RETIREMENT PLAN

FOR

CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 393rd Meeting of the Retirement Allowance Committee was held on Thursday, September 17, 1981, in the Datacenter Conference Room, Room 450, Merchandise Mart. The following were in attendance:

Mr. W. Ashley  Mr. C. Knox
Mr. S. Bianchi  Mr. P. Kole
Mr. J. Gallagher  Mr. J. Weatherspoon
Mr. A. Kasmer

Mr. A. Kemp, alternate for Mr. C. Hall, was present.

Mr. L. Morris, alternate for Mr. I. Thomas, was present.

Mr. L. Wool, alternate for Mr. R. Kren, was present.

Messrs. L. Brown, R. Goldman, H. Hegarty and W. Mansker were present. Messrs. M. Brennan, G. Nagle and Ms. C. Cox were present. Mr. E. Hamilton of Continental Bank was present.

Mr. R. Harrell of Lowry, Raclin, Harrell and Howerdd was present.

Mr. R. Burke, the Plan Attorney, was present. Mr. B. Scholz, Pensioner, was also present.

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

Mr. Hamilton presented to the Committee a letter, dated September 10, 1981, titled "August Market Summary." (A copy is attached to these minutes).

Mr. Hamilton noted that since the month of August there had been a slight decrease in interest rates. He further stated
that it was the Trustee's view that the prime rate might be down to approximately 16% by the end of the year. Mr. Hamilton stated that there had been a continuous accumulation of cash and equivalents which was currently earning around 17 to 17-1/4% on a daily basis; and, there was approximately 85 million dollars in cash and equivalents at the present time.

Mr. Harrell of Lowry, Raclin, Harrell and Howserdd presented his report noting that our funded position is greater today than it was at the first of the year even though the equity market has gone down and explained that the reason for this was that interest rates have gone up. Mr. Harrell passed out to the Committee Members a composite of all equities in the CTA Fund, explained the report and compared the Fund's performance with that of the S & P 500. He noted that the Fund had outperformed the S & P 500 during 29 one year periods since 1977 - or 90% of the time.

Mr. Harrell pointed out that as of August 31, 1981, the price/book ratio of the S & P 400 was 1.17 and according to the Fund's Statement of Policy the debt/equity ratio should be moved to 20/80. Accordingly, he would write a letter to Mr. Hamilton instructing him to transfer the necessary money from short-term investments to the Growth Index Account.

Mr. Harrell then discussed the Fund's investment in Real Estate. He indicated that due to the increase in magnitude of the Fund the percentage invested in Real Estate was about 2%. He then recommended that
the Fund invest $15 million in the Pension Realty Income Trust A. A discussion ensued between Mr. Harrell and Committee Members. Mr. Kole made a motion that the Committee approve Mr. Harrell's recommendation to invest $15 million in the Pension Realty Income Trust A with the stipulation that this Real Estate Trust be placed on the agenda in the Fall of each year for review by the Committee. Mr. Weatherspoon seconded the motion and the Committee unanimously approved.

The Chairman asked for the approval of the Minutes of the 392nd Meeting, held August 17, 1981. On a motion by Mr. Wool, seconded by Mr. Kole, the Committee unanimously approved the Minutes of the 392nd Meeting, held August 17, 1981.

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

The Secretary presented seven (7) Survivorship Options for approval. On a motion by Mr. Kole, seconded by Mr. Bianchi, the Committee unanimously approved the Survivorship Options.

The Secretary reported that his office had received the necessary evidence of good health for Mr. A. E. Brandt whose Survivorship Option Application had been approved at last month's meeting pending the receipt of this documentation.

The Secretary presented ten (10) elections of the Pre-Retirement Surviving Spouse Options, as per the attached list. On a motion by Mr. Kole, seconded by Mr. Kasmer, the Committee unanimously approved
the Pre-Retirement Surviving Spouse Options.

The Secretary presented thirteen (13) Applications for Retirement. A motion for approval was made by Mr. Kole and seconded by Mr. Knox. On a question by Mr. Hegarty as to why Mr. John Radman's Retirement Application had not been made retroactive to September 1, 1981, the Secretary responded that the employee had to make application for retroactivity through his department and Mr. Radman had not done so. The Secretary further stated that his office would investigate the matter and report back to the Committee but recommended approval pending a report at the next meeting.

The motion was amended for the approval of the Retirement Applications with the stipulation that a report be presented on Mr. Radman's possible retroactivity at the next meeting. The Committee unanimously approved the amended motion.

The Secretary reported that eight (8) employees, who are receiving Disability Retirement Benefits, were examined or had their files reviewed.

The Secretary presented twenty-five (25) refunds, totaling $175,316.56 for approval. On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved the refunds of contributions to be paid September 30, 1981. As a point of information to the Committee, the Secretary reported that a discrepancy in the refund of contributions to R. J. Stevens, which was approved at the August 17, 1981, had been found and corrected. Accordingly,
the refund as approved on August 17, 1981 was $10,996.96; the correction amounted to a decrease of $34.37; the refund as paid was $10,962.69.

The Secretary reported that due to the change in meeting time, Compensation and Capital was unable to submit their report in time. However, he called the Committee's attention to two sheets in the pass out material which showed that the total cash and investments was $456,810,488.97. He further stated that the actual report would be sent to Committee Members as soon as it was received by his office.

The Secretary presented one (1) Chicago Transit Authority Bill, two (2) Operating Bills and seven (7) Remittances. On a motion by Mr. Wool, seconded by Mr. Kole, the Committee unanimously approved payment of the bills and remittances totaling $248,744.86.

The Secretary informed the Committee that no Trustee Fees had been paid since January 1, 1981 due to the agreement with Continental Bank to have the uninvested cash applied toward the fee. The Secretary presented a bill from the Trustee for the period January 1, 1981 to March 31, 1981 for $90,855.61 and explained that due to the newly implemented schedule this bill was lower than it would have been under the previous schedule. On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved payment of the Trustee Fee.

The Secretary submitted for approval twenty-seven (27) Death
Benefits, totaling $56,500.00 for payment September 30, 1981. On a motion by Mr. Kole, seconded by Mr. Wool, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Secretary informed the Committee that the application to have Phases II and III of the computer system funded through the Capital Grant Program had been denied. Therefore, the last two phases would have to be financed by the Retirement Plan. Further, he stated his office would keep the Committee informed as to the status of the final phases. The Secretary stated that Phase I was in the process of being implemented and hopefully it would be in full operation by the end of the year.

Mr. Burke brought up the subject of the Retirement Plan By-Laws and reviewed them article by article. A discussion ensued between Mr. Burke and Committee Members during which it was agreed that the Committee Members review the By-Laws again and send any suggestions to Mr. Burke in order that it could be discussed again at the next meeting.

Mr. Burke brought the Committee's attention to the pending law suit regarding the Authority's nonpayment of retirement contributions. A discussion ensued between Mr. Burke and the Committee Members. Mr. Gallagher made a motion that a Sub-Committee consisting of two (2) representatives of both management and labor be appointed to be responsible for this matter and give advice and direction to legal counsel as to how to proceed in the law suit. Mr. Kole seconded
the motion and the Committee unanimously agreed. Mr. Weatherspoon appointed Mr. Charles Hall as the representative from Local 241, Mr. Knox will serve as the other labor representative, Messrs. Gallagher and Bianchi will serve as the management representatives.

The Secretary informed the Committee that Mr. John Zupko cancelled his Pre-Retirement Option due to the death of his spouse.

The Secretary informed the Committee of Mr. Curtis Ross' return to duty from Disability Retirement.

The Secretary informed the Committee that Mr. Jesse W. Robinson, who had been placed on Disability Retirement from Area 605, had requested a termination of service with the Authority and a lump sum distribution of his retirement contributions. The Secretary noted that his office was in receipt of an Affidavit signed by Mr. Robinson regarding his request for termination and refund of contributions from the Retirement Plan.

The Secretary brought up the question of the IRS approval of Retirement Plan changes and asked Mr. Burke to respond. Mr. Burke stated that we are still awaiting the Determination Letter which he hopes will be received within the coming month. However, he further stated that he foresaw no problem regarding approval by IRS.

The Secretary informed the Committee that the Retirement Plan Booklet was in print and presented a rough copy to each Committee Member.
Mr. Scholz asked if as a pensioner representative it would be permissible to bring questions asked of him by fellow pensioners to the Committee for answer. After the granting of permission by the Chairman, Mr. Scholz asked if the nonpayment of monies due our insurance carrier would affect those pensioners covered under the Supplemental Insurance Plan. The Secretary responded that if the carrier cancelled due to default, it would affect all employees - both active and retired.

Mr. Scholz then asked if it would be possible to bring questions to the Committee for answer in the future. The Chairman stated that this was possible, however, he asked that questions be sent in writing to the Secretary's Office prior to the meeting for placement on the agenda.

On a motion by Mr. Wool, seconded by Mr. Knox, the Committee unanimously agreed to adjourn at 12:48 P.M.
SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED

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