

AGENDA

FOR THE 545TH RETIREMENT MEETING OF JUNE 28, 1994

1. Meeting will be called to order at 10:30 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 544rd Meeting held May 24, 1994.
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) Eugene Dorsey - #7908 - request for retroactivity to 06/01/94.
 - (ii) Lothar Grabowski - #36391 - request for retroactivity to 06/01/94.
 - (iii) Freeman Tunstall - #9135 - request for retroactivity to 06/01/94.
 - (iv) Donald Poole - #30409 - request for retroactivity to 06/01/94.
 - (v) Johnnie McClure - #23286 - request for retroactivity to 04/01/94.
 - (vi) Vernon Nelson - #21531 - request for retroactivity to 12/01/93.
 - d) Presentation of Death Benefits for approval.
 - e) Presentation of Refunds of Contributions for approval.

- f) Presentation of Bills and Remittances for approval.
- g) Charles Collins - #13227 - Request for extension to repay \$4,214.69 under Rule No. 21.
- h) Cynthia Kemple - #4034 - Request for extension to repay \$5,507.56 under Rule No. 21.
- i) Robert Mormon - #7008 - Request for extension to repay \$14,702.78 under Rule No. 21.
- j) Andreas Andriopoulos #18792 whose Retirement effective 6/1/94 was approved at the Retirement Allowance Committee meeting of 5/24/94 revoked his application.

7. Report by Executive Director.

8. New Business.

a) Personnel Matters

b) Compensation - Exempt Pension Office Personnel.

9. Adjournment.

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 545th Meeting of the Retirement Allowance Committee was held on Tuesday, June 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. T. Collins
J. Williams
M. Holzman

Mr. E. Hill, Chairman
L. Brown
T. Stevens
W. Buetow

Mr. J. Forte sat in Executive Director's stead. Alternate L. Morris sat in I. Thomas' stead. Mr. C. Lang sat in Mr. C. Burrus' stead. Messrs. W. Ross and C. Lewis of the Pension Office staff were in attendance. Mr. F. Duda and S. Ross 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, pensioner representatives were also in attendance.

- (1) The Chairman called the meeting to order at 11:45 A.M.
- (2) A roll call was then taken which indicated that a quorum of Committee members was present.
- (3) On a motion by Ms. W. Black, seconded by Mr. L. Brown, the Committee unanimously approved the Minutes of the 544th Meeting held May 24, 1994.
- 4) Mr. Buetow, Chairman of the Investment Subcommittee, reported on the meeting held Tuesday, June 28, 1994. He reported on the presentation by W. R. Lazard & Company. W. R. Lazard has \$25.4M involved with the Authority which is being handled by Harris Bank. Because of Mr. Wardell Lazard's untimely demise the firm is now in probate. He owned 83% along with 2 other partners who are 7% and 10% involved. There was more conversation on whether to hold or eliminate Lazard from the portfolio. The recommendation of the Investment Subcommittee at the present time is to maintain a holding pattern. The Plan Counsel will contact W.R. Lazard's Counsel to retain any information concerning legal involvement. The Committee will then make a decision at the next meeting on whether to hold or eliminate this firm. Due to a discrepancy on the loss of accounts, the Plan Counsel will get the necessary information to clarify the movement of money from Lazard and the reasons for it.

Another presentation was given by the Hart Bornhoft Group on their Institutional Managed Futures Program. Its defensive posture; a diversified portfolio offering a lower risk to our portfolio and the estimate of the enhanced return would be between 20% to 30% involvement for us. They are looking for a large dollar commitment between 30M and 60M. The Committee will study this firm, it is a situation that is conducive to what our consultant is advising.

Another presentation was given by Wiess, Peck and Greer. They are looking for 10M from the Authority to be drawn down in a 5 year period. Their estimate on capitol return in this private equity involment is about 25%. The recommendation of the Investment Subcommittee is that a second subcommittee consisting of B. Buetow, E. Hill, I. Thomas, and J. Williams be formed to study and make a decision on W.P.G.

The Plan has 25M committed toward a global involvement (not just European, but U.S. also). After interviewing 9 separate global bond managers from all over the country; the Investment Subcommittee has narrowed it down and recommend that Putnam become first.

Mr. Joachimi will give a month to month update on the cash condition of the current cash standing on all of our affiliates that we are involved in. We have a 84M dollar involvement as far as outflow from the firms at the present time. That is conducive to what the cash condition and payments have been through the first 6 periods. We are in a fairly good position until the end of the year. Some corrective action may be taken next year involving; holding income from equity managers or other affiliates in order to pay some bills. Mr Joachimi will bring in other firms to study for alternative involvements to discuss at the next session, that will include a discussion on superior lending and investigative refund. Also discussed with Joachimi was the movement of money to Wedgewood Capital Management. Wedgewood being one of the highest performers is only 18M involved. An increase of 7M was committed, which will bring it up to 25M with the other performing managers.

On a motion by C. Lang, seconded by J. Williams, the Committee unanimously approved the report of the Investment Subcommittee.

(5) Mr. Stevens, Chairman of the Real Estate Subcommittee, noted that there was no Real Estate Subcommittee meeting to report on this month. He did indicate that the Real Estate Subcommittee visited Meridian Industrial Park and 711 Jorie, Oak Brook Property. The build up of the Meridian site will be completed as scheduled. The 711 Jorie site has McDonalds attentively committed to leasing up the entire building for 11 1/2 years. If McDonald's purchases the building they will pay 25M. We carry it in the books at 11.3M and the return on this investment is estimated at 15.3%.

On a motion by T. Collins and seconded by L. Brown, the Committee unanimously approved the report of the Real Estate Subcommittee.

(6) Mr. Collins, Chairman of the General Administration Subcommittee reported on the meeting held Thursday, June 23, 1994 and reviewed and asked that items 6(a) - (j) be reviewed and requested approval. A revision was suggested on page 5 under account #65548 of the Operating Bills should read as follows....."Mr. Elonzo Hill" not "Mr. & Mrs." On a motion by M. Holzman, seconded by T. Stevens, the subcommittee unanimously approved the report of the General Administration Subcommittee.

There was then some discussion regarding an article in the Sunday Suntimes; in the business section about retirees. The courts awarded a retiree's wife 40% of his pension, the board rejected it which enabled her from receiving any portion of his pension. The question was asked, "Does the Authority fall under this jurisdiction?" The Plan Counsel responded by stating that the Committee adopted a rule to cover the Plan when this situation occur.

Qualified Domestic Relations Order (QDRO): In a divorce preceding; we the committee will accept an order from court that addresses how the persons pension benefits are to be implemented. Only if it specifies a fixed dollar amount or a percentage amount.

A second revision was suggested on page 2 under item 7 of the Agenda and should read as follows..... The financial report titled the Report by Executive Director will become titled the Financial Report until the Executive Director returns.

- (7) The Financial Report was given by Mr. W. Ross. The value of the Plan as of May 31, 1994 was \$1,214,559,747, with a monthly performance of .55%.
- (8) The meeting then moved to Executive Session.
- (9) There being no further business the Committee unanimously agreed to adjourn.