RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 409th Meeting of the Retirement Allowance Committee
was held on Monday, January 17, 1983, at 10:30 A.M., in the
Conference Room, Room 750, Merchandise Mart. The following were
in attendance:

Mr. W. Ashley          Mr. D. Perk
Mr. R. Fleming          Mr. I. Thomas
Mr. J. Gallagher        Mr. J. Weatherspoon
Mr. A. Kasmer

Mr. H. Hegarty, alternate for Mr. E. Flowers, was present.
Mr. A. Kemp, alternate for Mr. C. Hall, was present. Mr. R. Bartkowicz,
alternate for Mr. P. Kole, was present. Messrs. L. Brown, L. Morris,
R. O'Connor and Mrs. A. Curtis were also present. Messrs. D. Lemm,
G. Nagle and Ms. C. Cox were present. Messrs. J. Bidwill and S. Miller
were present. Messrs. W. Leszinske and J. E. Hamilton of Continental
Bank were present. Mr. J. Baratka of The Wyatt Company was present.
Mr. R. Burke, the Plan Attorney, was also present.

The Chairman called the meeting to order at 11:12 A.M.

Mr. Leszinske of Continental Bank turned the Committee's
attention to a letter, dated January 13, 1983, entitled "January
Market Summary." (A copy is attached to these minutes).
Mr. Leszinske noted that there had been a slow decline in interest
rates during the month. He also noted that it is anticipated that
there will be additional declines in short and intermediate rates as
the year progresses.

Mr. Hamilton of Continental Bank brought up the performance
of Delaware Investment Advisors which was discussed at the last meeting. Mr. Hamilton stated that he had met with representatives of Delaware who expressed concerns about the report by Mr. Harrell concerning the quality of the stocks being held by the Plan's account as opposed to the quality of stocks being held in the Delaware Investment Management account. Mr. Hamilton further stated that the representatives of Delaware Investment Advisors indicated that their style had not changed nor had their management changed. Mr. Hamilton noted that Mr. Harrell's report for the period ending in December should show a coming closer effect of the arrows as opposed to a widening effect. Mr. Hamilton stated that if there was a widening effect, Delaware would be contacted again. Mr. Hamilton also informed the Committee that for the calendar year 1982, the total fund was up approximately 24-1/2 percent.

The Secretary noted that a letter on the Growth Screen Fund had been included in the Committee Members' pass out material. The Chairman asked for a report on the letter. Mr. Leszinske presented a summation of the letter, dated December 17, 1982, noting that Continental Bank had expressed concerns regarding the Growth Screen Fund in the past and this letter was a follow-up to the previous letter suggesting that one of the alternatives would be for Continental to manage a S&P 500 Fund or an Index Fund as it is frequently called. Mr. Leszinske noted that the goal of the Index Fund is to strictly match or mirror the performance of the S&P 500. Mr. Leszinske further explained that historically most investment managers have not done better than the S&P 500. Further, the fee would be less than is currently being paid. In addition, it lends itself very well to the
increasing and decreasing of the equity exposure as proposed by the philosophy adopted for the Fund. Mr. Leszinske gave a brief explanation of the charts which had also been included in the pass-out material with the letter.

A discussion ensued between Mr. Leszinske, Committee Members and the Plan Attorney during which the Chairman asked for a brief recess in order that the Committee could caucus and come up with a resolution regarding the Growth Screen Fund. The meeting resumed at 11:49 A.M. at which time the Chairman stated that the matter of the Growth Screen Fund, the presentation by the Trustee who is proposing changing the Growth Screen Fund to an Index Fund and the matter of brokerage commissions being spent outside of the Chicagoland area had been discussed. The Chairman noted that the Plan Attorney had been asked to present a resolution on which the Committee as a whole could vote. The Plan Attorney presented the following resolution for the Committee's consideration:

WHEREAS, the Committee views its function to be one to review the investment philosophy of the various investment managers with the advice of outside consultants, the Lowry Organization, and,

WHEREAS, the Committee is desirous of not inhibiting the operation of its philosophy to any conflict of interest or a perception of a conflict of interest, now, therefore, be it resolved that the Fund that we heretofore referred to as the Screen Fund will be moved by way of investment operations from the William Lowry Organization in order to avoid that inherent conflict of interest and will
be moved from Johnson, Lane in order to screen the executions into the local market wherein the Committee's beneficiaries, its employees, are located. Be it further resolved that this movement will take place as soon as our consultant, Robert Harrell, advises us and we would hope that this would occur at the February 1983 Committee Meeting, in regard to the selection of a money manager with whom it has no affiliation who would handle this Screen Fund at which time the Committee would act upon that recommendation. And, be it further resolved, that our consultant promptly meet with the Continental Bank to consider its proposal in regard to the Index Fund and promptly meet with Paine-Webber who has manifested an interest in handling the execution and the consultant has the liberty to meet with any other entity in regard to the investment of the funds and the execution in order that the consultant is in a position to advise the Committee, at its February Meeting, as to who thereafter would handle the Screen Fund from an investment point of view and who thereafter would handle the Screen Fund from the execution point of view.

On a motion by Mr. Kasmer, seconded by Mr. Thomas, the Committee unanimously adopted the resolution.

The Chairman asked that the Secretary's Office take the necessary steps to implement the resolution.

The Chairman asked for approval of the Minutes of the 408th
Meeting held December 20, 1982 and the Minutes of the Special Meeting held December 21, 1982. The Secretary asked that the approval of the Minutes for the December 21, 1982 Meeting be held in abeyance until the next meeting. On a motion by Mr. Kasmer, seconded by Mr. Perk, the Committee unanimously approved the Minutes of the 408th Meeting held December 20, 1982.

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

The Secretary presented a total of four (4) Survivorship Options for approval. On a motion by Mr. Fleming, seconded by Mr. Kemp, the Committee unanimously approved the Survivorship Options.

The Secretary presented a total of one (1) Pre-Retirement Surviving Spouse Option for approval. On a motion by Mr. Fleming, seconded by Mr. Perk, the Committee unanimously approved the Surviving Spouse Option.

The Secretary presented nineteen (19) Applications for Retirement for approval, including a request for retroactive retirement to October 1, 1982 for Donald W. Topolinski who, because of severe injuries incurred in a Worker's Compensation related accident, was unable to apply for retirement until this time; and, a retroactive retirement of January 1, 1983 for Mr. Robert O'Brien whose case requires discussion and consideration by the Committee. The Secretary explained the circumstances of Mr. O'Brien's case as well as those which led to the employee applying for retirement. A discussion ensued between Committee Members and legal counsel during which a motion was made by Mr. Weatherspoon that Mr. O'Brien's application for retirement be approved pending further investigation. Mr. Kemp seconded the motion and the
Committee unanimously agreed.

The Chairman asked for approval of the remaining applications including the retroactivity of Mr. Donald Topolinski. On a motion by Mr. Fleming, seconded by Mr. Perk, the Committee unanimously approved the remaining applications including the retroactive retirement of Donald Topolinski to October 1, 1982.

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

The Secretary presented nineteen (19) refunds, totaling $161,950.16 for approval. The comparison figures for the same period of time one year ago were forty-five (45) refunds, totaling $402,392.67. On a motion by Mr. Weatherspoon, seconded by Mr. Perk, the Committee unanimously approved payment of the refunds of contributions to be paid January 31, 1983.

The Secretary presented the report of Deposits, Disbursements and Investments noting that as December 31, 1982 there was a total of $474,253,267.33 in cash and investments.

The Secretary presented one (1) Chicago Transit Authority bill, totaling $34,849.31; seven (7) Operating bills, totaling $9,535.73; and, eight (8) remittances, totaling $258,829.91. The Secretary noted that part of the total monies was for Federal Income Taxes which, under the new tax law, was to be withheld from retired employees' monthly check. He noted further that the total amount due the government was not in the payroll system for January 31, 1983 and requested permission by the Committee to have a check drawn to cover payment of these monies. The Secretary informed the Committee
that a report would be made at the next meeting as to how much money was disbursed to the IRS for payment of these taxes. The Secretary further stated that this information would be reported to the Committee on a 30-day delay basis due to the new payment system. A motion was made by Mr. Kasmer approving payment of the bills and remittances, totaling $303,214.95, and permitting the Secretary's Office to pay the IRS the necessary withholding taxes. Mr. Perk seconded the motion and the Committee unanimously approved.

The Secretary submitted for approval twenty-four (24) Death Benefits, totaling $58,500.00. The comparison figures for the same period of time one year ago were twenty (20) Death Benefits, totaling $52,500.00. On a motion by Mr. Kemp, seconded by Mr. Weatherspoon, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Chairman brought up the matter of the Real Estate investment made by the Committee on the property located at 3660 North Lake Shore Drive and asked the Plan Attorney to give an updated status report on this transaction. The Plan Attorney informed the Committee that the transaction was concluded on January 11, 1983 and there was still some minor paperwork coming through. However, his office is satisfied in so far as the security interest on behalf of the Committee is concerned. The Plan Attorney also noted that documents summarizing the transaction would be included in the Committee Members' pass-out material at the next meeting.

The Secretary informed the Committee that the matter of reimbursement of Retirement Funds by Diane Stanley, Jesus N. Nunez and Leonard C. Morris had been held in abeyance from the last meeting in
order that these employees could be contacted to see if they desired to make arrangements for repayment of these monies under Rule 21. The Secretary noted that Isaac Clark had also been added to this group. The Secretary stated that he had conferred with the Plan Attorney and it was his opinion that this matter be resolved as soon as possible. The Secretary asked the Plan Attorney to expound on the matter. The Plan Attorney noted that the Committee had recently amended another rule permitting individuals who were in a limbo status from the Security Department to pay back monies over a longer period of time. Further, he stated that there is a bit of a discrepancy between a 90-day repayment obligation and the rule attributable to those individuals and that particular revision was drafted specifically to cover the instance where an individual is out of work, has to use the funds to support himself/herself and family and then returns to work. The Plan Attorney noted that those individuals were given longer repayment periods. He stated further that although the causes of discharge may well be different for Stanley, Clark, Nunez and Morris than for those individuals who were in the Security Department, the use of the money was probably exactly the same - it was probably used for living costs during the interim period and he would suggest that the Committee either give consideration to revising Rule 21 and giving a longer period of time for repayment or find some other solution. A motion was made by Mr. Kasmer to hold in abeyance the matter of Diane Stanley, Jesus Nunez, Leonard Morris and Isaac Clark until next meeting when the Plan Attorney would present to the Committee options regarding the amendment of Rule 21 at which time the Committee could vote on the matter. Mr. Thomas seconded the motion and the Committee unanimously agreed.
The Chairman turned the chair over to the Secretary to conduct the election of new officers. The Secretary called for nominations for the office of Chairman for Plan Years 1983 and 1984. Mr. Gallagher nominated Mr. John Weatherspoon as Chairman, Mr. Thomas seconded the nomination. There being no further nominations, the Committee unanimously elected Mr. John Weatherspoon as Chairman. The Secretary asked for nominations for Vice Chairman for Plan Years 1983 and 1984. Mr. Perk placed a nomination for Mr. James Gallagher as Vice Chairman, Mr. Thomas seconded the nomination. There being no further nominations, the Committee unanimously elected Mr. James Gallagher as Vice Chairman. The Secretary called for nominations for the office of Secretary. Mr. Weatherspoon placed a nomination for Mr. Raymond Fleming as Secretary, Mr. Thomas seconded the nomination. Mr. Kasmer placed a nomination for Mr. William Ashley as Secretary. The Chairman informed the Committee that during previous discussions with Mr. Ashley it was his recommendation that Mr. Fleming assume this office at this time. The Chairman suggested that Mr. Ashley be nominated as Assistant Secretary, if he would accept. Mr. Ashley stated that he would accept the position as Assistant Secretary. Mr. Kasmer rescinded his nomination of Mr. Ashley as Secretary and placed a nomination of Mr. Ashley as Assistant Secretary. Mr. Hegarty seconded the nomination. There being no further nominations, the Committee unanimously elected Mr. Raymond Fleming as Secretary and Mr. William Ashley as Assistant Secretary.

The Secretary recommended that Nancy Moll be included with the group of employees being held in abeyance until next meeting who are seeking an extension of repayment of refunded Retirement Funds.
The Secretary informed the Committee that Albert Ochwat, Maurice J. Buckley, Edward A. Jenski, Art Tonner and John P. O'Connor revoked their respective options.

The Secretary turned the Committee's attention to the 1983 Pension Section budget, which was included in the pass-out material, and asked Mr. Fleming to comment on the matter. Mr. Fleming explained the expenses under the various categories to the Committee. A discussion ensued between the Committee Members during which the Chairman stated that he felt the $4,000 allocated for travel and seminar expenses was inadequate and recommended that it be increased to $10,000. On a motion by Mr. Weatherspoon, seconded by Mr. Ashley, the Committee unanimously approved the increase of the travel and seminar expense to $10,000. The Secretary informed the Committee in the future the Secretary's Office would present the Retirement Plan budget to the Committee for approval prior to submission to the Authority.

Mr. Hegarty asked if a benefits statement would be sent to employees. The Secretary stated that in previous years the Authority paid for the publication of this statement and due to budget restraints it had not been made available this past year. However, it is to be handled through the Insurance Department for the current year. Further, if the Authority does not provide one this year the Pension Section would prepare a publication for employees from the Retirement Plan.

The Chairman asked for a motion to adopt the Retirement Plan budget. On a motion by Mr. Perk, seconded by Mr. Weatherspoon, the Committee unanimously approved adoption of the budget.

The Secretary informed the Committee that due to the observance of Washington's Birthday on Monday, February 22, 1983, it would
be necessary to change the meeting date. After general discussion, on a motion by Mr. Kemp, seconded by Mr. Perk, the Committee unanimously agreed to move the meeting date to Friday, February 25, 1983.

The subject of Sub-Committee meetings was brought to the Committee's attention. After general discussion, it was agreed that a pension staff member be included at all Sub-Committee meetings.

The Secretary informed the Committee that the printing of the new Retirement Plan booklet had been prolonged due to problems in the Reproduction Department. The booklet had to be sent out for the set up work to be done, however, the final proofs should be available in the near future.

There being no further business, on a motion by Mr. Kasmer, seconded by Mr. Hegarty, the Committee unanimously agreed to adjourn at 12:58 P.M.