

RETIREMENT PLAN FOR CTA EMPLOYEES

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NOTICE

RETIREMENT ALLOWANCE COMMITTEE MEMBERS AND ALTERNATES

THIS IS TO ANNOUNCE THAT THE MEETING OF THE SUBCOMMITTEE ON GENERAL ADMINISTRATION WILL BE HELD THURSDAY, FEBRUARY 23, 1995 AT 8:30 A.M.

THIS WILL BE FOLLOWED BY THE SUBCOMMITTEE ON REAL ESTATE AT 9:30 A.M. AND THE RETIREMENT ALLOWANCE COMMITTEE MEETING AT 10:30 A.M.

THE MEETINGS WILL BE HELD AT THE HARRIS BANK AT 111 W. MONROE, IN THE EXECUTIVE DINING ROOM ON THE 37TH FLOOR IN ROOMS A & B.



AGENDA

FOR THE 553RD RETIREMENT MEETING OF FEBRUARY 23, 1995

1. Meeting will be called to order at 10:00 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 552nd Meeting held January 24, 1995.
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) Robert Hubbard Jr. - #1412 - request for retroactivity to 01/01/95.
 - (ii) Eugene Seals Jr. - #21119 - request for retroactivity to 01/01/95.
 - (iii) Donald Willingham - #4640 - request for retroactivity to 02/01/95.
 - (iv) Charles Turner - #4115 - request for retroactivity to 02/01/95.
 - (v) Lawrence Carter - #2972 - (disability) - request for retroactivity from 12/1/86 to 6/30/87.
 - d) Presentation of Death Benefits for approval.
 - e) Presentation of Refunds of Contributions for approval.
 - f) Presentation of Bills and Remittances for approval.

- g) Darryll Stone - #13304 - repaid \$10,467.58 under Rule #31 Pension seniority date - November 30, 1978.
 - h) Dennis (Chambers) Wright - #13267 - repaid \$2,943.95 under Rule #31 Pension seniority date - June 23, 1981.
 - i) Guillermo Reyes - #15220 - returned to duty - 01-04-95 {ESD 5-16-77}
 - j) Gloria Danzie - #4430 - returned to duty - 01-09-95 {ESD 7-14-75}
 - k) Charles Reed - #7394 - returned to duty - 01-23-95 {ESD 4-6-70}
- 7. Old Business: Amendment to the PRITA Trust Agreement
 - 8. New Business
 - 9. Financial Report
 - 10. Adjournment.

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY

The 553rd Meeting of the Retirement Allowance Committee was held on Thursday, February 23, 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, Chairman
Mr. L. Brown
Mr. J. Williams
Ms. W. Black

Mr. E. Hill, Vice Chairman
Mr. T. Stevens

Mr. D. Perk, Executive Director, was in attendance, Mr. C. Lang sat in Mr. C. Burrus' stead. Mr. L. Morris sat in Mr. T. Collins stead. Ms. L. Murray sat in Mr. W. Buetow stead. Mr. L. Sanford sat in Mr. M. Holzman's stead. Alternates also present were: M. Caffery B. Rayford, R. Schultz and P. Beavers. W. Ross, J. Forte 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. Messrs. Charles J. Spears and Mr. Bill C. Gilmore were also in attendance.

1. The Chairman called the meeting to order at 9:40 A.M.
2. A roll call was taken which indicated that a quorum of Committee members was present.
3. The Chairman would like the Minutes read at the next Meeting. On a motion by Mr. Williams, seconded by Ms. L. Murray, the Committee unanimously approved the Minutes.
4. Investment Subcommittee report - no report.
5. Mr. J. Williams, Chairman of the Real Estate Subcommittee gave an update on PRITA. There are two properties remaining, the Adams Building and Promontory Point. The PRITA investment was made in 1981 for \$15 million and a return of approximately \$18,385,000.00 to be closed out the first quarter of 1995. At the next meeting there will be an update on the Thornwood proposal.

On a motion by Ms. W. Black, seconded by Mr. C. Lang, the Committee unanimously approved the Real Estate Subcommittee Report.

6. Mr. T. Stevens, Chairman of the General Administration Subcommittee, reported on the meeting held on January 23, 1995 . Mr. Stevens requested approval of Items 6a through 6k (copy of agenda attached).

There was a presentation by Messrs. T. Czech and J. Forte on disability retirements. There are 628 individuals on disability, some upwards of 90 years of age. There was a discussion on what to do, and the Committee decided there should be a subcommittee to review the old procedures. The subcommittee will be composed of W. Black, L. Morris, T. Czech and T. Stevens and will also reach out to other committee members and Plan Counsel to review what was done in the past. Mr. D. Perk and J. Forte were asked to get a breakdown of individuals on disability, the type of disability, when they went off and their age for the subcommittee's review, and there will be a report to the General Administration Subcommittee and the Committee next month.

On a motion by L. Hill, seconded by L. Brown, the Committee unanimously approved items 6a through 6k.

7. Old Business - Mr. T. Stevens asked a question about the PRITA Trust Agreement, and he would like Mr. J. Williams to look at. The Chairman said anyone on the Committee has a right to look at the agreement. Mr. Hill signed Phase 1 of the Agreement but the Chairman would like to study this before signing Phase 2. The Chairman thought the Committee should look at it. Mr. Perk said there are two trustees, Mr. Gibeaut and himself. They make the decisions and ask the Committee for their approval. Thus far the other 5 pension funds involved have approved the second amendment. Mr. Perk will distribute the second amendment to all the Committee members. Mr. Perk explained about how 6 pension funds became involved in this agreement. All 6 pension funds were clients of Lowry, Raclin and Howerdd. Since 1981, 3 of those 6 pension funds are no longer clients of Lowry, Raclin and Howerdd. The trust agreement which created that commingled real estate fund said if you were no longer a client of Lowry, Raclin and Howerdd then you would pay an annual fee of \$15,000 if you want to remain as a participant in this commingled fund or if not, you have a specific period of time to exit out of the fund. The Committee chose to stay in as did two other funds. Subsequent to that, the Plan Attorney Burke negotiated the \$15,000 annual fee to 6 basis point on the real estate value of the remaining property. Initially, this was a \$39 million commingled real estate fund. CTA Pension Fund owns 40% or 30 units. The document states that the trustees are to be compensated, and the trustees will be compensated out of those monies that are paid into the fund from those 3 properties that are not longer clients. Mr. Gibeaut and Mr. Perk are trustees. Mr. Gibeaut is an attorney and a CPA who does the work that relates to PRITA. When Messrs. Gibeaut and Perk met with Mr. Burke, Mr. Perk said Mr. Gibeaut should get the fees. The amendment and the trust document says it will not exceed \$50,000 annually that will be paid to the trustees. Mr. Perk's position at the time was that he did not want any of it. Mr. Gibeaut and Mr. Burke said

some percentage of that should be paid to Mr. Perk. They decided on 25%. Mr. Perk said he is paid by the fund so it was agreed that Mr. Gibeaut would get on a monthly basis 1/12 of 90% of that money. Mr. Gibeaut has been paid since that time \$3,750 a month. Mr. Perk receives a check for \$416.76 a month. In the beginning Mr. Perk would put the money in the Fund. In one calendar year, he returned \$4,000 to the fund. Then he received a 1099 miscellaneous from Internal Revenue stating he owed taxes on that money and after that Mr. Perk kept the check for \$416.76. This amendment that was drawn, like the first amendment, was drawn by Mr. Perk and recites the same thing that while this fund continues and closes out, probably in the first quarter of this year, the two trustees will be paid at that rate and for a period not to exceed 60 days after the close of the fund. Mr. Hill does not recall that Mr. Perk had stopped putting the check for \$416.76 in the fund. There was a concern that he would be put in a position of conflict of interest. Mr. Perk recommended that this matter be reviewed by Plan Counsel.

8. New Business - Mr. Forte discussed how the auditors sent another letter to the pensioners asking if they were dead or alive. The end result was there were 65 that did not return the letter; two of them were QDRO which was where the pensioner has to pay his wife some of his pension. Mr. Perk and Mr. Forte decided they would not stop those two because of the fact the husband was still receiving a pension and if something happened, the husband would be the first one to call the Pension Office and tell he did not have to pay that money any longer. 63 checks were pulled for the month of February. The checks should be coming to the office Friday, February 24. When these individuals call the office, a letter will be sent so it can be signed and notarized before the check is released. In the case of individuals with direct deposit, the bank will hold the money until the form is signed. Mr. Forte will then call the bank and have it released. Ms. Black asked what if someone on direct deposit is in a nursing home. Mr. Forte said the nursing home would respond because they want their money. If any of these individuals come into the Pension Office, there is a Notary Public and then after they sign the form, they would receive their check.

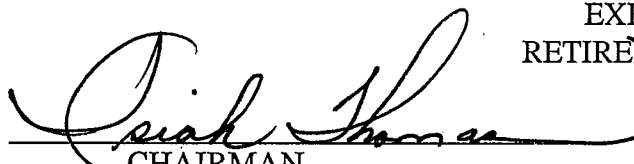
Plan Counsel Paravola brought up the fact the Committee passed a motion rescinding the South African resolution. Looking over the Statement of Investment Policy which the Committee last looked at in September, 1992, there was a reference to the South African position and that should be deleted. Plan Counsel proposed an amendment of statement of policy or a restatement of the investment policy keeping it as is except for those changes and the Committee could re-execute that, which he would recommend because then there would be one single document. The Plan Attorney recommended restating it in its entirety and then the Committee would re-execute it with all the changes. Mr. Hill recommended to the Committee that they take the Plan Attorney's recommendation and have the changes reflected in one document.

A motion was made by L. Hill, seconded by T. Stevens to accept the recommendation by Plan Counsel to draft a Restatement. The Committee unanimously approved the recommendation by Plan Counsel Paravola.

9. Financial Report - The Executive Director then turned the Committee's attention to Report of Deposits, Disbursements and Investments in the Trustee Summary and noted that for the month of January, 1995, the performance for the total fund was .88%, and the value of the total assets of the Plan as of January 31, 1995, amounted to \$1,170,374,800.

The Chairman said that at some point in time we should treat our International Managers the same as we treat our Domestic managers regarding performance to terminate them in a short period of time instead of a full market cycle. Mr. Perk answered that if it is written like the other contracts with the managers, there is a proviso in there with a 30 day written prior notice, you can terminate the relationship.

10. The Committee adjourned to Executive Session at 10:20 A.M. The Committee reconvened and adjourned the meeting at 11:00 A.M.



CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE



EXECUTIVE DIRECTOR
RETIREMENT ALLOWANCE COMMITTEE

DATED: March 28, 1995