

AGENDA

FOR THE 548⁹TH RETIREMENT MEETING OF OCTOBER 25, 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 548TH Meeting held September 27, 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) Tommy Harper - #01596 - request for retroactivity to 03/01/94.
 - (ii) Bernice Smith - #16680 - request for retroactivity to 10/01/94.
 - (iii) John E. Evans - #01284 - request for retroactivity to 10/01/94.
 - (iv) Zeke Jagst - #05088 - request for retroactivity to 10/01/94.
 - (v) Robert R. Sevier - #3672 - request for retroactivity to 10/01/94.
 - (vi) Annie B. Jackson - #13907 - (disability) - request for retroactivity to 10/01/94.
 - (vii) Denis M. Kippes - #09334 - Request for use of 1980 earnings in pension calculation.
 - (viii) Ricardo A. Nance - #23297 - Request for use of 1983 earnings in pension calculation.
 - d) Presentation of Death Benefits for approval.

- e) Presentation of Refunds of Contributions for approval.
 - f) Presentation of Bills and Remittances for approval.
 - g) Cynthia Kemple - #05034 - repaid \$5,507.56 under Rule #31 - pension seniority date - April 24, 1975.
 - h) Barry M. Lloyd - #22592 - 30 days extension to repay refund of \$3,292.09 has expired - new seniority date for pension purposes only is 03-03-93.
 - i) Joseph A. Burch - #23483 - 30 days extension to repay refund of \$16,649.07 has expired - new seniority date for pension purposes only is 05-24-93.
 - j) Albert Garner - #8888 - returned to duty - 09-26-94 - entered service date - 07-02-71.
 - k) William Cantrell - #3347 - returned to duty - 09-22-94 - entered service date - 07-09-68.
- 8. Old Business
 - Joseph Triolo - retired 08-01-94
 - 9. New Business
 - 10. Financial Report
 - 11. Adjournment.

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 549th Meeting of the Retirement Allowance Committee was held on Tuesday, October 25, 1995, at the Harris Trust and Savings Bank, 111 West Monroe Street, Executive Dining Room, 37th floor. The following were in attendance:

Mr. I. Thomas, Vice Chairman
Mr. L. Brown
Mr. T. Collins
Mr. J. Williams

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

Mr. D. Perk, Executive Director, was in attendance. Mr. C. Lang sat in Mr. C. Burrus' stead. Mr. L. Sanford sat in Mr. Holzman's stead. Alternates also present were: L. Morris, M. Caffery and L. Murray. Messrs. J. Forte, W. Ross, C. Lewis and A. Dungan of the Pension Office Staff were in attendance. Mr. B. Baker of the Harris Trust and Savings Bank was present. Mr. Thomas Paravola of Burke, Warren & MacKay was present.

1. Chairman Hill called the meeting to order at 10:15 A.M.
2. A roll call was taken which indicated that a quorum of Committee members was present.
3. Mr. Stevens noted that there should be revisions to the Minutes of the 548th meeting. On page 1 of the Minutes, last paragraph, last line, it is stated "The developer found an investor for the first building without the 50% prelease".... After "prelease", put a period. Add -- Anticipate that the developer will offer the building for sale to the Dallas Industrial Portfolio. -- On page 2, add: -- Before any changes are made, we would come back to the full Board. -- A change was also made on page 2, paragraph 3, "Review by Capitol Associates of the Country Lakes Apartments: Property 10 yrs old; -- it should be -- deferred maintenance -- instead of "preferred maintenance" "no rent increase until 1995" after the foregoing statement add -- where there is a budgeted increase of 3 or 4% -- . On a motion by Mr. Brown, seconded by Mr. Lang, the Committee unanimously approved the Minutes with the revisions made by Mr. Stevens.
4. Mr. Buetow, Chairman of the Investment Subcommittee, reported on the meeting held on October 25, 1994. Present were Subcommittee members T. Stevens, L. Hill, W. Buetow. There was a presentation by Mr. N. Joachimi. Mr. Joachimi presented preliminary third quarter 1994 performance results. Mr. Buetow discussed Pension Funding Analysis 1994. Investment in Ark Capital, previously board approved, is still on hold. Mr. Buetow reported that no contributions to the Retirement Fund will be required of either the Authority or the employees until the first full payroll period commencing on or after March 1, 1995. On a motion by Mr. I. Thomas, seconded by Mr. T. Collins, the Committee unanimously approved the report of the Investment Subcommittee.
5. Mr. Stevens, Chairman of the Real Estate Subcommittee, reported on the meeting held

on October 18, 1994 at the offices of Burke, Warren & MacKay. In attendance were J. Williams, L. Brown, L. Hill, D. Burke, D. Perk and T. Stevens. Five items or issues were discussed.

The Real Estate consulting contract with The Townsend Group expired on June 30, 1994. The Townsend Group requested a 10% cost of living increase for each of the three years. The contract cost would increase from the current \$72,000 to \$79,000 per year. This item was deferred to the next Real Estate Subcommittee meeting scheduled for November 21, 1994.

Mr. Gerald Egan of the RREEF Funds outlined bids received to appraise the properties of the Chicago Transit Authority Pension Fund direct account. Mr. Egan suggested that we can receive the best price for the appraisals if we split the work among the three appraisal firms, and they are Cashman & Wakefield, Urban Real Estate Research, and Arthur Anderson. Total cost to appraise 7 properties would be \$29,000.

A discussion of PRITA Property Sales Summary followed:

SOLD

East West Tech Building
One North Hudson
Turtle Creek Business Center

UNDER CONTRACT

Kirby Business Center 2 & 5
D/FW East & West
Perimeter Park Business Center

ON THE MARKET

Promontory Point
Adams Office Building

Promontory Point in East Texas continues to be marketed for sale. RREEF has not received an offer that it would recommend. At the recent meeting of investors, various options were presented including a single investor's option to buy Promontory Point as well as the Adams Office Building and the Dallas Fort Worth West Office Building in Bedford, Texas. The contract has been updated to sell the property for 2.81 million dollars; this is being negotiated. The buyers have completed the due diligence period and several engineering issues have been identified. RREEF is reviewing this matter and will report back to the Committee.

Turtle Creek Business Center in Florida -- that property has been sold for 1.65 million dollars; the sale closed on September 16, 1994.

Perimeter Park Business Center in Atlanta, Georgia -- that property is under contract for 2.1 million dollars. The sale is scheduled to close on October 21, 1994.

The next item, the 1995 Strategic Plan of Meridian Business. The annual meeting of partners is scheduled for December 6, 1994. We will have a complete report and discussion at the next Real Estate Committee Meeting.

The last item discussed was the Thornwood Residential Golf Course Community Development Proposal. Townsend would perform a due diligence review and evaluation, and it will be on the agenda for the next Real Estate Subcommittee Meeting. On a motion by C. Lang, seconded by J. Williams the Real Estate Subcommittee Report, including the Reef recommendation of appraisal was accepted.

6. Mr. Tom Collins, Chairman of the General Administration Subcommittee, reported on the meeting held on October 20, 1994, reviewed and tentatively approved items 6a through 6k (copy of agenda attached).

Mr. Tom Paravola circulated copies of Memorandum of Agreement that was prepared to amend the language of the Retirement Plan document to reflect the terms of the 1993 Arbitration Awards. He requested members of the RAC review the draft Memorandum of Agreement.

Mr. Collins reported that he received calls from three employees who are concerned about the earnings reported on their W2 forms. They believed that this year's W2 form would affect their early retirement incentive payout which contains vacation pay. Their position was that vacation pay should be incorporated into the final year and that would increase their pension benefit. A discussion revealed that no language concerning W2 forms was included in the early retirement incentive packages. These documents simply reflected what was discussed at the bargaining table which was just to allow an employee to use that year in the event it was a high year. These individuals have been contacted. They are scheduled to retire in December. Mr. Collins said they are asking to withdraw, but they did not make that request within the 7 days they were allowed, and, they are locked into the original request.

A discussion ensued between Messrs. Hill and Collins about the incentive program and why the committee would care if an employee wants to cancel their retirement.

Mr. Paravola answered that the issue is, according to the arbitration award, that if you do not revoke within the 7 days after you sign, then thereafter you are bound by the scheduled retirement date. To his knowledge, CTA have not had anyone come in

dissatisfied with their scheduled retirement date or ask the Authority to rescind their participation. Mr. Paravola said the procedure with anyone dissatisfied with their retirement date is to submit correspondence to the Authority, and the Authority will make the final decision. If it is rescinded, they are no longer eligible for the incentive program.

Mr. Collins said another issue was the Travel and Expense document that each trustee should have. If there is anything in the document they feel they could not adhere to, changes need to be made. Otherwise everyone should stay as close to it as possible.

Ms. Rayford advised members of the Sub-Committee that a group offering financial counseling to pensioners would like to make a presentation. Ms. Rayford was told the Great West organization that will be handling deferred compensation beginning January 1, 1995, has a similar program. Mr. Collins suggested that if the committee were not satisfied by June or July, 1995, the issue be brought up again. The question of liability on the part of the Retirement Plan for providing such information was discussed. It was explained that companies providing such services are careful to explain the facts involved. Mr. Hill asked for a motion to approve 6a through 6k. On a motion by Mr. Stevens, seconded by Mr. Thomas, the Committee unanimously approved the report of the General and Administration Subcommittees.

8. Old Business -- Joseph Triolo (retired 8/1/94) -- we are awaiting information from Personnel before making a decision.
9. New Business -- Mr. Hill asked if there was any new business. Mr. Paravola asked that a memorandum of agreement put on the agenda for the next meeting. Mr. Hill said it is important for committee members to look closely at this document before the next week and get back to Mr. Paravola prior to the next meeting so we can discuss it and act on it.
10. 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 September, 1994, the performance for the total fund was 1.38%, and the value of the total assets of the Plan as of September 30, 1994 amounted to \$1,200,398,885.

Mr. Hill said the next General Administration Subcommittee Meeting would be on November 21, 1994. The Investment and Regular Meeting would be held on November 29, 1994.

11. There being no further business, the Committee unanimously agreed to adjourn at 11:30 A.M.

David L. Park

EXECUTIVE DIRECTOR,
RETIREMENT ALLOWANCE COMMITTEE

Elroy Hill

CHAIRMAN,
RETIREMENT ALLOWANCE COMMITTEE

A:\WP51\MEMOS\OCT.MEET

DATED: November 29, 1994