

AGENDA

FOR THE 571ST RETIREMENT MEETING OF AUGUST 27, 1996 -

1. Meeting will be called to order at 11:30 A.M., Northern Trust Company, 50 South LaSalle Street, Directors Dining Room - 6th Floor.
2. Roll call.
3. Approval of the Minutes of the 570th Meeting held July 23, 1996.
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) Howard Moore - #3094 - request for retroactivity to 08-01-96.
 - d) Presentation of Death Benefits for approval.
 - e) Presentation of Refunds of Contributions for approval.
 - f) Presentation of Bills and Remittances for approval.
 - g) Willis Surles - #05141 - returned to duty - 08-15-96
7. Old Business
8. New Business
9. Financial Report
10. Adjournment.

RETIREMENT PLAN FOR CTA EMPLOYEES

10 SOUTH RIVERSIDE PLAZA

SUITE 1625

CHICAGO, ILLINOIS 60606

(312) 441-9694

NOTICE

RETIREMENT ALLOWANCE COMMITTEE MEMBERS AND ALTERNATES

THIS IS TO ANNOUNCE THAT THE MEETING OF THE SUBCOMMITTEE ON GENERAL ADMINISTRATION WILL BE HELD TUESDAY, AUGUST 27, 1996, AT 8:30 A.M.

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

THE MEETINGS WILL BE HELD AT THE NORTHERN TRUST COMPANY, 50 S. LA SALLE STREET, IN THE DIRECTORS' DINING ROOM ON THE 6TH FLOOR.



RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY

The 571st Meeting of the Retirement Allowance Committee was held on Tuesday, August 27, 1996, at The Northern Trust Company, 50 South La Salle Street, 6th Floor Directors' Dining Room. The following were in attendance:

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

Mr. E. Hill, Vice Chairman
Mr. T. Stevens
Mr. W. Buetow
Ms. S. Leonis

Mr. D. Perk, Executive Director, was in attendance, Mr. L. Morris sat in Mr. Thomas' stead. Mr. R. Schultz sat in Mr. Holzman's stead. Alternates also present were R. Baughn, P. Beavers and M. Caffery. W. Ross, L. Smith and A. Dungan of the Pension Office Staff were in attendance. Mr. R. Burke of Burke, Warren and MacKay was present. Messrs. B. Scholz, C. Spears, Bill C. Gilmore and J. Henderson were also in attendance.

1. The Vice Chairman called the meeting to order at 11:30 A.M.
2. A roll call was taken which indicated that a quorum of Committee members was present.
3. On a motion by S. Leonis, seconded by L. Brown, the Committee unanimously approved the Minutes of the 570th Meeting.
4. Mr. T. Collins, Chairman of the Investment Subcommittee, reported on the meeting held this date.

There were three groups that came before the Committee. Piper Capital, RXR Group and Great Lakes Advisors.

There was a discussion with Mr. Joachimi regarding the Security Lending Program with Northern. He recommended going ahead with approval by the Chairman of the Committee (I. Thomas). The Plan Attorney spoke about the collateral percentages which is the amount of collateral that is posted by the borrower of the securities by Northern. At Harris it was 103%; it has been suggested 102% as industry standard. Another issue brought up by the Plan Attorney is that the Committee has to address is the type of collateral. In the documentation he sent to the Committee, there are different categories of collateral.

The first presentation was made by The RXR Group. They were represented by Mr. R. Romaine. RXR mission is to design and execute innovative equity, fixed-income and alternative asset management strategies with superior risk-adjusted return characteristics to meet the investment requirements of both institution and private investors. They are managing money in fixed equity primarily in Chicago, New York and London.

After the presentation, the Committee asked questions. Mr. Joachimi informed the Committee that The RXR Group offers a totally different product and of course it would take money. He suggested setting up a meeting in the next few weeks to discuss existing managers and other managers that have good records for the last five years and that is when it can be decided if the program discussed by The RXR Group would fit.

The second presentation was made by Piper Capital Management represented by Mr. Jerry Gudmundson and Ms. Sandra Shrewsbury. Piper Capital reviewed their mid-cap equity product. Their goal is to consistently outperform the S & P Mid-Cap 400 Index. Mr. Gudmundson said that Piper Capital employs a long-term, fundamental approach to identify and purchase securities of companies that demonstrate superior growth characteristics.

Mr. Perk reported that Piper Capital Management outperformed every one of our equity managers for one and five year periods. Further, they have outperformed all of our managers for a three year period except Foster Freiss. Mr. Perk asked Mr. Joachimi why he or the Committee have not considered this manager. Mr. Joachimi answered that they (Piper) just hit five years and that the Plan does not use anyone with less than a five year track record.

The third presentation was made by Great Lakes Advisors represented by Edward J. Calkins, Raymond O. Wicklander, Jr. and Stephen W. Rost. Great Lakes Advisors specializes in value investing. Their clients include many public funds including Cook County, Chicago Police Pension Fund, Municipal Employees, the Chicago Park District.

Mr. Joachimi distributed and discussed a report of existing managers. This will be a monthly report. The report will indicate nine pieces of information on each manager, i.e., Contributions, Withdrawals, Market Value, Nominal and Real Rates of Return, etc.

A discussion of the Plan's Portfolio followed. The Committee agreed to a special meeting in the next few weeks to review managers.

Mr. Collins would like to bring in two groups; New England Partners, a private equity group, and Ernst & Company. Mr. Joachimi said the Committee should stay away from direct commission brokers. They call often to the Pension Office according to Mr. Perk. Mr. Joachimi said the Committee should tell these firms, as he does, here is a list of our managers, call them. Mr. Joachimi said he wrote the managers and explained there are no recommendations being given by anyone associated with the Fund. Every money manager has the right to trade with whomsoever they please.

On a motion by L. Brown, 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.

The Plan Attorney gave an update on 191 N. Wacker. We are awaiting the issuance of a demolition permit from the City. One of the main concerns is to minimize the real estate taxes on the property.

The Lake County Industrial Properties - RREEF is attempting to sell these properties. There has been some interest in the brokerage community. Mr. Burke spoke to RREEF to get an update on this for the meeting. There is some tenant loss but the properties are back on the market. To date there has been no offer for the disposition of The Lake County Industrial Properties.

The 635 Remington Property in Schaumburg is also on the market but there has not been an offer made on this site.

Jeffery Manor - Ameritech closed their facility at this location. Ameritech desired to assign their lease. RREEF recommended that they not be permitted because Ameritech should remain on that lease.

CNL has been very quiet, and The Plan Attorney has tried to contact them numerous times. He spoke to Mr. Lynch telling him here is a copy of the draft agreement we have prepared. Mr. Burke thinks CNL is currently going to the public market for some additional financing. Mr. Burke thinks they will be ready after this public offering is complete after Labor Day.

The last that was heard on 20 N. Michigan was the contemplated payoff for that mortgage which the Plan has held for a period of time. McDonald will probably exercise their option to buy 711 Jorie.

On a motion by Mr. Brown, seconded by Mr. 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 this date.**

The following members were present: L. Brown, W. Buetow, J. Williams, Sr., W. Black and T. Stevens

Mr. Stevens requested approval of items 6a through g.

Mr. Forte said that the Pension Office is holding 9 checks since April, 1996 for disability pensioners because they did not respond to the survey. One individual is paying child support. It was suggested that an investigator go out and check on these 9 individuals to see if they are alive. If they are not alive or cannot be found or if there is some indication of lack of disability then the Committee will have to decide what the next step is according to Mr. Burke. Mr. Perk was given the authority to hire an investigator to check on these 9 individuals.

A motion by Mr. Williams, seconded by Mr. Brown was made to give the Pension Office the authority to hire an investigator.

Mr. Perk made a request for a refund for Ronald Bartkowicz. Mr. Perk asked for the Committee's approval to disburse his contributions and interest for a total of \$29,055.44 and he asked the Committee's approval to add it to the list of refunds. It was agreed to add his name to the list.

Mr. Perk mentioned about the old computers in the Pension Office and what should be done with them. A few employees had asked to purchase one for their children. The computer company told Mr. Perk they have little or no value. He wanted instructions from the Committee on what should be done with that equipment. The Committee suggested donating them to a school.

It was brought up to the Committee that a life insurance company is coming onto CTA property and representing themselves as having the authority to sell insurance by the Committee and no such authority was given. They seemed to have some information on the inner workings of the Plan which they should not have been privy to. Union Labor Life had made a presentation regarding insurance in lieu of the survivorship option. This insurance company was to be one of several that were going to be brought in before the Committee to review what type of product they could offer in lieu of options A and B. Mr. Perk said the CTA Transit Board made it very clear several years ago that any product offered to any CTA Employee whether or not there are any costs accrued to the Authority shall not be offered to the Employees without prior knowledge of the CTA Board. Mr. Hill said he agrees with that because when someone is on the property, it gives the impression that the CTA Board supports it whether it is true or not and so they definitely should not be on the property without approval.

Mr. Buetow suggested that the Actuary check the options (A and B) factors to make sure they are statistical correct. He thought it has not been checked for 8 or 9 years. The Plan Attorney thought it would be a good time to look into this because of collective bargaining which is ongoing at this time and the participants in that process could elect to keep the Plan as it is now or could elect to add an insurance option to it if that was the desire of the Authority and the Union. The Plan could stay exactly as it is now and there was a desire to offer this program through some insurance entity that would be an add-on outside of the Plan. It would not be in the Plan unless the option for the insurance coverage is in the Plan document that comes with collective bargaining.

Mr. Perk said we will ask Watson Worldwide to take a look at the options and the current option tables.

According to Mr. Buetow, CTA auditors want to do an normal audit of the transition from Harris to Northern because of the change in trustee. Northern wants a letter of direction and it has been referred to Mr. Burke, and has to have an authorization from the Committee. On a motion by Mr. Buetow, seconded by Mr. Hill, the Committee authorized the CTA auditors to do a audit of the transition from Harris to Northern.

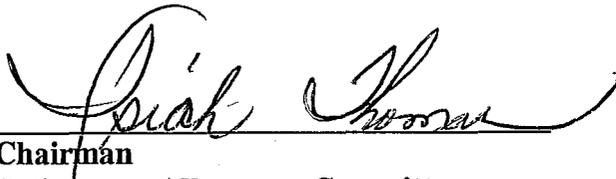
On a motion by Mr. Williams, seconded by Mr. Brown, the Committee unanimously approved the General Administration Subcommittee Report.

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 August, 1996, the performance for the total fund was -3.23%, and the value of the total assets of the Plan as of July 31, 1996, amounted to \$1,354,806,328.
10. At the requested of the Vice-Chairman, the Committee moved to Executive Session at 12:00 P.M.

The Committee reconvened; there being no further business on a motion by Mr. Collins, seconded by Mr. Williams, the Committee unanimously agreed to adjourned at 12:40 P.M.



**Executive Director
Retirement Allowance Committee**



**Chairman
Retirement Allowance Committee**

Amin571ag

DATED: November 26, 1996