

AGENDA

FOR THE 546TH RETIREMENT MEETING OF JULY 26, 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 545th Meeting held June 28, 1994.
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) Joseph Peery - # 30966 - request for retroactivity to 07/01/94.
 - (ii) Maurice Smith - #34126 - request for retroactivity to 07/01/94.
 - (iii) Leroy Hunter - #31813 - request for retroactivity to 07/01/94.
 - (iv) Frank Gray - #31725 - request for retroactivity to 07/01/94.
 - (v) Joseph Bailey - #9492 - request for retroactivity to 07/01/94.
 - (vi) Robert James - #22586 - request for retroactivity to 7/01/94
 - (vii) James Allen - #2565 - request for retroactivity 11-1-93 to 5-22-94 only.
 - (viii) Herdisene Chillis - #13319 - request for retroactivity to 3-31-94.
 - (xv) Kevin Hoey - #16406 - returned to work 7-5-94.

- f) Presentation of Bills and Remittances for approval.
- g) Adrian Miller - #9926 - Retirement approved effective 05/01/94 - request for retroactivity to 02/01/94.
- h) Richard Tesch - #15688 - retirement approved effective 05/01/94 - request for retroactivity to 03/01/94.
- i) Alexandra V. Eiva - #19805 - Resigned and vested under Section 11 of the Plan.
- j) Jose L. Velazquez - #6604 - Repaid his refund of contributions and interest under Rule No. 21. His original seniority date of 5/20/76 is restored.

8. Report by Executive Director.

10. New Business.

- a) Wyatt Report
- b) Compensation - Exempt Pension Office Personnel.

11. Adjournment.

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 546th Meeting of the Retirement Allowance Committee was held on Tuesday, July 26, 1994 at the Harris Trust and Savings Bank, 111 West Monroe Street, Executive Dining Room - 37th floor. The following were in attendance:

Mr. I. Thomas
Ms. W. Black
T. Collins
L. Brown
J. Williams

Mr. T. Stevens
M. Holzman
W. Buetow
Mr. Elonzo Hill, Chairman

Mr. J. Forte sat in Executive Director's stead. Mr. C. Lang sat in Mr. C. Burrus' stead. Messrs. L. Smith and J. Huston of the Pension Office staff were in attendance. Mr. B. Baker of the Harris Trust and Savings Bank was present. Mr. R. Burke of Burke, Warren & MacKay was present. Messrs. B. Scholz, C. Spears, and J. Henderson, pensioner representatives were also in attendance.

- (1) The Chairman called the meeting to order at about 11:00 A.M.
- (2) A roll call was then taken which indicated that a quorum of Committee members was present.
- (3) On a motion by Mr. I. Thomas, seconded by Mr. T. Collins, the Committee deferred approval of the 545th Minutes at the Meeting held June 28, 1994.
- 4) Mr. Buetow, Chairman of the Investment Subcommittee, reported on the meeting held Tuesday, July 26, 1994 with a presentation by Ned Joachimi, Wellesley Group covering the following items: Mr. Joachimi discussed Weiss, Peck & Greer, the private equity firm hired by the Retirement Allowance Committee at the June 26, 1994 meeting, the final paperwork will be finalized with Mr. Burke, Plan Counsel and Brian Baker of Harris Bank, before we enter into this relationship. This should be accomplished by the end of the month.

ARC Capital, another firm hired by the Retirement Allowance Committee, is in the final phase of completion with both Plan counsel and Harris Bank. This is a \$7 million investment with a five year draw-down. The final contract should be accomplished shortly.

Discussed W. R. Lazard as in the past, the fixed income money manager, is now being run entirely by Harris. Legal issues are being addressed by the Plan counsel.

Letter submitted by Plan counsel to committee dated June 25, 1994, indicated the review of financial status of W. R. Lazard has been concluded. He is comfortable with the facts presented in the document. Committee can now move forward to retain the firm or move to another manager on a permanent basis.

Mr. Joachimi of Wellesley Group will report back to the Committee at the next session at which time we will make the final resolution of this matter.

Involvement of Hart Bornhoft recommended by the Wellesley Group will handle a sum of \$30M or 2-1/2% of the fund with their diversification in the area of commodity trading.

A vote of approval by the Committee will be forthcoming to involve ourselves with this firm since the firm works well in a down market and holds the line in a situation of a rising or status quo market.

Further discussion on Putnam is in the final stage of their \$25M involvement with the fund as a global bond manager.

The full committee concurred that the Investment subcommittee confer with Mr. Joachimi on the drawdown of money to be handled by Hart Bornhoft.

There also, was a presentation by Harris Bank on securities lending.

On a motion by I. Thomas and seconded by C. Lang, the Committee unanimously approved the report by the Investment Subcommittee.

After approval of the Investment Subcommittee report, Mr. Hill recommended that a Subcommittee be appointed to look at various sources of funding for Hart Bornhoft that consists of W. Buetow, J. Williams, I. Thomas and himself.

On a motion by I. Thomas and seconded by C. Lang the Committee unanimously approved the recommendation by the Chairman, Mr. Hill.

(5) Mr. Stevens, Chairman of the Real Estate Subcommittee, reported on the meeting held on July 19, 1994 at the office of Burke, Warren & MacKay.

At this meeting 5 items were discussed:

#1. The 1994 first quarter performance measurement report was reviewed. John Karlovec was asked to come up with a simplified format to include current appraisal, amount paid for property, and current income, i.e. cash on cash.

#2. The RREEF funds separate account fee review. Again John Karlovec will review the

incentive fees and come up with a final recommendation.

#3. The Meridian Business Campus: We took a tour of it and we asked Brian Riegerti to outline our share of capital contribution required to construct the 150,00 sq. ft. retail build-to-suit, complete off-site improvements, and pay off existing mortgage, which matures in September, 1994. CTA's share of capital contribution is \$3,463,671. We were also given a copy of the Capital Contribution Schedule.

REEF has reached preliminary agreement with MJGC for a 10 year lease of approximately 33 acres of land directly west of our new retail center. Tenañt intends to build a \$2.5M golf learning center consisting of an 80 tee practice driving range with target greens and water hazards, a miniature golf course, a golf shop and a deli or restaurant.

Rent for land is \$80,000 per year, escalating at 3% per year. The first 12 months of the lease allows for the rent not to exceed 12.5% of gross revenues from the sale of range balls and miniature golf.

MJGC has a right to purchase land at any time during the term of the lease at Fair Market Value.

#4. 191 N. Wacker Potential Sale

A. Swap/Exchange Property - Proposed sale (What did not realize) (Qualified Charitable Contribution) RREEF /Dick Burke developing a model of how this would work.

B. Dallas/Fort Worth East & West Property - Nine offers received, highest offer being \$6,700,000 with a financing contingency.

Granite Properties offered \$6,500,000 (all cash) and RREEF and PRITA will negotiate a satisfactory Letter of Intent.

5. Maple & La Salle - Hill Street Associates, a 342 Unit Development at Maple & La Salle, an Elderly Housing Development, seeking a lender to loan \$11,275,000 for the construction of the project; and, absent a commitment for permanent financing from an investor to hold the permanent loan, which would be for 30 years at 8% with a 50 basis point mortgage insurance premium. J. Karlovec and D. Burke will review and advise of their recommendation.

On a motion by I. Thomas and seconded by C. Lang, the Committee unanimously approved the report of the Real Estate Subcommittee.

(6) Mr. Collins, Chairman of the General Administration Subcommittee reported on the meeting held on Thursday, July 21, 1994 at the Pension Office. Mr. Collins reviewed and asked that items 6(a) - (6f) be approved.

On a motion by I. Thomas and seconded by C. Lang, the Committee unanimously approved said items.

Other item issues discussed at the General Administration Subcommittee meeting were; Mr. Lang was given the responsibility of discussing with Harris Bank the cost of the rental of the monthly meeting room which they graciously agreed to absorb the cost. In addition, they will assume the cost for scheduled meetings, but not for unscheduled meetings.

Counsel was asked to draw-up language for Notification of a retiree to let the Plan know whether they are still alive, and/or eligible for pension.

Such a Notification Verification Letter was submitted and would be sent out at least once a year.

On a motion by I. Thomas and seconded by T. Stevens, the Committee unanimously approved the verification letter submitted by Counsel, Mr. Burke.

There was a discussion of Disability and Medicare Retirees for information only , with no approval by the Board.

- (7) The Financial Report was given by Mr. L. Smith. The value of the Plan as of June 30, 1994 was \$1,185,567,966, with a monthly performance of -1.74%.
- (8) The meeting then moved to Executive Session.
- (9) There being no further business the Committee unanimously agreed to adjourn.

EXECUTIVE DIRECTOR,
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN,
RETIREMENT ALLOWANCE COMMITTEE

DATED