

RETIREMENT PLAN FOR CTA EMPLOYEES

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NOTICE

RETIREMENT ALLOWANCE COMMITTEE MEMBERS AND ALTERNATES

THIS IS TO ANNOUNCE THAT THE MEETING OF THE SUBCOMMITTEE ON GENERAL ADMINISTRATION WILL BE HELD TUESDAY, MARCH 28, 1995, AT 8:30 A.M.

THIS WILL BE FOLLOWED BY THE SUBCOMMITTEE ON REAL ESTATE AT 9:30 A.M., THE INVESTMENT SUBCOMMITTEE AT 10:30 A.M., AND THE RETIREMENT ALLOWANCE COMMITTEE MEETING AT 11:30 A.M.

THE MEETINGS WILL BE HELD AT THE HARRIS BANK AT 111 W. MONROE, IN THE EXECUTIVE DINING ROOM ON THE 37TH FLOOR IN ROOMS A & B.



AGENDA

FOR THE 554TH RETIREMENT MEETING OF MARCH 28, 1995

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 553rd Meeting held February 23, 1995.
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) Zdenek Ulrich - #17862 - (disability) - request for retroactivity to 01/01/95.
 - (ii) Kaya Assunta - #07704 - (disability) - request for retroactivity to 05/01/94.
 - (iii) Beanford Robinson - #08142 - Request for use of 1982 and 1983 earnings in pension calculation.
 - d) Presentation of Death Benefits for approval.
 - e) Presentation of Refunds of Contributions for approval.
 - f) Presentation of Bills and Remittances for approval.
7. Old Business: Amendment to the PRITA Trust Agreement
8. New Business
9. Financial Report
10. Adjournment.

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY

The 554th Meeting of the Retirement Allowance Committee was held on Tuesday, March 28, 1995, at the Harris Trust and Savings Bank, 111 West Monroe Street, Executive Dining Room - 37th floor. The following were in attendance:

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

Mr. D. Perk, Executive Director, was in attendance, Ms. L. Murray sat in Mr. C. Burrus' stead, Mr. L. Sanford sat in Mr. M. Holzman's stead. Alternates also present were C. Lang, L. Morris, B. Rayford, R. Schultz and P. Beavers. L. Smith, J. Forte and A. Dungan 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 & McKay was present. Messrs. Charles J. Spears, Bill C. Gilmore, J. Henderson and B. Scholz were also in attendance.

1. The Chairman called the meeting to order at 11:15 A.M.
2. A roll call was taken which indicated that a quorum of Committee members was present.
3. On a motion by Mr. T. Collins, seconded by Mr. L. Brown, the Committee unanimously approved the Minutes.
4. Mr. T. Collins, Chairman of the Investment Subcommittee, reported on the meeting held at 10:45 A.M. this date. Mr. Collins suggested that a special committee meet to determine the source of withdrawal of \$25 million, that amount necessary to pay benefit payments during the second quarter of 1995. At the conclusion of the meeting, a committee was convened consisting of Messrs. Thomas, Hill, Collins, Stevens, Williams and Buetow. The decision of that committee was to take \$5 million from Ariel, \$10 million from Weiss, Peck & Greer, \$5 million from Oppenheimer and \$5 million from Delaware for a total of \$25 million. The consultant concurred with the decision of the committee.

The \$7 million commitment with Ark was terminated for lack of response from Ark. A motion was made by Mr. T. Stevens and seconded by Mr. L. Brown to follow the recommendation of the special committee.

A question was raised as to why the required funds were not taken from Weiss, Peck & Greer in total (\$25 million).

Mr. Collins responded that each sector should have 20% of the total equity portfolio in each of the five categories. Aggressive growth was over-weighted which caused us to target Ariel. The growth and value sub-sectors were also over-weighted and reduced by \$15 million. The Committee reviewed Weiss, Peck & Greer, a dramatic under performer, and based on that review took \$10 million, not the entire amount. The Chairman suggested some downsizing of Weiss if improvement is not seen. The Committee stated that instead of terminating Weiss, Peck & Greer, the withdrawal will attract their attention and bring them in before the Committee to determine what they have in mind for the near future, and the Committee will make a subsequent decision. At Weiss last appearance before the Committee, they were given a reasonable period of time to improve their performance. It was suggested that the Committee could not consciously terminate them without giving them the time it promised.

On a motion by Mr. L. Hill, seconded by Mr. L. Brown, the Committee unanimously approved the motion by the Subcommittee.

5. Mr. J. Williams, Chairman of the Real Estate Subcommittee, listed the three topics for discussion:

- I. **RREEF Fee Structure**

Last year RREEF was approached regarding revising its fee structure for the Real Estate Portfolio. RREEF responded and presented various structures. On February 9, 1995, Gerald Egan, RREEF, Bob Wolkoff (RREEF), Attorney R. W. Burke and John Karlovec (Townsend) met in an effort to resolve the fee structure. Changes to the fee structure will be retroactive to 1/1/95 as opposed to 1/1/96.

With respect to the 711 Jorie Boulevard Property, RREEF had proposed an initial 7.5% asset management fee based on net income until such time as McDonald's leased 100% of the building. When the building is fully leased, RREEF recommend that the fee be reduced to \$25,000. In that meeting with Gerald Egan and Bob Wolkoff and after reviewing other properties in the portfolio, the Committee was comfortable that a flat fee of \$50,000 be recommended.

Regarding 191 N. Wacker, RREEF had originally proposed a demolition fee of 10%. That was out of line, and it was reduced to a 4% demolition fee.

Elk Grove -- they would receive an investment management fee on that land equal to 25 basis points of the current appraised value. That is going to remain "flat" throughout the holding period.

II. RREEF Retail REIT was the next item. The CTA Retirement Plan is currently invested in the USA3 Fund. RREEF is proposing the combination of certain properties of the RREEF USA2 Fund and the USA3 Fund and make a new Retail REIT. The way it now stands there will be 5 properties in the REIT and three of them will be from USA3 and two will be from USA2. At this point, RREEF is looking for a commitment letter from the CTA Retirement Plan authorizing the trustees to amend the fund documents to permit them to create this private REIT deal.

III. Thornwood Golf Project was tabled to the next meeting in April.

On a motion by Mr. L. Brown, seconded by Mr. T. Collins, the Committee unanimously approved the Real Estate Subcommittee Report.

6. Mr. T. Stevens, Chairman of the General Administration Subcommittee, reported on the meeting held Tuesday, March 28, 1995 at 11:30 A.M. Mr. Stevens requested approval of Items 6a through 6f (copy of agenda attached).

In addition to the above, there were two items added to the agenda; one was a problem regarding Mr. R. Radic which was referred to the Plan Attorney, and the second was regarding P. Lebron's reinstatement after he had submitted his resignation. It was agreed by the Committee that Mr. Lebron is considered a new employee because he had signed a resignation form, submitted it and had received his pension refund.

Another item discussed was the companies that check on disability cases. The Plan Attorney will review that at the next subcommittee meeting.

The number of pensioners receiving benefits was determined in a detailed letter campaign. Currently, there remain twenty (20) persons for whom the pension staff has not received verification that they are in fact alive and receiving benefits. The Staff continues to hold checks of these people and, if necessary, and with the approval of the Committee, will hire outside help to locate these people.

Two matters were referred to Executive Session.

On a motion by Mr. T. Collins, seconded by L. Brown, the Committee unanimously approved items 6 a through 6f.

7. Old Business - Plan Attorney Mr. R. W. Burke discussed with the Committee the Third Amendment to the PRITA Trust Agreement. Mr. Burke explained that Messrs. Gibeaut and Perk are in the process of liquidating the PRITA Fund.

Five other Pension Funds are involved in the PRITA Fund. The five funds have previously approved the Third Amendment, the Amendment deals with fees paid to

receives 90% of the trustee fees, Mr. Perk 10% or \$417.67 per month. Mr. Burke discussed this issue with Mr. Perk and was provided with the following information:

Total fees paid to Mr. Perk for the years 1993 and 1994 was \$10,528.72. Mr. Perk provided Mr. Burke with tax information indicating that he paid Federal, State and FICA taxes, totaling \$5,398.98 and that he gave back to the Pension Fund three checks totaling \$3,280.38. Net fees to Mr. Perk - total fees less taxes and monies returned to the Fund resulting in net fees to Mr. Perk for a 2-1/2 year period of \$1,849.34.

The decision of the Committee was that Mr. Perk should receive the fee checks and deposit them to the Fund, but that he would be reimbursed for taxes due.

8. New Business - None
9. Financial Report - The Executive Director then turned the Committee's attention to Report of Deposits, Disbursements and Investments in the Trustee Summary and noted that for the month of February, 1995, the performance for the total fund was 3.42%, and the value of the total assets of the Plan as of February 28, amounted to \$ 1,202,834,951. The Committee would like the reports of investment managers to be consistently done; how much we originally invested and the current year to date return. The Committee would like the new appraised value of 191 Wacker.
10. The Committee adjourned to Executive Session at 12:25. The Committee reconvened and adjourned the meeting at 12:50 P.M.



EXECUTIVE DIRECTOR
RETIREMENT ALLOWANCE COMMITTEE



CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED: 4/25/95