMENT ALLOWANCE COMMITTEE

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DATED