

## AGENDA

### FOR THE 562TH RETIREMENT MEETING OF NOVEMBER 28, 1995

1. Meeting will be called to order at 11:30 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 561st Meeting held October 24, 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) Charles Bridges - #9844 - request for retroactivity to 11/01/95.
    - (ii) Carl Strickland - #3478 - request for retroactivity to 11-01-95.
    - (iii) Charles Sutherlin - #2737 - request for retroactivity to 11-01-95.
    - (iv) Janice Fuller - #17218 - (disability) - request for retroactivity to 11/01/95.
  - d) Presentation of Death Benefits for approval.
  - e) Presentation of Refunds of Contributions for approval.
  - f) Presentation of Bills and Remittances for approval.
  - g) Clarence Speights - #6210 - returned to duty 9-25-95
  - h) Edith Sellars - #7661 - returned to duty 9-25-95
  - i) - Phyllis White #1436 - returned to duty 9-28-95
  - j) Carol Fabian - #9732 - returned to duty 10-4-95
7. Old Business:
8. New Business
9. Financial Report
10. Adjournment.

## **RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY**

The 562nd Meeting of the Retirement Allowance Committee was held on Tuesday, November 28, 1995, at the Harris Trust and Savings Bank, 111 West Monroe Street, Executive Dining Room - 37th Floor. The following were in attendance:

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

Mr. E. Hill, Vice Chairman  
Mr. T. Stevens  
Mr. W. Buetow

Mr. D. Perk, Executive Director, was in attendance. Mr. L. Morris sat in Mr. Thomas' stead. Mr. C. Lang sat in Mr. Burrus' stead. Alternates also present were B. Rayford, L. Sanford and P. Beavers. W. Ross, J. Forte and A. Dungan of the Pension Office Staff were in attendance. B. Baker, F. Duda and C. Ambrose of Harris Trust and savings Bank were present. Mr. R. Burke of Burke, Warren & MacKay was present. Messrs. B. Scholz and J. Henderson were also in attendance.

1. The Vice-Chairman called the meeting to order at 11:45 A.M.
2. A roll call was taken which indicated that a quorum of Committee members was present.
3. On a motion by C. Lang, seconded by L. Brown, the Committee unanimously approved the Minutes of the 561st Meeting.
4. Mr. T. Collins, Chairman of the Investment Subcommittee, reported on the meeting held this date.

Mr. Joachimi made a review of the third quarter report.

Mr. Joachimi discussed Ariel and their bad performance.

Also, Oppenheimer is in the discussion stage, which could lead to being acquired by Bayerische Vereinsbank AG.

Mr. Joachimi also suggested if we need money, it should be taken from Weiss, Peck & Greer. He said even with all their changes in management and style, they are still the worst performer.

Mr. Hill asked Mr. Joachimi if the fixed income managers are being restricted by the policy statement which insists on an "A" or better rating. Mr. Joachimi suggested discussing the policy statement with regard to bond ratings at the December meeting.

It was also noted that there are rumors Mrs. Lazard of W. R. Lazard may be looking to sell.

The first presentation was made by Ms. Barbara L. Bowles of the Kenwood Group. They have been a money manager for the Plan for over 6 years.

The second presentation was made by Messrs. Dennis M. McCaskill, Jr., Paul L. Van Kampen and Wendell E. Mackey of NCM Capital Management Group who handle fixed income and equity. Mr. Mackey discussed the equity funds and Mr. Paul L. Van Kampen discussed the fixed income. The Committee had a few questions.

Also discussed was Mr. Joachimi's opinion on Palmyra Investment, who made a presentation at the October meeting. He suggested wait and see how the interest grows.

On a motion by C. Lang, seconded by T. Stevens, the Committee unanimously approved the Investment Subcommittee Report.

5. Mr. J. Williams, Sr., Chairman of the Real Estate Subcommittee, reported on the meeting held this date.

Country Lakes sale is completed. \$11,073,000.00 was transferred to cash on November 17, 1995.

The Hawthorne Industrial Properties was put on the market. No offers as of this date.

Reef REIT has been taken off the market. There is no REIT according to Kevin Lynch. They could not raise additional money to cash us out. The USA 3 investment has to be liquidated by 1998.

There is an investor's committee meeting on December 5, 1995 for Meridian Business Campus. They will ask in their 1996 budget for an additional capital commitment. CTA's share would be \$818,000. This will be used to complete the second phase of the retail development. Phase 1 has been completed and it sold in 11 months and it returned approximately \$2 million to the Plan. Mr. Lynch recommended the Plan approve the \$818,000 capital commitment.

Mr. Williams discussed a letter received from the Robert Morris College in which they asked for our best selling price for the 191 Wacker Building.

Mr. Kevin Lynch discussed the 191 Wacker Building. Mr. Stevens told about the phone call from Robert Morris College informing him that their other deal fell through, and they would like the Board to give them an offer by the 29th. He read a letter from September 21, 1994 from Bob Wolkoff to the Real Estate Subcommittee. Mr. Stevens asked for this letter to be put in the record.

"The following is a hold/sell analysis for 191 N. Wacker. In addition, we have completed an analysis of whether or not to demolish the building if we decide to hold the property.

"Based on conversation with Clarion, the current appraiser for this account, and the recent land sales which occurred just south of 311 S. Wacker, we have assumed that 191 N. Wacker could be sold for a \$1.5 million. If we invested the \$1.5 million in eight year treasury bills which currently earn 7.45%, the future value of this investment would be \$2,665,279. We would have to sell 191 N. Wacker for this amount plus return the cost of owning the property (i.e., real estate taxes, insurance, and security) in order to make a recommendation to hold the property.

"The cost to own the property depends on whether or not we demolish the building. The current cost to operate the property is approximately \$400,000 of which \$385,000 is for real estate taxes. The cost to demolish the building is \$640,000. Based on the proposal from Standard Parking and the legal opinion from Jack George of Daley and George, if we demolished the building and developed a surface parking lot, we would generate a profit of \$60,000. The cost of developing a surface parking lot is estimated at \$150,000. The following is a summary of sales prices needed to provide a return of the \$1.5 million that could have been generated from selling the property plus the return on the cost needed to carry the property.

" Scenario	Future Value of Assumed Sales Proceeds Invested at 7.45% for 8 Years (Sales Proceeds = \$1.5 million)	Cost to Carry Property (includes return on cost of 12%)	Required Sales Price (Total of first 2 columns)	% of Acquisition Cost (Acquisition Cost = \$10,440,000)
Sell Today	\$2,665,000	-0-	\$2,665,000	26%
Do not demolish building	\$2,665,000	\$5,537,000	\$8,202,000	79%
Demolish Building (develop surface parking lot)	\$2,665,000	\$1,155,000	\$3,820,000	37% "

The Plan Attorney said he did not know the school had lost the other opportunity. This makes this a more valuable site. He suggested going back to the school with the same figure we used last \$6.5 million. The Committee asked the Plan Attorney to go back to the Robert Morris College and ask \$6.5 million and it was suggested they split the demolition cost. This will be proposed to the College.

Mr. Gary M. Ralston and Mr. Kevin B. Habicht of Commercial Net Lease Realty, Inc. (CNL) made a presentation. It is a New York Stock Exchange listed real estate investment trust. They want CTA to fund \$15 million Their specialty is putting together retail stores, for example, Office Max, Computer City, etc.

The Committee questioned them about this venture.

Mr. Lynch and the Plan Attorney thought it was a good venture that should be considered. The Plan Attorney said our present investment policy calls for real estate portfolio of 15%. but we are at around 9%. The Committee cannot make a decision about this until December.

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

6. Mr. T. Stevens, Chairman of the General Administration Subcommittee, reported on the meeting held this date. Present were L. Brown, W. Buetow, J. Williams, Sr. and T. Collins filled in for Wanda Black until she arrived. Mr. Stevens requested approval of items 6a through 6j. In addition Cleo Lenard and Angelo Serritella were approved for disability pension based upon the Plan Attorney's review.

Mr. Collins asked what was the situation with the LaFollette case. The Plan Attorney answered that the Court upheld the decision made by the Plan.

Mr. Forte read a letter from Mr. Speights who was requesting that his disability pension be reinstated due to his medical exam (he went for a medical exam to return to work and checked positive for drugs). Mr. Collins said the question was once he was being brought back to work is he entitled to go to the Program. He is a long term employee. If he was in line for a job and tested positive on a drug test does that make him a rule violator and therefore entitles him to the Program. Mr. Forte answered that once he was deemed fit for work and he was tested positive for drugs, the Pension Office automatically took him off Disability because he was fit to return to work, and the only reason he is not back to work is because of a substance in his system. Mr. T. Stevens answered that Mr. T. Czech wrote to Mr. J. Stevens and asked him to review this and give us a course of action. Mr. Forte will write a letter informing Mr. Speights that it is a matter for CTA not the Retirement Board.

On a motion by L. Brown, seconded by C. Lang, the Committee unanimously approved the Investment Subcommittee Report.

7. Old Business - None
8. New Business - None
9. Financial Report - The Executive Director then turned the Committee's attention to Report of Deposits, Disbursements and Investment in the Trustee Summary and noted that for the month of October, 1995, the performance for the total fund was -1.17%, and the value of the total assets of the Plan as of October 31, 1995, amounted to \$1,304,676,398.

Mr. Collins asked about the J. P. Morgan oil and gas program where they told us we were locked into this deal but we could cash out after 6 years if they had enough money. The representative from J. P. Morgan told us there was not enough money to cash out. Mr. Collins wanted to know if we informed J.P. Morgan that we wanted to cash out at the earliest possible time. This matter will be checked by Mr. Perk.

The Hart Bornhofft account is now closed. All of the money has been transferred to cash.

The last piece of PRITA has been sold. The Plan Attorney, Mr. Perk and Mr. Gibeaut are working on a issue to cover the two trustees for an extended period of time, insurance, and there will be a distribution of most of the remaining assets sometime in January.

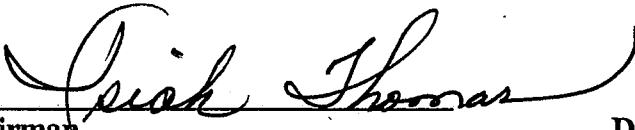
Effective in December the pension contributions will be raised to 3% employees and 6% CTA, which will provide the Plan with 9% contributions.

Chicago Title and Trust Asset Management has changed their name to Chicago Trust Company, and they are asking for approval from the Harris Bank to assign the contractual relationship we have with Chicago Title and Trust to the Chicago Trust Company. Mr. Burke has discussed this with Mr. Joachimi of the Wellesley Group, and Mr. Joachimi said he has no problem with the name change. In discussions with Mr. Baker of Harris, the bank has some concerns. Mr. Baker said technically Harris considers this name change as a new legal entity, and they feel more comfortable if they go through the formal procedure of having Chicago Trust Company nominated and then Harris would review their performance and appoint them as they would any new manager. The Plan Attorney said in the past if a manager changed their name and followed the same investment policy with the same personnel, Harris would just go along with the change, and they would monitor their performance. Mr. Baker said the Bank would discuss it and let us know their decision.

10. There being no further business, the Committee unanimously agreed to adjourn to Executive Session at 12:15 P.M.



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Executive Director,  
Retirement Allowance Committee



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Chairman,  
Retirement Allowance Committee

Dated: December 19, 1995

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