

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

~~The 427th Meeting of the Retirement Allowance Committee~~
was held on Monday, July 16, 1984, in the Board Room, 37th Floor,
of the Harris Trust & Savings Bank. The following were in atten-
dance:

Mr. C. Andersen	Mr. E. Gresham
Mr. R. Andrzejewski	Mr. A. Kasmer
Mr. W. Black	Mr. P. Kole
Mr. E. Flowers	Mr. D. Perk
Mr. J. Gallagher	Mr. I. Thomas

Messrs. L. Brown, R. Jania, L. Morris, J. Breckenridge,
and C. Hall were present. Messrs. G. Nagle, J. Mullen and W. Ross
were present. Ms. C. Cox and Mrs. I. Muniz were also present.
Mr. W. Ashley was present. Mr. J. Weatherspoon was present.
Messrs. G. Schedler and R. Caldwell of the Harris Trust & Savings
Bank were present. Dr. R. Zerbst and Mr. S. Grant of Piedmont
Realty Advisors were present. Mr. R. Burke, the Plan Attorney,
was present. Mr. J. Baratka, The Wyatt Company, was present.
Mr. B. Scholz, retiree representative, was also present.

The Assistant Secretary informed the Committee that the
recent election of officers at Local Union 241 resulted in changes
in the Committee membership. The Plan Attorney asked the Assistant
Secretary if his office had received written notification from
Local Union 241 of the changes. The Assistant Secretary responded
in the affirmative and noted the changes were as follows: For
Committee Members; Mr. Elcosie Gresham replaces Mr. John Weatherspoon,
Ms. Wanda Black replaces Mr. Charles Hall and Mr. Isiah Thomas

remains a Committee Member. For Alternate Members;

Mr. Jackie Breckenridge replaces Mr. Richard Goldman; Mr. Charles Hall replaces Mr. Anthony Kemp, and Mr. Leonard Morris remains an Alternate Member. The Assistant Secretary further noted that the changes were for the next three years.

On the advice of the Plan Attorney regarding the necessity to appoint a Chairman for the remainder of the Plan Year, Mr. I. Thomas made a motion to appoint Mr. E. Gresham as Chairman of the Retirement Allowance Committee for the remainder of the Plan Year, Mr. R. Andrzejewski seconded the motion, and the Committee unanimously agreed.

On a recommendation by Mr. D. Perk that Mr. R. Jania be appointed as the alternate to represent Mr. J. Gallagher, the Committee unanimously agreed.

The Chairman called the meeting to order at 11:08 A.M.

Mr. Schedler of Harris Bank informed the Committee that the transition of Securities had been completed and is in the final stages of reconciliation. He further noted that the reconciliation is being done in conjunction with Compensation & Capital and entailed the reconciliation of reports for the month of July. The Plan Attorney noted that the transition was transpiring due to the appointment of the Harris Trust & Savings Bank to act as the successor of the Continental Illinois National Bank & Trust Company as the Plan's Trustee. He also noted that the necessary documentation has been executed and the transfer of funds had been initiated in June.

The Chairman called for approval of the Minutes of the 426th Meeting, held June 18, 1984. Mr. I. Thomas made a motion for

approval of the Minutes, and Mr. P. Kole seconded the motion. On the question, Mr. C. Andersen noted that it was shown in the Minutes that Dr. Zerbst had informed the Committee of the change in the name of his firm which was incorrect. Mr. Andersen further noted that it was he who had brought the change in the name of Dr. Zerbst's firm to the Committee's attention and asked that the Minutes be revised accordingly. The Assistant Secretary stated that if it was the Committee's desire that portion of Page 6 of the Minutes could be revised and asked the Plan Attorney for proper wording of the revision. The Plan Attorney stated that the revision could be worded as follows: Dr. 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. The remainder of Page 6 will remain as recorded. The Assistant Secretary noted that a copy of the revised Page 6 of the Minutes will be distributed to all Members and Alternates. The Assistant Secretary recommended that the Minutes be approved with the aforementioned revision. Messrs. Thomas and Kole accepted the revision as stated and the Committee unanimously approved the Minutes of the 426th Meeting as revised.

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

The Assistant Secretary presented three (3) Survivorship Options for approval which included a request for approval of an Option for Frank Kleich pending receipt of a medical statement of good health.

The Assistant Secretary presented seventeen (17) Retirement Applications for approval, with a request that the Disability Applications for Maxcel Nobles, Moises Rajczyk, and Duane Thompson be held in abeyance until such time as medical exams could be completed by the Authority's Medical Department. Also, that the disability retirement for Ophelia Ellis and Robert Henley be approved pending receipt of a medical report. On a motion by Mr. P. Kole, seconded by Mr. L. Brown, the Committee unanimously approved the Retirement Applications including the holding in abeyance of the disability applications for Maxcel Nobles, Moises Rajczyk, and Duane Thompson and the approval of the disability retirement for Ophelia Ellis and Robert Henley pending receipt of a medical report.

The Assistant Secretary reported that four (4) employees who are presently receiving Disability Retirement benefits were examined or had their file reviewed.

The Assistant Secretary presented seventeen (17) Refunds of Contributions, totaling \$139,378.06, for approval. The comparison figures for the same period of time one year ago were ten (10) refunds, totaling \$65,132.21. On a motion by Mr. P. Kole, seconded by Mr. D. Perk, the Committee unanimously approved the Refunds of Contributions to be paid July 31, 1984.

The Assistant Secretary turned the Committee's attention to Page 2 of the Trustee Summary booklet in the meeting material and presented the report of Deposits, Disbursements and Investments noting that the total portfolio has a market value of \$538,258,936.16 at a cost of \$524,191,445.48 and referred to Mr. J. Mullen for comments on the report. Mr. Mullen turned the Committee's attention to

the combined portfolio performance report and noted that the numbers in the portfolio totals had changed and provided the Committee with the most recent numbers. Mr. Mullen further noted that as far as the Secretary's Office is able to determine at this time the numbers accurately reflect the Fund as of June 30, 1984 with some minor discrepancies which the Harris Bank and Compensation & Capital are currently addressing. Mr. Mullen noted that the discrepancies are minor in nature and should any substantial changes be discovered new copies of the report will be issued to all Members and Alternate Members.

The Assistant Secretary reported that there was one (1) Chicago Transit Authority bill, totaling \$39,873.11; twenty-two (22) Operating bills, totaling \$83,636.97; nine (9) Remittances, totaling \$410,126.84; and the FIT Deposit, totaling \$99,466.25, to be approved for payment. On a motion by Mr. P. Kole, seconded by Ms. W. Black and Mr. D. Perk, the Committee unanimously approved payment of the bills, totaling \$633,103.17, to be paid July 31, 1984.

The Assistant Secretary presented for approval twenty-six (26) Death Benefits, totaling \$67,500.00. The comparison figures for the same period of time one year ago were seventeen (17) Death Benefits, totaling \$28,500.00. On a motion by Mr. P. Kole, seconded by Mr. R. Andrzejewski, the Committee unanimously approved payment of the Death Benefits.

Dr. Zerbst presented for the Committee's review a direct investment real estate proposal in an office building located at 711 Jorie Boulevard in Oakbrook, IL, noting that his firm had been working on the venture since October and further noting that

Mr. John Anderson of the Plan Attorney's office had been working with him. Dr. Zerbst turned the Committee's attention to a report which his firm had prepared on the property and briefly reviewed the packet. Mr. Grant provided the Committee with a detailed report of the site where the building is located and some of the tenants who are presently in the building. A discussion ensued between Dr. Zerbst, Mr. Grant, the Plan Attorney, and Committee Members during which Mr. P. Kole made a motion that the Committee approve the recommendation of Dr. Zerbst and proceed with the acquisition of the property at 711 Jorie Boulevard, Oakbrook, IL, Mr. E. Flowers seconded the motion, and the Committee unanimously approved.

The Assistant Secretary recommended that items a through d under Unfinished Business on the Agenda be discussed in conjunction with item e, the Proposed Amendment to Rule No. 21. The Assistant Secretary informed the Committee that the Subcommittee, which was appointed at the last meeting to address Rule No. 21, had met on July 3, 1984 and asked Mr. C. Andersen to present a report on the meeting. The Assistant Secretary also passed out a copy of the Proposed Amendment to Rule No. 21 to all Committee Members and Alternates. Mr. Andersen stated that the Subcommittee met in Mr. P. Kole's office to discuss the Amendment to Rule No. 21 noting that Messrs. I. Thomas, P. Kole, G. Nagle and himself were in attendance. Mr. Andersen further stated that the repayment method was discussed and it was agreed upon that it be on a 13-month period with no interest. He further noted that the Subcommittee had agreed that the repayment schedule be left to the discretion of

the Secretary's Office. Mr. Andersen also noted that the Subcommittee discussed how far back it should go and what should be done to include people who have had this problem in the past. Mr. Andersen noted that he had informed his fellow Subcommittee members that he felt that it should include those individuals on this Meeting's Agenda and should not go back any further. The Assistant Secretary turned the Committee's attention to the Proposed Amendment to Rule No. 21 and a discussion ensued between Committee Members. During the discussion it was noted by Mr. R. Andrzejewski that Mr. Anthony Crumpton's situation involved a resignation and subsequent reinstatement and not a discharge and reinstatement as all other cases coming under Rule No. 21 have heretofore involved. It was also noted that Mr. Crumpton's case might more properly be considered under Rule No. 16. The Assistant Secretary recommended that his office and the Plan Attorney review the case and report back to the Committee at the next meeting. Mr. A. Kasmer made a motion that Rule No. 21 be approved as amended by the Plan Attorney for those individuals in question who were terminated and then reinstated, Mr. I. Thomas seconded the motion. On the question, as a point of clarification, the Plan Attorney noted that if Rule No. 21 is adopted it would apply to Ralph V. Green, Sylvia T. Walker, and Eumura Walker and then applied to those individuals under New Business on the Agenda when that point on the Agenda was reached for discussion. The Committee unanimously adopted the Proposed Amendment to Rule No. 21.

The Assistant Secretary informed the Committee that Hilario Rosas and Robert E. Williams returned to duty from disability retirement.

The Assistant Secretary informed the Committee that items c through j under New Business on the Agenda pertained to those individuals who the Plan Attorney had just alluded to and these individuals had also failed to reimburse the Plan within the 90-day period and are now being placed under the new provisions of Rule No. 21 which allows them 13 months from the date of their reinstatement to reimburse the Plan, and the Secretary's Office will notify them of this new provision.

The Assistant Secretary turned the Committee's attention to the report on the Capital Advisors Fixed Income Securities Lending Program and noted that it was being made at the request of the Committee at a previous meeting; he then asked Mr. J. Mullen to expound.

The Chairman interjected and asked for clarification as to when the repayment time period would begin for those individuals covered under Rule No. 21; would it be as of the date of reinstatement or as of today's date. A discussion ensued during which the Committee Members noted that for those individuals presently under the system the date should be July 16, 1984. The Plan Attorney noted that if this was the Committee's desire it would require a motion. Mr. Flowers recommended that the Secretary's Office notify all individuals who were discharged and reinstated in 1984 and owed funds to the Plan be contacted informing them of the reimbursement provision. Mr. Flowers then made a motion that the date of the 13-month repayment time period commence July 16, 1984. The Assistant Secretary recommended that the motion read as follows: A motion was made by Mr. E. Flowers to effectuate the new Amended Rule No. 21 with the following revisions: (1) It

would apply to all employees who were terminated and then subsequently reinstated in 1984 and subsequent thereof; and,

(2) The 13-month repayment period would commence the latter of two dates: either (a) July 16, 1984 or (b) the date of reinstatement. The Plan Attorney then read the revised portion of Rule No. 21 as follows: If an employee is terminated and then reinstated subsequent to January 1, 1984 within the provisions of Paragraph 3.7(3) of the Plan after having received a refund of his contributions and wishes to take advantage of Paragraph 15.2(1) of the Plan, he shall repay to the Fund at one time or in installments selected by the employee the full amount of the refund within 13 months of the date of his return to work, according to the records of the Authority, or within 13 months of the effective date of this Rule as amended, whichever occurs later. Mr. L. Brown seconded the motion, and the Committee unanimously approved the Revised Rule No. 21. (A copy is attached to these Minutes).

Mr. J. Mullen turned the Committee's attention to the handout in the meeting material entitled, "Report of Securities Lending Account by Capital Advisors." Mr. Mullen explained the report noting that the total income generated under the program has increased over 77%. A discussion ensued during which Mr. P. Kole made a motion that Capital Advisors be retained for another one-year term. The Plan Attorney asked that the motion be rephrased to state that Capital Advisors, Inc. be retained by the Trustee as an investment manager for the Securities Lending Program. Mr. P. Kole agreed to revise his motion as stated by the Plan Attorney. Mr. E. Flowers seconded the motion. On the ques-

tion, Mr. Flowers asked how often a report on their income would be submitted. Mr. Kole responded that there would be a quarterly report. The Committee unanimously approved.

The Assistant Secretary turned the Committee's attention to the Proposed Revision of Section I, Article III of the By-Laws which refers to Committee Membership. He noted that at the last meeting a motion was passed that the Management Committee Members be assigned specific Alternates. He turned the Committee's attention to the Amendment to the By-Laws which was prepared by the Plan Attorney and asked him to expound. The Plan Attorney noted that at the June 18, 1984 Meeting of the Committee a discussion was held regarding the procedure for the appointment of Alternates. He noted that the previous procedure was for five floating Alternates and the amendment calls for the designation of a specific Alternate for each Member and in the absence of both the Chairman would recommend another Management Alternate to sit in their stead with the recommendation being subject to approval of the Management Members of the Committee. He further noted that the amendment referred to the management representatives only. Mr. Perk stated that he wished to amend the Amendment. He informed the Committee that after further discussion between Management Committee Members it was decided that rather than have a specific Alternate for each Member, it should be the responsibility of the Member who will not be attending the Meeting to indicate who will sit in his stead as Alternate. If he does not fulfill that responsibility, then the Chairman of the Committee would indicate to the Management Members who are present at the meeting his suggested Alternate for their approval. The Plan Attorney read

the revised Amendment to Article III, Section 1 as follows:

Pursuant to the provisions of Section 5.3 of the Retirement Plan, there shall be ten Committee Members. There shall also be ten Alternate Committee Members designated as follows: Five Alternate Members designated by the Authority, one of whom shall be designated in written form to the Secretary of the Committee by the Authority Committee Member as the specified Alternate for said Committee Member for a specified Committee meeting, and in the absence of the specified Alternate, any of the remaining designated Alternates may serve as an Alternate for a Committee Member as selected by the Chairman of the Committee at the Committee meeting in question and approved by the Committee; three Alternate Members designated by Division 241 of the Amalgamated Transit Union, any one of whom is a proper Alternate for each of the Committee Members designated by said Division, and one Alternate Member designated by Division 308 of the Amalgamated Transit Union, and one Alternate Member designated by the unions other than the aforesaid Locals 241 and 308. Mr. D. Perk placed the above in the form of a motion, Mr. I. Thomas seconded the motion. A discussion ensued between Committee Members after which the Committee unanimously approved the Amendment to Article III, Section 1 of the By-Laws as revised. (A copy is attached to these Minutes).

The Assistant Secretary turned the Committee's attention to the Actuarial Report by The Wyatt Company, which was a part of the meeting material, and asked Mr. J. Baratka to expound. Mr. Baratka then explained the actuarial report to the Committee.

At the request of the Chairman, the Plan Attorney reviewed

the nature of the relationship of Dr. Zerbst's firm to the Committee, the respective responsibilities, and the real estate investments and commitments, both direct and indirect which have been made to date. At the suggestion of the Plan Attorney, Mr. P. Kole made a motion that the Retirement Allowance Committee recommend the designation of Piedmont Realty Advisors as an investment manager for the balance of the calendar year period. Based upon that recommendation, which is part of the Trust Agreement, Harris Trust would enter into an Investment Manager Agreement with Piedmont Realty Advisors. Mr. E. Flowers seconded the motion, and the Committee unanimously agreed.

There being no further business, on a motion by Mr. L. Brown, seconded by Mr. A. Kasmer, the Committee unanimously agreed to adjourn at 1:30 P.M.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED _____