

AGENDA

FOR THE 551TH RETIREMENT MEETING OF DECEMBER 20, 1994

1. Meeting will be called to order at 10:00 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 550TH Meeting held November 29, 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) Willie Thomas - #23866 - request for retroactivity to 11/01/94.
 - (ii) John DJonlich - #36371 - request for retroactivity to 12/01/94.
 - (iii) Jeff Moore - #9943 - request for retroactivity to 12/01/94.
 - (iv) Johnny Griffin - #13630 - (disability) - request for retroactivity to 11/01/94.
 - (v) Jacqueline Willis - #13341 - (disability) - request for retroactivity to 11/01/94.
 - (vi) Antonio Gray - #06779 - (disability) - request for retroactivity to 12/01/94.
 - (vii) Sallie Lahmon - #06099 - (disability) - request for retroactivity to 12/01/94.
 - d) Presentation of Death Benefits for approval.
 - e) Presentation of Refunds of Contributions for approval.
 - f) Presentation of Bills and Remittances for approval.

- g) Marvin Jefferson - #08630 - returned to duty - 12/12/94 - entered service date - 05/25/70.
- h) Luis Montalvo - #13647 - returned to duty - 11/21/94 - entered service date - 08/03/78.

- 7. Old Business
- 8. New Business
- 9. Financial Report
- 10. Adjournment.

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 551st Meeting of the Retirement Allowance Committee was held on Tuesday, December 20, 1994, at the Harris Trust and Savings Bank, 111 West Monroe Street, Executive Dining Room - 37th floor. The following were in attendance:

Mr. L. Brown
Mr. T. Collins
Mr. J. Williams

Mr. L. Hill, Chairman
Mr. T. Stevens
Mr. W. Buetow

Mr. D. Perk, Executive Director, was in attendance. Mr. C. Lang sat in Mr. C. Burrus' stead. Mr. L. Sanford sat in M. Holzman's stead. Mr. R. Baughn sat in Mr. I. Thomas' stead. Alternates also present were: B. Rayford, L. Murray, P. Beavers and R. Schultz. J. Forte, W. Ross and A. Dungan of the Pension Office Staff were in attendance. Mr. B. Baker of the Harris Trust and Savings Bank was present. Mr. Richard Burke of Burke, Warren & MacKay was present. Messrs. J. Henderson, R. Goldman and B. Scholz were also in attendance.

1. The Chairman called the meeting to order at 10:45 A.M.
2. A roll call was taken which indicated that a quorum of Committee members was present.
3. Mr. Perk noted that there were revisions to the Minutes of the 550th Meeting. On page 3 of the Minutes, first paragraph, second line, it should read **--commuter station--** instead of **"computer station"**. Also on page 2, first paragraph, line 6, it should read **--building A12--** instead of **"building 812"**. On a motion by Mr. T. Stevens, seconded by Mr. L. Brown, the Committee unanimously approved the Minutes with the revisions made by Mr. Perk.
4. Mr. Buetow, Chairman of the Investment Subcommittee, reported on the meeting held at 9:00 A.M., December 20, 1994. Present were Subcommittee members T. Stevens, L. Hill, M. Holtzman and W. Buetow. Mr. Michael Y. Granger, Principal of ARK Capital Management reported that significant progress has been made in securing funds from seven (7) properties, committed investments equal \$54.5 million. Ark's mission is to provide competitive returns to its investors through its pro-active management of private equity funds targeted to invest in minority and women-owned businesses. The Committee in a prior approval agreed to a 7 million dollar commitment. The Committee and its Counsel are in the final stages of discussion involving terms of this agreement.

Ms. Kathleen McCarragher, our new Portfolio Equity Manager at Weiss, Peck & Greer, informed the Committee of the restructured management team at Weiss, Peck & Greer. A representative was requested to attend this meeting to discuss their continued poor performance. Ms. McCarragher spoke of recent attempts to improve their performance including the hiring of Mr. Daniel S. Vandivort, who will be in charge of their income sector.

Jacqueline Ward, Director of Marketing for Kenwood, one of our equity managers, a 100% minority owned female organization gave a brief overview of their performance. The Committee gave a strong commendation to Kenwood for their good performance.

Mr. Buetow reported that a Committee has been formed to discuss funding and disbursement requirements for the first two quarters of 1995. The Committee suggests a \$40 million dollar need. Contributions from the Authority and CTA employees will begin with the first full pay period starting at March 1, 1995. As of this date, the Fund has a cash balance of approximately \$9.4 million. At year end the Fund should have a cash balance of \$15.6 million. The payout at the end of this month should be approximately \$8 million. At the Real Estate Meeting held on Monday, December 19, Mr. Perk reported that \$6.2 million in receipts are due within days. \$5 million from the sale of PRITA properties and \$1.2 million from Wachovia co-mingled real estate Fund.

On a motion by Mr. T. Collins, seconded by Mr. J. Williams, the Committee unanimously approved the report of the Investment Subcommittee.

5. Mr. Stevens, Chairman of the Real Estate Subcommittee, reported on the meeting held on December 19, 1994, in the offices of Burke, Warren & MacKay. Seven items on the agenda.

First, the Thornwood Residential Golf Course Community located in Kane County, St. Charles, Illinois. Representatives from Townsend and TPC explained that the site has been selected as a licensed tournament players club site for a PGA tour tournament. Currently, the TPC is doing their due diligence. They have given their tentative approval. With TPC's involvement, the internal rate of return will be increased to 24.4% from previously outlined 21%. The Fund expressed an interest in pursuing its due diligence on this project. The Townsend Group and Counsel Mr. Burke will negotiate the investment structure. It will then be discussed by the full committee for a final determination. The proposed investment may require amendment of the equity strategic plan because it is believed that non-core investments were limited to 20%, and Mr. Stevens believed that will bring non-core investment up to 22 or 23%.

Second, the Committee discussed the RREEF fee structure and instructed John Karlovec of Townsend to inform RREEF that their disposition fee should be 1% not 2% as requested. Disposition fee has been considered for the greater part of this year. The Committee concurred on this recommendation.

In May of 1994, Kennedy Associates reported on ACSS Dallas Industrial Portfolio calling for a \$15 million expansion of Dallas Industrial. The committee voted to invest our proportional share of \$2.24 million toward the expansion. The original proposal had a 50% pre-leasing requirement before the construction commenced and a 70% leasing before the next building would be contemplated. The developer was able to obtain financing for the first warehouse distribution center without any pre-leasing requirements. Robert Apodaca of Kennedy Associates requested the co-investors waive the pre-leasing requirement. The other two investors in this project are both waiving that requirement, and CTA was asked to do the same. The Committee voted to follow suit.

The West Park Center opportunity is pending. The total of all costs including the lease up expense for this 87,500 square foot warehouse should not exceed \$2.4 million. Initial cash yield should exceed 10%. When the first building is 50% leased, construction will begin on the next building.

A performance measurement report for the second quarter of 1994 reported a 4.3% return cash on cash.

The Townsend Group's proposed consulting contract was item 5 on the agenda. A three year contract for the period July 1, 1994 through June 30, 1997 at a 3% increase for each of the three years was agreed upon. The fee structure - 1st year \$74,160.00; 2nd year \$76,384.00; 3rd year \$78,675.00; all other provisions of the April, 1990 Agreement are reaffirmed.

Sale of the Perimeter Park closed on 12/14/94. Trust net proceeds are approximately \$2.02 million.

A Sales Agreement has been executed on the Adams Office Building. Closing is scheduled for December 27, 1994. Proceeds will equal \$2.050 million. After the last two properties close, this Fund will have received approximately \$604,500.00 per unit (we own 30 units) or 120.9% of its original investment.

Mr. Stevens reported on the Wachovia liquidation. CTA is to receive a distribution of \$1.258 million. Distribution is from a combination of property sales and accumulative cash flow from rents. Since June, 1994 there have been 8 property sales.

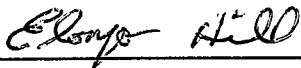
On a motion by Craig Lang, seconded by Jerry Williams the Real Estate Subcommittee Report was approved.

6. Mr. Tom Collins, Chairman of the General Administration Subcommittee, reported on the meeting held on December 19, 1994. Mr. Collins request approval of Items 6a through 6h (copy of agenda attached).

The Committee discussed the Final Notice scheduled to be sent to pensioners who have not yet responded to the previous letters requesting verification that they are alive. Chairman Hill asked whether all Committee members had read the letter and agreed on the language. After receiving an affirmative response, Chairman Hill approved the signing.

On a motion by T. Stevens, seconded by L. Brown the Committee unanimously approved items 6a through 6h and the report of the General Administration Subcommittee.

7. Old Business - Brenda Rayford questioned the language of the Voluntary Early Retirement Incentive Program waiver agreement. Initially, if you signed the waiver, you waived the right to sue CTA. Ms. Murray said the union took issue with the language used. Attorneys present agreed that if a workers' compensation case was pending by the employee involved, that release did not cover them. Chairman Hill suggested that this issue was more a concern of the CTA, not the Retirement Allowance Committee. Individuals who had concerns about the release language should take it back to the CTA. Mr. Forte indicated that this was not a problem because the Pension Office addressed this issue early in the Incentive Program process.
8. No New Business
9. 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 November, 1994, the performance for the total fund was -2.77%, and the value of the total assets of the Plan as of November 30, 1994, amounted to \$1,162,464,181.
10. There being no further business, the Committee unanimously agreed to adjourn at 11:30 A.M.



Chairman,
Retirement Allowance Committee

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Executive Director,
Retirement Allowance Committee

Dated: April 25, 1995