

## AGENDA

### FOR THE 540TH RETIREMENT MEETING OF JANUARY 25, 1994

1. Meeting will be called to order at 10:30 a.m., Harris Trust & Savings Bank, 111 West Monroe Street, Executive Dining Rooms - 37th floor.
2. Roll call.
3. Approval of the Minutes of the 539th Meeting held December 23, 1993.
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) Allen Johnson - #22698 - request for retroactivity to 06/01/93.
    - (ii) John O. Theus - #04472 - request for retroactivity to 01/01/94.
  - d) Presentation of Death Benefits for approval.
  - e) Presentation of Refunds of Contributions for approval.
  - f) Presentation of Bills and Remittances for approval.
  - g) Employees who revoked their applications for retirement which were approved at the Retirement Allowance Committee meeting of December 23, 1993 and which were to have become effective on January 1, 1994 - See attached list.
  - h) John A. Menegheni - #18777 - repaid \$6,203.82 under Rule #31. Pension seniority date - October 16, 1978.

i) Anthony Myers - #05124 - returned to duty - 12/29/93.

j) Robert Schwent - #08687 - returned to duty - 12/29/93.

7. Old business.

a) Compensation - Exempt Pension Office Personnel.

8. Report by Executive Director.

9. Adjournment.

01/20/94

EMPLOYEES WHO REVOKED THEIR APPLICATIONS FOR RETIREMENT WHICH WERE APPROVED AT THE RETIREMENT ALLOWANCE COMMITTEE MEETING OF DECEMBER 23, 1993 AND WHICH WERE TO HAVE BECOME EFFECTIVE ON JANUARY 1, 1994.

NAME	BADGE NUMBER
Alexander Sparks	2810
William H. Spencer	7806
John W. Cadenhead	5706
William F. Kopping	4123
James H. Moore	27206
Constance Robinson	985
Solomon Davis, Sr.	5327
Milton Gaylord	2543
Barbara A. McBroom	16915
Robert Moskovitz	2647
Frank Peppers, Jr.	626
Emery J. Gipson, Jr.	7588
Willie L. Brown	3845
Daniel Peak	5652
Lemuel V. Wilson, Sr.	3525
Levy Johnson	6801
Mack A. Mister	6132
James P. Richardson, Jr.	7119
Calvin D. Warren	6172
Sam G. Caccitolo	6521
Peter J. Naughton	596
Walter R. Horst	22484
Mary F. Moore	951
John J. Hoff, Jr.	117
Paul Ivory	2991
Gunta L. Tapins	821
George Richmond, Jr.	22500
Lawrence D. Rosebar	654
Fay Ragsdell	991
James D. Quon	21063
Nick Gallo	17663
Nelson Anderson	21152
Howard P. Knight	4366
Mary L. Hurdle	16212
Sterling A. Tharp, Jr.	7507
George H. Wright	3105
McKinley Davenport, Jr.	206

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 540th Meeting of the Retirement Allowance Committee was held on Tuesday, January 25, 1994 at the Harris Trust and Savings Bank, 111 West Monroe Street, Executive Dining Rooms - 37th floor. The following were in attendance:

Ms. W. Black	Mr. E. Hill, Chairman
Mr. J. Williams	W. Buetow
L. Brown	T. Stevens
T. Collins	

Mr. D. Perk, Executive Director was present. Mr. C. Lang sat in C. Burrus' stead. Mr. R. Schultz sat in M. Holzman's stead. Alternates M. Caffery, B. Rayford and P. Beavers were in attendance. Messrs. R. Pirovano, W. Ross and Ms. P. Williams of the Pension Office staff were also present. Messrs. F. Duda, B. Baker and Mrs. S. Ross of the Harris Trust and Savings Bank were in attendance. Mr. R. Burke, Plan Attorney of Burke, Warren & MacKay was present. Messrs. B. Scholz, J. Henderson and R. Spears, pensioner representatives were also in attendance.

- (1) The meeting was called to order at 10:32 A.M.
- (2) A roll call was taken which indicated that a quorum of Committee members was present.
- (3) On a motion by Ms. Black, seconded by Mr. Brown, the Committee unanimously approved the Minutes of the 539th Meeting held December 23, 1993.

Mr. Hill then introduced and welcomed Mr. Jerry Williams, President and Business Agent of A.T.U. - Local #308 to the Board of Trustees of the Retirement Allowance Committee who will be a Committee member in the stead of Mr. James Forte. He also indicated that he is appointing Mr. Williams as a member of the Real Estate Subcommittee in the stead of Mr. Forte.

- (4) Mr. Buetow, Chairman of the Investment Subcommittee reported on the meeting held on January 25, 1994. It was noted that Pan Agora was informed by the Wellesley Group that their relationship with the Retirement Plan was terminated and Mr. Joachimi indicated that the funds from the liquidation of this account were transferred into an account for distribution to the international equity investment managers, Morgan Stanley and the Bank of Ireland who both received a \$25M allocation. The Plan Attorney then indicated that he had in his possession a document reflecting the amendment to the Investment Policy which was approved at the

December, 1993 meeting permitting the Plan to invest in the fixed income subsector between 0 - 5% of the Fund in non-U.S. issues which must have a rating of "AA" or better and requested that the Committee members affix their signatures to the document. On a motion by Mr. Collins, seconded by Mr. Stevens, the Committee unanimously agreed to accept the report of the Investment Subcommittee.

(5) Mr. Stevens, Chairman of the Real Estate Subcommittee reported on the meeting held on January 18, 1994 indicating that the representatives from the Townsend Group and RREEF were present to report on the 191 No. Wacker property. He indicated that certain payments for this property were discussed, including the real estate tax payments for this property and the consensus of the subcommittee is that they feel the Retirement Fund should not pay this bill which amounts to approximately \$6,000. He also indicated that appraisals on the properties were not ready and hopes to have them available for the next subcommittee meeting. Mr. Stevens then indicated that there was some discussion at the meeting regarding Capital Associates and asked that the Plan Attorney review the issue with the Committee. The Attorney indicated that the subcommittee previously recommended for approval the retention of Capital Associates to perform property management services for the Country Lakes property. He noted that the subcommittee also recommended Camco, an affiliate of Capital Associates to provide investment management services for the property. He indicated that the guidelines that Harris Trust and the Retirement Plan follow in approving entities are that they have to have a five year performance or operating history which Capital Associates and Camco do not have. He indicated that there is a provision which the Committee has used in the past permitting new "start-up" firms in some of the equity issues to be qualified and to watch their performance and the recommendation that has been made and approved at the subcommittee level was that Capital Associates and Camco be viewed in this context with regard to the investment management performance function. He indicated that this is a matter which is to be brought to the full Committee level for approval today. There was then some discussion regarding placing these entities in the emerging manager or "start-up" firm category due to the fact that the monies earmarked to this category (\$30M) have been expended and the funds will not be there to qualify Capital Associates under this amount of money. The Executive Director indicated that the issue could be resolved if you remove NCM Capital from this emerging manager category, which he indicated should happen because of their current performance and growth and the funds that were previously earmarked for this manager could be allocated to support Capital Associates. After a brief discussion, it was indicated that the issue that had been recommended and approved by the subcommittee, which needed approval by the full Committee today, was that Capital Associates should be placed into this special

emerging manager category. On a motion by Mr. Brown, seconded by Mr. Lang, the Committee unanimously approved the report of the Real Estate Subcommittee and the recommendation of the subcommittee to place Capital Associates into the emerging manager category. It was also indicated that the Harris Bank would review the NCM account and expel them from this emerging manager category. Mr. Stevens indicated that the last item discussed at the subcommittee meeting was the fees for the investment managers. He indicated that the managers would make presentations to review their fees and there would be a further analysis of this matter at the next subcommittee meeting. The Plan Attorney then noted that the sale of 1 North Hudson, one of the PRITA properties, has been closed for \$550,000 and the funds were wire transferred to Wachovia.

(6) Mr. Collins, Chairman of the General Administration Subcommittee reported on the meeting held on Monday, January 24, 1994 and made a motion for approval of agenda items 6 (a) - (j). The motion was seconded by Mr. Schultz, and the Committee unanimously approved. There was then discussion regarding the retirees that were presented for approval and how their applications would be processed. It was indicated that for those employees who were looking to retire effective February 1st to be allowed a revocation period in order that they may be considered for the Voluntary Early Retirement Incentive Program when it finally becomes in effect. It was also noted that when the employees sign up for retirement and indicate the month that they want the retirement to become effective, it presents a problem due to the fact that the Authority has the right to determine the volume of retirees in each department that they will allow to participate based on the Authority's ability to provide service. After a brief discussion, it was stated that in light of the fact that the Authority can make this determination, it was agreed that eligible individuals within each department would be retired in seniority order. It was indicated that the documents from the Authority that are to be disseminated to the employees are still being processed. The Plan Attorney then reviewed with the Committee the status of the program indicating that in order for these eligible individuals to make a knowledgeable decision they have to have information available to them regarding who else is in the group or department that qualifies to retire, what are the anticipated benefits if they do or do not participate in the program. He indicated that when the form is given to the employee with this data, they then have 45 days to consider the program, they also have the option to waive the 45 day period, but once they sign this form they still can pull it back in 7 days. He indicated that realistically speaking, anyone that is looking to retire under the Incentive Program for February 1st will not be able to because there is not enough time to disseminate the information packet and to receive the forms back from the employees. It was also noted by the Attorney that those individuals who applied for a January 1st retirement prior to December 31 and did not return to work that

under the terms of the Arbitration Award and via forms and correspondence that were mailed to this group from the Pension Office indicating that they did not have to return to work, their applications would be processed at the 1.85% factor and when they signed the forms the benefit would be retroactive under the 2.05% factor and an adjustment would be made to their benefit retroactive to January 1st. The Plan Attorney then indicated that the standard under which the Program would be operated due to the fact that the CTA has the sole discretion to determine the volume and classification of retiring employees is that the CTA has an overriding concern about the maintenance of the transportation obligation which the system has, but in allowing people to retire in this chronology, it is in a non-discriminatory fashion and is based strictly upon an objective test of employment seniority. With regards to those employees that signed up for a February 1st retirement, the Plan Attorney indicated that correspondence will be disseminated today advising them that if they want to be considered for the Program to remain working and not retire February 1st.

Mr. Stevens then indicated that with regards to the compensation of exempt Pension Office personnel, he indicated that there were some individuals who were below the minimum salary in their grade levels. He indicated that he has a final report in his office and will get this information to the Executive Director.

(8) The Executive Director then turned the Committee's attention to the Report of Deposits, Disbursements and Investments in the Trustee Summary and noted that for the month of December, 1993 the performance for the total Fund was 2.05% and the value of the total assets of the Plan as of December 31, 1993 amounted to \$1,252,939,848. The value of the total assets of the Plan as of January 25, 1993 amounted to \$1,259,471,356. He noted that the equity managers had a substantial gain for the month in the amount of \$20,309,000. The current market value for the fixed income manager accounts are \$202,903,813. He also indicated that the Plan Attorney's office is developing contracts for the sale of DFW East-West. He noted that as of December 31, 1993 the value of the cash account was \$6.9M and the value of the Pan Agora account as of December 31, 1993 valued \$85,991,000. The final or close-out value of this account amounted to \$92,756,816.97 as of January 25, 1994. He indicated that the performance for the Metric Institutional Real estate portfolio was exceptional.

(9) There being no further business, the Committee unanimously agreed to adjourn at 11:25 P.M.

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EXECUTIVE DIRECTOR,  
RETIREMENT ALLOWANCE COMMITTEE

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CHAIRMAN,  
RETIREMENT ALLOWANCE COMMITTEE

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DATED