

A G E N D A

FOR THE 456TH RETIREMENT MEETING OF DECEMBER 22, 1986

1. Meeting will be called to order at 9:30 A.M., Merchants' Room, 14th floor, Holiday Inn Mart Plaza.
2. Approval of the Minutes of the 455th Meeting held November 24, 1986.
3. Report by Trustee.
4. Presentation of 3rd Quarter Performance Analytics Report by Robert Moseson and Les Golembo.
5. Reports by Dr. Robert Zerbst of Piedmont Realty Advisors.
 - a.) 3rd Quarter Direct Real Estate Operating Report.
 - b.) 3rd Quarter Real Estate Portfolio Report.
 - c.) Update on PRITA.
 - d.) Review of Real Estate policy and objectives.
6. Announcement of deaths reported since the last Meeting.
7. Presentation of Survivorship Options.
8. Announcement of Pre-Retirement Surviving Spouse Allowances.
9. Presentation of new retirement applications for approval.
 - a.) Thomas D. Sulzer - retroactive to 01-01-86.
10. Employees on Disability Retirement re-examined.
11. Presentation of Refunds of Contributions to be paid December 31, 1986.
12. Presentation of Bills and Remittances.
13. Death Benefits for approval.
14. Report by Secretary of Deposits, Disbursements and Investments.
 - a.) Report on payment on the Certificate of Indebtedness for 1981 Employer Contributions.
15. Unfinished Business.
 - a.) Micheli Ferrantelli -- request for disability benefits.

- b.) Report the employment status and the application of Rule 21 to reinstated employee Donald Bullock.
- c.) Proposed resolution to amend the investment policy to exclude investments in companies not adhering to the Sullivan Principles.

16. New Business.

- a.) Edward Pietri - D-2361 - returned to duty 10-20-86.
- b.) Loyce Wright - D-2253 - returned to duty 11-12-86.
- c.) Report by Plan Attorney on the resolution of the matter involving management fee charges on the Plan's investment in PRITA.
- d.) Assignment of new pension seniority date as a result of the non-payment of contribution refunds within a 13 month period as provided in Rule 21.

Name & Badge	Reinstatement Date	Date Returned to Work	Entered Service Date	Amount Owed
Freddie L. Alford #13665	11-15-85	11-15-85	08-10-78	\$ 3,767.02
William Bankston #22153	11-18-85	11-18-85	03-29-68	\$14,644.36

- e.) Proposal by Compensation and Capital, Inc. to increase their fees.
- f.) Discussion of the formation of a corporation to hold certain of the Plan's real estate investments as provided by the recently enacted Tax Reform Act. Report by Plan Attorney.

17. Adjournment.

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 456th Meeting of the Retirement Allowance Committee was held Monday, December 22, 1986, at 9:30 A.M. in the Merchants' Room, 14th Floor, Holiday Inn Mart Plaza. The following were in attendance:

Mr. C. Andersen	Mr. A. Kasner
Ms. W. Black	Mr. G. Nagle
Mr. W. Clark	Mr. D. Perk
Mr. E. Flowers	Mr. I. Thomas

Mr. H. Williams sat in for Mr. E. Gresham. Messrs. L. Morris, L. Brown, H. Reed, H. Hegarty, and R. O'Connor were present. Mr. J. Mullen, Ms. F. Williams, and Ms. C. Cox were present. Mr. W. Ashley, Plan Consultant, was present. Ms. S. Luthy, Messrs. F. Duda and C. Coleman of the Harris Trust and Savings Bank were present. Mr. L. Golembo of Performance Analytics was present. Mr. J. Stephens, representative from the Plan Attorneys office, was present. Mr. J. Baratka, The Wyatt Company, was present. Dr. R. Zerbst of Piedmont Realty Advisors was present. Mr. B. Scholz, pensioner representative, was also present.

The Chairman called the Meeting to order at 9:47 A.M.

The Chairman called for approval of the Minutes of the 455th Meeting of the Retirement Allowance Committee held November 24, 1986. On a motion by Mr. Flowers, seconded by

Mr. Kasmer, the Committee unanimously approved the Minutes of the 455th Meeting.

Ms. S. Luthy of the Harris Trust and Savings Bank presented the Trustee Report which showed the activity in the market for the last 30 days.

Mr. F. Duda of the Harris Trust and Savings Bank presented a report on the local financial institution CD program noting that he had received from the Secretary's office a list of banks to be contacted regarding participation in the program. Mr. Duda further noted that he had corresponded with the banks on the list inviting them to contact him regarding their participation in the program, and that he was awaiting further response to conversations he had with representatives from Mid-City Bank and Highland Community Bank. He indicated that an investment in a \$1 million CD from Seaway Bank had been made. Mr. Duda also noted that no response at all had been received from the other banks on the list. A discussion ensued between Mr. Duda and Committee Members during which Mr. Duda expressed his concerns regarding dealing with institutions that have a low credit ranking. Mr. Duda further stated that from an investment point of view, even though an institution is insured, the credit criteria should be considered in offering participation in the program to an institution. Mr. Clark stated that it was his opinion that if we did invest in a bank which did not do well it would be very bad publicity for the Plan, therefore, we must have justification for investing in any bank that does not fall within the guide-

lines set up by the Trustee and Committee.

Mr. L. Golemba of Performance Analytics presented the 3rd Quarter Report and responded to questions from Committee Members.

Mr. J. Stephens of the Plan Attorney's office presented a report regarding a recommendation by the Plan Attorney as outlined in his letter dated December 9, 1986 to establish a corporation to hold certain of the Plan's real estate investments. Mr. Stephens further explained that all the shares in that corporation would be held by the CTA Retirement Plan. Initially, the corporation would make the loan on the Lake-Wacker property. Later, some of the other properties could either be moved into this corporation or separate corporations could be set up for each property. Mr. Stephens noted that these are matters that could be addressed by the Plan Attorney at a later time. Mr. Stephens further explained that the recently enacted Tax Reform Act allows a tax-exempt entity to take advantage of the corporate structure without the adverse tax implications thereby further insulating retirement plan assets from the potential legal problems associated with real estate ownership. A discussion ensued between Committee Members and Mr. Stephens during which Mr. Clark made a motion that a separate corporation be set up for the purchase of the property at 333 W. Lake Street and that said corporation hold only the assets on this property, Mr. Flowers seconded the motion. The Committee unanimously approved the motion. Further discussion ensued regarding the officers of the corporation. Mr. Flowers made a motion that the

Plan Attorney's recommendation that the corporation be named CTA RAC, Inc. and the officers be as follows: Mr. D. Perk, President; Mr. G. Nagle, Secretary-Treasurer; and the remaining Committee Members serve as Directors be approved. Mr. Clark seconded the motion, and the Committee unanimously approved. The Secretary noted that the individuals in the above-mentioned offices are subject to change. Mr. Stephens noted that there would be a clause in the By-Laws which would address this matter.

Dr. Zerbst of Piedmont Realty Advisors Distributed and reviewed the history of development of the Real Estate Policy outlining the reasons it was implemented and the research it was based on, etc.

Dr. Zerbst then reviewed with the Committee the status of the properties in the PRITA Fund. The Secretary then turned the Committee's attention to a matter relating to the PRITA Fund noting that the contractual agreement with PRITA requires that unitholders in PRITA are not subject to management fees while they are clients of Lowry, Raclin, Harrell & Howerdd (LRHH). However, the Secretary noted that as a result of the Retirement Allowance Committee terminating their consultant relationship with LRHH on February 1, 1985 the Plan Attorney has since been in negotiations with PRITA with a view toward settling the matter of payment of a 10 basis point management fee by unitholders who ceased to be clients of LRHH. The Secretary noted that to that end the Plan Attorney is recommending a settlement with PRITA whereby the Plan would pay a reduced fee of 6 basis points retroactive to February 1, 1985 and hereafter

while the Plan continues to be a unitholder in PRITA. After discussion between Committee Members, it was agreed that the matter be held in abeyance for further explanation by the Plan Attorney.

The Chairman called for a lunch break at 12:50 P.M.

The Chairman reconvened the Meeting at 1:40 P.M.

Dr. Zerbst then presented the 3rd Quarter Direct Real Estate Operating Report and the 3rd Quarter Real Estate Portfolio Report.

The Secretary made the Announcement of Deaths since the last meeting, as per the attached list.

The Secretary presented twenty (20) Survivorship Options for approval; including an option for Mr. W. Campbell, pending receipt of a doctor's statement and proof of spouse's age; an option for Mrs. O. Danielley, pending proof of spouse's age; an option for Mr. G. Woods, pending proof of spouse's age; and, an option for Mr. A. Johnson, pending receipt of a marriage certificate. On a motion by Mr. Kasmer, seconded by Mr. Flowers, the Committee unanimously approved the Survivorship Options as presented.

The Secretary informed the Committee that there were no Pre-Retirement Surviving Spouse Allowances to report at this meeting.

The Secretary informed the Committee that there were ninety-four (94) Retirement Applications being presented for approval; including a request for a January 1, 1986 retroactive

retirement for Thomas Sulzer who returned to the Authority rolls from disability retirement in December 1982, was not returned to work within a 3-year period of time, which ended in January 1986, and therefore the Plan Attorney and Secretary are recommending that Mr. Sulzer be granted a January 1, 1986 retroactive retirement. On a motion by Mr. Williams, seconded by Ms. Black, the Committee unanimously approved the Retirement Applications including the January 1, 1986 retroactive retirement for Mr. Thomas Sulzer.

The Secretary reported that eleven (11) employees who are presently receiving disability retirement benefits were examined or had their file reviewed.

The Secretary presented thirteen (13) Refunds of Contributions, totaling \$89,490.71, for approval. The comparison figures for the same period of time one year ago were nineteen (19) Refunds, totaling \$140,410.27. On a motion by Mr. Flowers, seconded by Mr. Kasner, the Committee unanimously approved the Refunds of Contributions to be paid on December 31, 1986.

The Secretary presented for approval one (1) Chicago Transit Authority bill, totaling \$33,523.24; twenty-five (25) Operating Bills, totaling \$106,326.95; ten (10) Remittances, totaling \$422,009.21; and the FIT Deposit, totaling \$135,599.28. On a motion by Mr. Flowers, seconded by Mr. Thomas, the Committee unanimously approved the Bills and Remittances, totaling \$697,458.68, to be paid on December 31, 1986.

The Secretary presented for approval thirty-four

(34) Death Benefits, totaling \$93,000.00. The comparison figures for the same period of time one year ago were twenty-one (21) Death Benefits, totaling \$51,500.00. On a motion by Mr. Flowers, seconded by Mr. Thomas, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Secretary turned the Committee's attention to the Report on Deposits, Disbursements and Investments in the Trustee Summary noting that the total portfolio had a market value of \$746,527,626.33 at a cost of \$641,262,980.59.

Mr. Morris asked why there were no figures on Contributions or the Certificate of Indebtedness. Mr. Mullen noted that the funds had not been received by the Harris Bank until December 1, 1986 and, therefore, would be included in the report presented at the next meeting.

The Secretary asked that the matter regarding Micheli Ferrantelli's request for disability benefits be deferred until the next meeting.

The Secretary then turned the Committee's attention to a report on the employment status and application of Rule No. 21 to Donald Bullock whose case was brought before the Committee at the last meeting at Mr. Flower's request. The Secretary informed the Committee that Mr. Bullock had been reinstated but had not been returned to work until recently, therefore, was being given 13 months to repay his refunded contributions as provided under Rule No. 21.

The Secretary requested that the next item on the agenda, The proposed resolution to amend the Investment

Policy to exclude investments in companies not adhering to the Sullivan Principles, be deferred until the next meeting.

The Secretary informed the Committee that Edward Pietri and Loyce Wright who were on disability retirement had returned to duty.

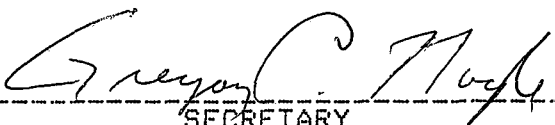
The Secretary informed the Committee that according to the Pension Department records Freddie L. Alford and William Bankston, employees who were terminated, received a refund of contributions, and subsequently reinstated, have not repaid their refund of contributions within the 13-month period as provided for in Rule No. 21. A discussion ensued between the Secretary and Committee Members during which Mr. Morris made a motion that Mr. Alford be granted a 30-day repayment extension, Mr. Flowers seconded the motion, and the Committee approved. With regard to Mr. Bankston, Mr. Flowers stated that to his knowledge he was not back to work. The Secretary said that he would check, but requested approval of a 30-day repayment extension for Mr. Bankston so that if it is found that his 13-month repayment period did expire on December 18, 1986 the extension could automatically be set in motion. On a motion by Mr. Kasner, seconded by Ms. Black, the Committee unanimously approved a 30-day repayment extension for Mr. Bankston.

The Secretary turned the Committee's attention to the proposal by Compensation and Capital, Inc. for an increase in their fees and asked Mr. Mullen to expound. Mr. Mullen presented a report on the various services provided by Compensation

& Capital on a monthly basis noting that they are requesting an increase of \$20,000 retroactive to July 1986. A discussion ensued between Committee Members during which Mr. Flowers recommended that Mr. Cerasoli be asked to come before the Committee and make a presentation. The Committee agreed.

The Secretary informed the Committee that it was necessary to change the January Meeting date as Monday, January 19 was Dr. Martin Luther King's birthday. After discussion, it was agreed that the Meeting be moved to Wednesday, January 21, 1987.

There being no further business, on a motion by Mr. Andersen, seconded by Mr. Kasmer, the Committee unanimously agreed to adjourn at 2:41 P.M.



SECRETARY
RETIREMENT ALLOWANCE COMMITTEE



CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED JANUARY 26, 1987