RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 377th Meeting of the Retirement Allowance Committee was held on Monday, May 19, 1980, at the Continental Illinois National Bank and Trust Company, 30 North LaSalle Street, 10th Floor, Conference Room "A", Chicago, Illinois. The following were in attendance:

Mr. W. Ashley  Mr. R. Kren
Mr. J. Gallagher  Mr. E. Langosch
Mr. R. Goldman  Mr. T. O'Mahony
Mr. P. Kole  Mr. W. Spears

Mr. C. Hall, alternate for Mr. Weatherspoon, Mr. W. Mansker, alternate for Mr. S. Bianchi, were also present. Messrs. C. Heatter, H. Hegarty and L. Morris were also present. Mr. J. Bidwill and Mr. M. Brennan were also present. Mr. R. Burke, the Retirement Plan Attorney, was also present.

Messrs. E. Hamilton and W. Leszinske of Continental Bank were also present.

The Secretary called the meeting to order at 10:44 A.M.

The Secretary advised the Committee that Mr. Weatherspoon, the Chairman, would not be present and it would be necessary to elect a Chairman Pro Tempore.

On a motion by Mr. O'Mahony, seconded by Mr. Spears, the
Committee unanimously elected Mr. Hall as Chairman Pro Tempore.

The Chairman asked for approval of the Minutes of the 376th Meeting held April 21, 1980.

Mr. Kren asked why the meeting with Putnam Advisory Company was not included in the regular Minutes.

The Secretary responded by indicating that it was not included because it was an informal meeting and no Committee action was taken.

Mr. Kren indicated that he felt that as a Committee Member he would like to have a summary of the report as presented by the Investment Advisors as part of the Minutes.

After a discussion between Committee Members and the Retirement Plan Attorney, the Secretary indicated that a copy of the report as presented by the Investment Advisors will be included with the Minutes.

On a motion by Mr. Goldman, seconded by Mr. Spears, the Committee unanimously approved the Minutes of the 376th Meeting held April 21, 1980.

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

The Secretary presented four (4) Survivorship Options for approval. On a motion by Mr. O'Mahony, seconded by Mr. Kren, the Committee unanimously approved the Survivorship Options, as per the attached list.
The Secretary presented three (3) Pre-Retirement Surviving Spouse Options.

On a motion by Mr. Spears, seconded by Mr. Mansker, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options as per the attached list.

The Secretary presented nineteen (19) Applications for Retirement for approval.

On a motion by Mr. Spears, seconded by Mr. O'Mahony, the Committee unanimously approved the Applications for Retirement as per the attached list.

The Secretary reported that three (3) employees receiving Disability Retirement Benefits had been examined or their records reviewed.

The Secretary presented thirty (30) refunds totaling $138,607.61 for approval.

Mr. Gallagher questioned the breakdown as presented on this listing. The Secretary responded by indicating that the "Amount" was total employee contributions plus interest, the "Contributions" are an employee's total contributions to the Fund, the employer's contributions are refunded and the "Interest" is the amount credited to employees' accounts on an annual basis. The Secretary further explained that the interest does not become part of the principal (contributions), the interest is maintained separately.
On a motion by Mr. Mansker, seconded by Mr. Spears, the Committee unanimously approved the Refund of Contributions to be paid May 31, 1980.

The Secretary directed the Committee's attention to the book titled "Trustee Summary" prepared by Compensation and Capital, Inc. indicating the Total Book Value of Cash and Investments as of April 30, 1980 was $335,848,917.92.

Mr. Morris asked why the Contributions for the month of March were lower than for the month of February. The Secretary's Office indicated that this might be due to the Authority's Accounting period cut-offs. The Authority's accounting periods are not on a calendar month basis they are on a fiscal period basis. Another reason pointed out in a later conversation was overtime for winter months might be a factor for larger contributions in prior months. The Secretary's Office indicated that the Payroll Deductions and Remittances of Contributions by the Authority are reconciled on an Annual Basis by the Pension Office and the Retirement Plan's Auditor.

Mr. Gallagher asked if the Committee has established a policy as far as distribution of funds to investment advisors. The Trustee advised Mr. Gallagher that the Committee has in fact established a policy based on the recommendation of Mr. Robert Harrell, Financial Consultant with the firm of Lowry, Raclin,
Harrell and Howerdd. The Trustee further indicated that net contributions after benefit payments are allocated to the various advisors.

The Secretary submitted for approval one (1) bill from the Authority totaling $31,563.46 and ten (10) other bills totaling $170,810.74.

On a motion by Mr. O'Mahony, seconded by Mr. Spears, the Committee unanimously approved payment of the bills on May 31, 1980, as per the attached list.

The Secretary presented forty-one (41) Death Benefits totaling $62,000.00 for payment on May 31, 1980. On a motion by Mr. Langosch, seconded by Mr. Spears, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Secretary distributed copies of a proposed amended Rule No. 25 which reads as follows:

See Page 6.
RULE NO. 25
ADOPTED MAY 19, 1980

If the Committee is furnished with (i) a court order or (ii) affidavits and supporting data requested by the Committee which is acceptable in form and content solely in the discretion of the Committee, the Committee is authorized to make payment of all allowances, benefits and refunds under the Plan to a custodian, conservator or guardian of an employee, former employee, or the beneficiary designated by an employee or former employee when, pursuant to said order or affidavit and supporting data, said employee, former employee or beneficiary is incapacitated or is adjudged incompetent.

Mr. Richard Burke explained the purpose of the Rule as follows:

The Committee occasionally receives a request for a disbursement of funds to an individual other than the named beneficiary or the former retired employee and the reason most frequently given is the former employee is incapacitated. Under certain state statutes, there is a very simplified procedure available whereby based on an affidavit from the family payment of pension benefits can be made without going
through a court proceeding.

The majority of states do not have such a procedure. Within these states, a family confronted with an instance of an incapacitated parent must open a court proceeding, have an adjudication made of incapacity or incompetence according to state statutes, a conservator appointed, and a bond posted. Upon completing this lengthy procedure, they are able to receive the pension monies pursuant to the court order.

In order to avoid this expense to the retiree and his or her family, this rule would establish a procedure by which the Committee could authorize disbursement of pension monies on the basis of either a court order or an affidavit. The affidavit would be reserved for situations where the state of residence makes no provision for a similar procedure. This affidavit would set forth that a certain person is responsible for care of the individual, that payments be made to this person agreeing to indemnify the Committee for any misapplied payment in the event of a challenge, and that the affidavit be signed by the person requesting payment as well as all other family members. We would attach to the affidavit a table of heirship which sets forth those individuals under law to receive the assets of that retired employee: spouse, children, grandchildren, etc. The Committee would then have in its' files an affidavit which
would constitute an agreement to indemnify and a statement of heirship so that we could provide the funds to that individual or individual's care and at the same point in time have people we could look to in the event there was a misrepresentation.

Finally, we should recognize that by not going the route of a court order we are running a risk. However, based upon the affidavit procedure, the thought was that if we could use this route, then we would be helping our employees in that they would not have to go through the adjudication process and, at the same time, have some protection based upon the heirship of the employee.

A discussion ensued relative to the aforementioned procedure between Mr. Burke and Mr. Spears, Mr. Burke and Mr. Mansker, Mr. Burke and Mr. O'Mahony, and Mr. Burke and Mr. Hegarty.

On a motion by Mr. Gallagher, seconded by Mr. Mansker, the Committee unanimously adopted Rule 25.

The Secretary distributed a draft of the 1979 Condensed Financial Statements of the Retirement Plan for the Committee's review.

A discussion ensued relative to the number reported as Rate of Return on Investments.
The Committee agreed to asterisk the Rate of Return on Investments and include a sentence underneath the section as follows: * Rate of Return includes Appreciation and Earnings.

The Secretary's Office indicated that if there were any questions by the participants relative to the interest on contributions and/or Rate of Return on Investments they should be directed to the Secretary's Office.

On a motion by Mr. O'Mahony, seconded by Mr. Spears, the Committee unanimously accepted the 1979 Condensed Financial Statements of the Retirement Plan as amended.

On a motion by Mr. O'Mahony, seconded by Mr. Spears, the Committee unanimously agreed to have the statement printed and distributed to employees.

Mr. O'Mahony requested that copies of the statement be sent to his office prior to distribution.

The Secretary reported that Mr. Henry A. Leon was reinstated on October 22, 1979 and failed to reimburse the Retirement Fund as provided under Rule 21, in the amount of $3,934.84. Mr. Leon's new entered service date for pension purposes will be October 22, 1979.

The Secretary reported that Mr. Louis Wade, Disability Retirement No. D-2010, returned to work on March 20, 1980. A discussion ensued relative to Mr. Wade's status. The Secre-
tary indicated he would look into Mr. Wade's present status.

The Secretary reported that Mr. Isham D. Handley, who retired on March 1, 1980, submitted proof of birth establishing his birthdate as January 27, 1917. After a number of requests, both written and oral, Mr. Handley furnished the Secretary's Office with a document provided from Social Security that stated his birthdate is February 27, 1913. The Secretary advised the Committee that as a result Mr. Handley would have to go on a regular retirement and could only receive a pension benefit based on his birthdate of February 27, 1913. The Secretary indicated that Mr. Handley's Pension Benefit will be reduced and Mr. Handley will receive a refund of contributions for the period between February 27, 1978 and March 1, 1980.

The Secretary advised the Committee that Mr. Robert L. Vandiver has not as of this date reimbursed the Fund for contributions withdrawn as a result of a discharge. The Secretary indicated that Mr. Vandiver was reinstated with full pay and Mr. Vandiver indicated that he desired to reimburse the Fund as soon as he received pay. The Secretary indicated that Mr. Vandiver has not received back pay as of yet. The Secretary brought this matter to the Committee's attention to ensure that the Committee approves the extension of the repayment period. The Committee acknowledged this and agreed.
to extend the repayment period.

Mr. Leszinske reviewed the letter titled "April Market Summary" as attached.

Mr. Leszinske circulated information relative to the Real Estate Portion of the Retirement Fund as attached.

A discussion ensued between Mr. Leszinske and Committee Members. Mr. Leszinske pointed out that there has not been a loss over the three years that the CTA has participated in the Fund but, in fact, a substantial gain in the value of the Real Estate Fund. Mr. Leszinske indicated that the Committee might have been concerned due to the manner in which Callan Associates, Inc. calculated the rate of return on the Real Estate portion of the Fund. Callan reported a 2% or 3% rate of return on the Real Estate Fund when, in fact, the performance was at 13%. Mr. Leszinske reviewed the make up of the fund and where the monies have been invested.

Mr. Gallagher asked specifics relating to the liquidity of the Real Estate Fund; how units are purchased in the Real Estate Fund, how one would withdraw monies out of the Fund.

Mr. Leszinske responded relative to liquidity and/or withdrawal of funds from the Real Estate Fund, if the Real Estate Fund's Short Term Investments exceed the amount to be withdrawn, one could get out the next month end, if another
fund in Continental Bank desirous of purchasing units of the CTA's share of the Fund - this is a second alternative withdrawal, and the third - a piece of property in the Fund would have to be sold to pay the CTA its' portion of the Fund. The third alternative based on original documentation requires a one year notice to the bank of withdrawal from the Fund.

A discussion ensued relative to the outlook of investing in Real Estate in the future. Mr. Leszinske responded by indicating that over the next six to nine months Continental would defer committing additional money to Real Estate due to the attractiveness of the Equity Market.

Mr. Spears and Mr. Hall presented the Secretary with documents relative to Guaranteed Investment Contracts. The Secretary indicated that he will forward the information to Mr. Harrell for review.

Mr. Kren asked about the possibility of receiving the documents which the Committee will review at a meeting prior to the date of the meeting. The Secretary's Office outlined the constraints and indicated that his office will attempt to provide Mr. Kren with the documents prior to the meeting.

Mr. Hamilton announced that the Committee was invited upstairs for a luncheon at which time the Delaware Investment Advisors would give their report.
On a motion by Mr. Langosch, seconded by Mr. Spears, the Committee unanimously agreed to adjourn at 12:40 P.M.

NOTE: A copy of the report presented by Delaware Investment Advisors, Inc. is attached.