

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 480th Meeting of the Retirement Allowance Committee was held Monday, December 19, 1988 at 10:00 A.M., in the Ogden Room - Hyatt Regency, Chicago. The following were in attendance:

Mr. E. Gresham, Chairman
Mr. A. Kasmer, Jr.
Mr. C. Knox

Mr. C. Andersen
Mr. C. Burrus
Mr. D. Perk

Mr. R. Pirovano, Acting Executive Secretary, was present. Alternate D. Carter sat in J. Hughes' stead. Alternate W. Buetow sat in M. Holzman's stead. Alternate H. Reed sat in W. Black's stead. Alternate L. Morris sat in I. Thomas' stead. Alternates A. Curtis and J. Lawrie were in attendance. Alternates H. Williams, L. Brown and H. Hegarty were present. Mr. W. Ross and Ms. P. Williams of the Pension Office staff were present. Ms. S. Luthy of the Harris Trust and Savings Bank was in attendance. Mr. G. Nagle was also present. Mr. R. Hoffman of the Wellesley Group, Inc. was present. Mr. J. Baratka of the Wyatt Company was present. Dr. R. Zerbst of Piedmont Realty Advisors, Inc. was present. Mr. T. Paravola of Burke, Wilson & McIlvaine was present. Mr. B. Scholz, pensioner representative was also present.

- (1) The Chairman called the meeting to order at 10:18 A.M.
- (2) On the call for approval of the Minutes of the 479th meeting, held November 21, 1988, Mr. Reed made a motion for

approval, Mr. Morris seconded the motion and the Committee unanimously approved.

(3) Ms. S. Luthy of the Harris Trust and Savings Bank presented a report on the activity in the markets over the last 30 days and year to date.

(4) Dr. Robert Zerbst presented the Direct Real Estate Report for the third quarter, noting that the total return net of fees for the quarter was 7.32% annualized.

Dr. Zerbst then reported on the 3660 North Lake Shore Drive property noting that Phase I of the project has been completed and that the developers are looking to start Phase II. He mentioned that the Plan has a 10% interest in profits from Phase II and III and that Piedmont is negotiating with the borrower to pay the Plan off for this interest. He mentioned that Piedmont is also looking to negotiate participation in financing for the new project. He expects the total loan to be in the area of about \$60 million with the Plan's participation amounting to \$10 or \$15 million.

(5) Mr. Hoffman presented the third quarter, 1988 Wellesley Group report indicating that total equities were down -0.2% performing below the S & P 500. He also noted that the total Fund performance was 0.8% for the quarter ending 9/30/88.

(6) The Acting Executive Secretary made the Announcement of Deaths since the last meeting, as per the attached list.

(7) The Acting Executive Secretary reported that there were no Pre-Retirement Surviving Spouse Allowances.

(8) The Acting Executive Secretary presented eighty-five (85) Retirement Applications for approval, including the applications for Stewart Hinton and Oliver Watson pending medical evaluation. On a motion by Mr. Perk, seconded by Mr. Morris, the Committee unanimously approved the retirement applications as presented.

(9) The Acting Executive Secretary informed the Committee that twelve (12) employees who are presently receiving Disability Retirement Benefits were examined or had their files reviewed.

(10) The Acting Executive Secretary presented twenty-four (24) Refunds of Contributions, totaling \$128,743.36. On a motion by Mr. Kasmer, seconded by Mr. Morris, the Committee unanimously approved the Refunds of Contributions to be paid December 31, 1988.

(11) The Acting Executive Secretary presented for approval one (1) Chicago Transit Authority Bill, totaling \$28,062.00, nineteen (19) Operating Bills, totaling \$119,488.57, nine (9) Remittances, totaling \$480,463.95, and the FIT Deposit, totaling \$215,168.27. On a motion by Mr. Knox, seconded by Mr. Reed, the Committee unanimously approved the Bills and Remittances, totaling \$843,113.41.

(12) The Acting Executive Secretary presented for approval twenty-three (23) Death Benefits, totaling \$58,200.00. On a motion by Mr. Knox, seconded by Mr. Morris, the Committee unanimously approved the Death Benefits to be paid December 31, 1988.

(13) The Acting Executive Secretary turned the Committee's attention to the Report on Deposits, Disbursements and Investments in the Trustee Summary and noted that the November, 1988 performance for the Fund was -0.38% and the value of the total assets of the Plan as of November 30, 1988 amounted to \$834 million.

(13a) Mr. W. Ross then presented a report on the results of the asset allocation model which indicated that from inception to date (thru 11/30/88) value added by the Boston Company was 2.32%. The report also identified the asset allocation changes since inception and indicated that the market value of the Boston Company account was \$90.4 million as of November 30, 1988.

The Acting Executive Secretary then reported that Mr. Gresham, Mr. Andersen and Mr. Williams had elected to attend the 7th Annual Harris Trust Pension Conference in San Diego, California, February 26 - March 1, 1989. In response to a question by Mr. Burrus, Mr. Pirovano explained that each Committee member and alternate was entitled to attend

one seminar per year at Plan expense.

The Acting Executive Secretary then mentioned that the Internal Auditing Department of the CTA will no longer be able to audit pension calculations for the Pension Department. A discussion then ensued among Committee members after which Mr. Pirovano stated that he had contacted Arthur Young who would provide auditing service for a fee of approximately \$5,000.00 per year. A motion was made by Mr. Kasmer, seconded by Mr. Morris to defer this issue until the next meeting.

The Chairman then announced that a new Sub-Committee for the search for the replacement for Gregory Nagle would be as follows: Charles Andersen, Clark Burrus, Clarence Knox, Isiah Thomas and Elcosie Gresham.

(14a) The discussion of the calculation of compensation for pension earnings for individuals on leave of absence holding full-time union positions was deferred until the next meeting.

(14b) The Chairman then announced that the Investment Policy Sub-Committee would consist of himself, Clark Burrus, Clarence Knox, Daniel Perk and Russell Pirovano.

(15a) The Acting Executive Secretary reported that Linda Bruce, (D-2438) returned to duty on November 14, 1988.

(15b) The Acting Executive Secretary informed the Committee that

William C. Johnson's thirteen-month period for repayment of contributions under Rule No. 21 had expired and recommended that he be granted a 30-day grace period. On a motion by Mr. Morris, seconded by Mr. Reed, the Committee unanimously approved.

(15c) On a motion by Mr. Kasmer, seconded by Mr. Reed, the Committee unanimously agreed to reschedule the January 16, 1989 Retirement Allowance Committee meeting to January 24, 1989 at 10:00 A.M.

(16) There being no further business, the Committee unanimously agreed to adjourn at 12:01 P.M.

ACTING EXECUTIVE SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED