

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 426th Meeting of the Retirement Allowance Committee was held on Monday, June 18, 1984, in the Conference Room of the Chicago Transit Authority Employee Cafeteria, Room 721, Merchandise Mart. The following were in attendance:

Mr. C. Andersen	Mr. P. Kole
Mr. R. Andrzejewski	Mr. D. Perk
Mr. E. Flowers	Mr. I. Thomas

Mr. Goldman, alternate for Mr. J. Weatherspoon, was present. Mr. A. Kemp, alternate for Mr. C. Hall, was present. Mr. L. Brown, alternate for Mr. A. Kasmer, was present. Mr. J. Jania, alternate for Mr. J. Gallagher, was present. Messrs. G. Nagle, J. Mullen, Mrs. I. Muniz and Ms. C. Cox were present. Mr. W. Ashley was also present. Messrs. G. Schedler, R. Caldwell, W. Kowalczyk and J. Brightman of Harris Trust and Savings Bank were present. Mr. R. Zerbst and Ms. B. Cambon of Piedmont Realty Advisors were present. Mr. J. Baratka, The Wyatt Company, was present. Mr. R. Burke, the Plan Attorney, was present. Mr. B. Scholz, pensioner, was also present.

The Assistant Secretary informed the Committee that in the absence of the Chairman and Vice Chairman it would be necessary to appoint a Chairman Pro Tempore. On a motion by Mr. Kole, seconded by Mr. Brown, the Committee unanimously appointed Mr. E. Flowers as Chairman Pro Tempore.

The Chairman called the meeting to order at 10:45 A.M.

The Chairman asked the Plan Attorney to introduce the representatives from the Harris Trust and Savings Bank, the Plan's new Trustee. The Plan Attorney introduced Mr. R. Caldwell and asked that he introduce his colleagues. Mr. Schedler reported that most of the Fund's securities had been effectively transferred from the Continental Illinois National Bank to the Harris Bank with the remainder to be moved shortly.

The Chairman called for approval of the Minutes of the Special Meeting, held May 16, 1984; the Minutes of the 425th Meeting, held May 21, 1984; and, the Minutes of the Special Meeting, held May 25, 1984. On a motion by Mr. Thomas, seconded by Mr. Kole, the Committee unanimously approved the Minutes of the Special Meeting, held May 16, 1984; the Minutes of the 425th Meeting, held May 21, 1984; and, the Minutes of the Special Meeting held May 25, 1984.

The Assistant Secretary made the announcement of deaths reported since the last meeting, as per the attached list.

The Assistant Secretary presented ten (10) Survivorship Options for approval, including an option for Thadeusz W. Ropa which was approved at the November 21, 1983 meeting and was now being revoked by Mr. Ropa. On a motion by Mr. Kole, seconded by Mr. Kemp, the Committee unanimously approved the Survivorship Options, including revocation of the option for Thadeusz Ropa.

The Assistant Secretary presented twenty-five (25) Retirement Applications for approval, including a request for a June 1, 1984 retroactive retirement for Douglas Moseley as the employee's papers were not process in a timely manner by the department from which he is retiring. On a motion by Mr. Kole, seconded

by Mr. Thomas, the Committee unanimously approved the Retirement Applications, including a June 1, 1984 retroactive retirement for Douglas Moseley.

The Assistant Secretary reported that six (6) employees who are presently receiving Disability Retirement Benefits were examined or had their file reviewed.

The Assistant Secretary presented nine (9) Refunds of Contributions, totaling \$84,985.77, for approval. The comparison figures for the same period of time one year ago were nineteen (19) refunds, totaling \$131,374.64. On a motion by Mr. Kole, seconded by Mr. Goldman, the Committee unanimously approved the Refunds of Contributions to be paid June 30, 1984.

The Assistant Secretary presented the report of Deposits, Disbursements and Investments noting that the total portfolio had a market value of \$526,934,051.16 at a cost of \$522,685,778.40, as of May 31, 1984.

The Assistant Secretary reported that there was one (1) Chicago Transit Authority bill, totaling \$38,015.67; eleven (11) Operating bills, totaling \$36,635.04; nine (9) Remittances, totaling \$411,205.57; and the FIT Deposit, totaling \$95,131.22, to be approved for payment. On a motion by Mr. Kole, seconded by Mr. Thomas, the Committee unanimously approved payment of the bills, totaling \$580,987.50, to be paid June 30, 1984.

The Assistant Secretary presented for approval twenty-one (21) Death Benefits, totaling \$64,500. The comparison figures for the same period of time one year ago were thirty-five (35) Death Benefits, totaling \$89,000. On a motion by Mr. Kole, seconded by Mr. Kemp, the Committee unanimously approved payment of the Death Benefits.

The Assistant Secretary noted that items a through d, under Unfinished Business on the agenda, were all requests for extension of contribution repayments under Rule No. 21 and suggested that they be discussed after the Plan Attorney had presented the Proposed Amendment to Rule No. 21, which was the next item on the agenda. The Plan Attorney turned the Committee's attention to the Proposed Amendment to Rule No. 21, copy of which was in the pass-out material, and explained the present verbage of Rule No. 21 and Rule No. 26, and the Proposed Amendment to Rule No. 21 which he stated mirrors Rule No. 26 as it gives individuals the same rights and amortization schedule as outlined in Rule No. 26. He noted, however, that the Proposed Amendment to Rule No. 21 included an additional proviso which could be passed upon by the Committee at their discretion. The proviso states that interest be charged on the unpaid balance from the date employment commences at the rate determined by the Trustee as the rate of return on a 5-year Treasury Note. Therefore, if an individual under Rule No. 21 wishes to avail himself of a 5 year repayment program, he would pay an interest factor. A discussion ensued between the Plan Attorney and Committee Members during which the Chairman suggested that the matter be held in abeyance and a subcommittee comprised of Messrs. Kole, Thomas, Kasmer and Andersen be formed to study the matter and report back to the Committee at the next meeting. The Committee unanimously agreed.

The Assistant Secretary suggested that item f under Unfinished Business be discussed along with item d under New Business.

The Assistant Secretary turned the Committee's attention to the recommendation by Mr. Robert Harrell which had been held in abeyance at the last meeting. Mr. Kole made a motion to adopt the recommendation of our consultant, Robert Harrell, in the restructuring of our equity money managers as outlined in his letter of June 6, 1984. (A copy is attached to these minutes). Mr. Brown seconded the motion, and the Committee unanimously approved.

The Assistant Secretary informed the Committee that Paul C. Jones was found fit to return to duty, he refused a job and, therefore, under Section 12 of the Plan was removed from the Disability Retirement rolls.

The Assistant Secretary informed the Committee that it was necessary to select a new pension check writing service, noted that a cost report from Harris Bank was included in the meeting materials, and further noted that the Secretary's Office was recommending that Harris Bank be retained to provide this service. A discussion ensued between Committee Members during which Mr. Kole made a motion that the Committee accept the recommendation of the Secretary's Office to retain Harris Bank to provide check writing services, Mr. Thomas seconded the motion, and the Committee unanimously approved.

The Assistant Secretary informed the Committee that the Chicago Transit Authority Internal Auditing Department would be unable to perform the monthly payment audit due to a shortage in staff, and suggested that Arthur Young, the Plan Auditor, be retained to perform this service until internal auditing could be

REVISED PAGE 6
MINUTES OF THE RETIREMENT ALLOWANCE COMMITTEE MEETING
JUNE 18, 1984

resumed, in approximately two or three months, or another solution could be sought. A discussion ensued between Committee Members during which Mr. Kole made a motion to retain Arthur Young to perform the monthly payment audit for three months, Mr. Thomas seconded the motion, and the Committee unanimously approved.

Dr. Robert Zerbst began his presentation. Mr. C. Andersen called to the Committee's attention the fact that the name of Dr. Zerbst's firm had been changed from Pension Real Estate Services, Inc. to Piedmont Realty Advisors. Dr. Zerbst continued with his presentation by way of passing out the quarterly real estate investment report and asked Ms. Barbara Cambon to expound on the indirect investments. Ms. Cambon directed the Committee's attention to that portion of the report outlining the indirect investments and presented a synopsis on each. Dr. Zerbst refreshed the Committee's memory on the various direct investments and presented an update on the present status of each.

The Assistant Secretary turned the Committee's attention to the matter of appointments to subcommittees noting that at the direction of the Committee at the last meeting, he had reviewed the Minutes for the last 3-1/2 years and found that there was one active subcommittee which is the Real Estate Subcommittee whose membership is comprised of J. Weatherspoon, P. Kole, D. Perk, E. Flowers and L. Brown. The Assistant Secretary further noted that the research was done due to the request of the Committee for information regarding the process of appointments to subcommittees. The Assistant Secretary then asked the Plan Attorney to review the By-Laws with regard to subcommittees. The Plan Attorney directed the Committee's attention to Article IV, Section 1 of the By-Laws which state that appointments can only be made by the Committee and not by

any member thereof, and appointees must be Committee Members only.

A discussion ensued. (Continues on Page 7).

resumed, in approximately two or three months, or another solution could be sought. A discussion ensued between Committee Members during which Mr. Kole made a motion to retain Arthur Young to perform the monthly payment audit for three months, Mr. Thomas seconded the motion, and the Committee unanimously approved.

Mr. Robert Zerbst began his presentation by noting that his firm was now known as Piedmont Realty Advisors, passed out the quarterly real estate investment report and asked Ms. Barbara Cambon to expound on the indirect investments. Ms. Cambon directed the Committee's attention to that portion of the report outlining the indirect investments and presented a synopsis on each. Mr. Zerbst refreshed the Committee's memory on the various direct investments and presented an update on the present status of each.

The Assistant Secretary turned the Committee's attention to the matter of appointments to subcommittees noting that at the direction of the Committee at the last meeting, he had reviewed the Minutes for the last 3-1/2 years and found that there was one active subcommittee which is the Real Estate Subcommittee whose membership is comprised of J. Weatherspoon, P. Kole, D. Perk, E. Flowers, and L. Brown. The Assistant Secretary further noted that the research was done due to the request of the Committee for information regarding the process of appointments to subcommittees. The Assistant Secretary then asked the Plan Attorney to review the By-Laws with regard to subcommittees. The Plan Attorney directed the Committee's attention to Article IV, Section 1 of the By-Laws which state that appointments can only be made by the Committee and not by any member thereof, and appointees must be Committee Members only. A discussion ensued

during which Mr. Perk brought up the matter of specific Alternates for Committee Members. The Plan Attorney noted that Alternates presently serve on a floating basis and management Committee Members do not have a specific Alternate; and, any change would have to be done by amending the By-Laws. After further discussion, Mr. Perk made a motion that the By-Laws be amended to reflect a specific Alternate for each Committee Member representing management and in the absence of both that the Chairman would designate a stand-in alternate with the concurrence of the Committee. Mr. Thomas seconded the motion, and the Committee unanimously approved. The Plan Attorney stated that he would present a draft of the Amendment to the By-Laws at the next meeting.

There being no further business, on a motion by Mr. Goldman, seconded by Mr. Kemp, the Committee unanimously agreed to adjourn at 12:33 P.M.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED _____