

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 541st Meeting of the Retirement Allowance Committee was held on Monday, February 28, 1994 at the Harris Trust and Savings Bank, 111 West Monroe Street, Executive Dining Room - 37th floor. The following were in attendance:

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

Mr. D. Perk, Executive Director was in attendance. Mr. L. Morris sat in Mr. I. Thomas' stead. Mr. C. Lang sat in Mr. C. Burrus' stead. Mrs. P. Beavers sat in Mr. M. Holzman's stead. Alternates B. Rayford, R. Baughn and L. Murray were also present. Messrs. R. Pirovano, W. Ross and Ms. P. Williams 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 & MacKay was present. Messrs. B. Scholz, C. Spears, R. Goldman and J. Henderson were also in attendance.

- (1) The Chairman called the meeting to order at 11:55 A.M.
- (2) A roll call was then taken which indicated that a quorum of Committee members was present.

The Plan Attorney then noted that there should be a revision to the Minutes of the 540th meeting. He noted that the revision on page 3 under item #6 in the middle paragraph should read as follows,..."After a brief discussion, it was stated that in light of the fact that the Authority can make this determination, it was agreed that eligible individuals within each department would be retired in company seniority order in job classification. A second revision came shortly thereafter in the same paragraph and should read as follows,..."He indicated that when the form is given to the employee with this data, they then have 45 days to consider the program, they also have the option to waive the 45 day period, but once they sign this form they still can pull it back in 7 days after receipt of notification of their retirement date.

- (3) On a motion by Mr. Brown, seconded by Mr. Collins, the Committee unanimously approved the Minutes of the 540th Meeting, held January 25, 1994 with the above mentioned revisions.
- (4) Mr. W. Buetow, Chairman of the Investment Subcommittee reported on the meeting held on Monday, February 28, 1994. On a motion by Mr. Stevens, seconded by Mr. Lang, the Committee unanimously approved to accept the report of the Investment Subcommittee.

The Plan Attorney then noted that the Bank of Ireland and Morgan Stanley international equity funds were both wire transferred \$25M from the Harris Bank on February 1, 1994. Morgan Stanley has sent correspondence indicating that they understand the Trust Agreement and would have normally been fully invested but because of fluctuations in the international portfolio which takes a longer time to settle, there may be instances where their cash position could be in the range of 0 - 25% with an average of 5%. This situation will be monitored by the Harris Bank in order to assure the best value or return to the Fund.

(5) Mr. Stevens, Chairman of the Real Estate Subcommittee reported on the meeting held on February 15, 1994 at the offices of Burke, Warren & MacKay (copy of Meeting Minutes attached). The Plan Attorney then recapped what the Committee's mortgage position is with regards to the 20 N. Michigan property indicating that the Fund has approximately \$11M invested in this property, Lyon Savings & Loan invested \$6M. Lyon's portfolio was taken over by Superior, who indicated that they wanted to sell this \$6M interest back to RREEF for \$3M. This offer was presented to RREEF around the same time that the ownership of the property, U. S. Equities, was indicating that they were going to come back and request a write down of the mortgage in order to hasten mortgage amortization because they are anticipating pressure from certain tenants for rental reductions. He also mentioned that the Illinois Medical Society is one of the investors with U. S. Equities in this project who is requesting that the same course of action be taken. He indicated that RREEF will look into this matter and report back to the Real Estate Subcommittee with its recommendations on what the Subcommittee should present to the full Committee with regards to this property. The Plan Attorney also updated the Committee on the progress of the sell off of the properties in the PRITA portfolio indicating that 1 North Hudson has been sold off, contracts are pending on the sale of DFW East and West in Dallas and the Adams office building. He noted that this has been accomplished through negotiations by the Trustees of the Fund, Randy Gibeaut and Daniel Perk. The fee is paid by the unitholders. He indicated that the proposal by the Trustees is for a continuation of Trustee fees for a 12 month cycle at a total gross fee of \$50,000 which will take them through March or April of 1995. He indicated that this contract is necessary to consummate the property sales which has already yielded a total return on each \$500,000 contribution of approximately \$307,000. Mr. Burke indicated that he would encourage the Committee to consider approval of this proposal in order that the Trustees can move forward with negotiations for the sale of the remaining properties in the PRITA Fund. On a motion by Mr. Stevens, seconded by Mr. Brown, the subcommittee unanimously approved the report of the Real Estate Subcommittee and the fee proposal of the Trustees in the PRITA account as specified above.

(6) Mr. Collins, Chairman of the General Administration Subcommittee reported on the meeting held on February 28, 1994. He indicated that agenda items 6 (a) - (h) were reviewed and requested approval for agenda items 6 (b) - (h) with the caveat that those applicants listed under agenda item 6 (c) that have approved dates for a March 1st retirement from the Authority be approved at this time. On a motion by Mr. Collins, seconded by Mr. Brown, the subcommittee unanimously approved agenda items 6 (a) - (h) with the above stated caveat.

There was then discussion regarding the renewal premium for insurance coverage for the new Pension office location at 20 No. Riverside. The Executive Director then noted that insurance coverage on the present office is \$1288 per year. It was indicated that the coverage for the new location at 20 N. Riverside would cost \$1306 annually which would cover \$3M in public liability and \$1M in property damage as negotiated by the Plan Attorney's office and the landlord at this site. The insurance coverage is with Aetna insurance. He also indicated that the cost of the lease has been confirmed and the rent for the office space will be \$5200 per month and also that the Plan Attorney's office is working out the other details of the lease agreement. Also, with regards to the relocation, the Executive Director indicated that he is asking permission from the Chairman for additional funds for the purchase of office furniture and office equipment. The Plan Attorney then stated that the lease for 20 No. Riverside will be executed and finalized since the insurance coverage question has been addressed.

There was then some discussion due to an inquiry by one of the Committee members regarding some employees who are currently on a disability retirement. It was noted that the policy of the Committee is that first and foremost any individual who is on a disability pension would have to become fit first to receive benefits and each case has to be researched on an individual basis, but once they are found fit, they could retire under the Incentive Program, and receive the 2.05% retirement factor if they have the twenty five years of service and if they applied within their "window period" of eligibility.

There was additional discussion regarding one (1) individual who applied for a January 1st retirement and 13 individuals who applied for February 1st who were "locked in" to retire under the 1.85% factor. There was some concern about whether these individuals had received all the necessary forms in a timely manner to revoke their pension application by February 10 as required.

It was indicated that it would be prudent on the Committee's part to follow up with these individuals to verify if they have understood that failure to revoke their application for February retirement would keep them from participating in the Incentive Program. It was indicated that all the forms were mailed out via certified mail accompanied by a "return receipt requested" form and no response was received. The Plan Attorney indicated that one additional follow-up should be done to determine whether or not these individuals had received the information and understood it.

(7) It was noted that with regards to these issues, the Chairman requested that it be deferred for discussion in an Executive Session.

(8) The Executive Director then turned the Committee's attention to the Report of Deposits, Disbursements and Investments in the Trustee Summary and noted that for the month of January, 1994 the performance for the total Fund was 2.26% and the value of the total assets of the Plan as of January 31, 1994 amounted to \$1,279,996,547.

There was then Committee discussion regarding the revisions to Rule #7. The Plan Attorney then recapped what Rule #7 entails. The Plan Attorney then stated that the revisions had already been approved by the full Committee in the previous Executive Session.

The meeting then moved to Executive Session.

(9) The meeting was reconvened and, there being no further business, the meeting adjourned.

EXECUTIVE DIRECTOR,
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN,
RETIREMENT ALLOWANCE COMMITTEE

DATED