RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 410th Meeting of the Retirement Allowance Committee was held on Friday, February 25, 1983, at 10:30 A.M., in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

Mr. W. Ashley          Mr. D. Perk
Mr. E. Flowers          Mr. P. Kole
Mr. C. Hall             Mr. J. Weatherspoon

Mr. L. Morris, alternate for Mr. I. Thomas, was present.
Mr. L. Brown, alternate for Mr. A. Kasmer, was present.
Mr. R. Bartkowicz, alternate for Mr. R. Fleming, was present.
Neither Mr. J. Gallagher, nor his alternate was present. Messrs. R. Goldman, H. Hegarty, A. Kemp and R. O'Connor were present.
Messrs. D. Lemm, G. Nagle and Ms. C. Cox were present.
Mr. J. Bidwill was also present. Messrs. E. Hamilton, W. Leszinske and J. Fitzpatrick of Continental Bank were present. Mr. C. Manning of the Plan Attorney's Office was present. Messrs. R. Falk and D. Dunne of Paine-Webber were present.

The Chairman called the meeting to order at 10:35 A.M. The Assistant Secretary informed the Committee that the Secretary would not be in attendance and explained why he was absent from the meeting.

The Chairman informed the Committee of the presence of Messrs. Denis A. Dunne and Richard Falk of Paine-Webber and asked that they make their presentation at this point in the meeting.
rather than as scheduled. Mr. Dunne gave a brief explanation of the reason for their presence at the meeting. Mr. Falk explained Paine-Webber's investment program and services that they could provide if retained to handle the Plan's investments.

Mr. Leszinske turned the Committee's attention to a letter, dated February 11, 1983, entitled "January Market Summary." (A copy is attached to these minutes). Mr. Leszinske noted that rates increased slightly during the first quarter and stated that interest rates would continue to be volatile. Mr. Leszinske further noted that the Consumer Price Index was up only two-tenths of one per cent and several major banks have lowered their prime rate from 11 per cent to 10-1/2 per cent. Mr. Leszinske then turned the Committee's attention to a letter, dated February 14, 1983, addressed to the Secretary from Mr. Harrell directing the elimination of the Growth Screen Fund and suggesting that Continental Bank begin liquidation of the assets. Mr. Leszinske noted that the procedure had begun and approximately 70 to 75 per cent of the trading had been done and the average execution cost was 4.2 cents which was obviously very good. Mr. Hamilton noted that the trading began last Tuesday and was being done on a very cautious, orderly basis.

Mr. Hamilton then presented a report on the performance of the Investment Managers for the calendar year 1982.

Mr. Hamilton turned the Committee's attention to the breakdown of the Securities Lending Income for calendar year 1982 and informed the Committee that the total income generated by the fund in 1982 was $379,746.00; 56 per cent of which came from lending of common stocks, 4 per cent from straight bonds and 40 per cent from
fixed income Treasury securities.

Mr. Hamilton introduced Mr. John Fitzpatrick to the Committee and informed them that Mr. Fitzpatrick would be working with him on the Retirement Plan Account.

The Secretary asked Mr. Hamilton if it was too early to talk about a meeting with the managers. Mr. Hamilton stated it was not and noted that he had suggested to the Secretary that a luncheon meeting be set up in order to have all the managers in at one time. A discussion ensued during which the Committee agreed that the special meeting be held on Tuesday, April 19, 1983, at 10:30 A.M., at the Continental Bank.

The Chairman asked for approval of the Minutes of the 409th Meeting held January 17, 1983 and the Minutes of the Special Meeting held December 21 and 23, 1982. On a motion by Mr. Kole, seconded by Mr. Brown, the Committee unanimously approved the Minutes of the 409th Meeting held January 17, 1983 and the Minutes of the Special Meeting held December 21 and 23, 1982.

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

The Secretary presented a total of seven (7) Survivorship Options for approval including an option for Harry Hawke pending receipt of proof of birth. On a motion by Mr. Kole, seconded by Mr. Perk, the Committee unanimously approved the Survivorship Options including that of Harry Hawke.

The Secretary presented a total of two (2) Pre-Retirement Surviving Spouse Options for approval. On a motion by Mr. Kole, seconded by Mr. Hall, the Committee unanimously approved the Surviving
Spouse Options.

The Secretary presented nineteen (19) Applications for Retirement for approval, including a request for retroactive retirement of February 1, 1983 for Roger F. Mulvahill. On a motion by Mr. Kole, seconded by Mr. Brown, the Committee unanimously approved the Applications for Retirement including the retroactive retirement of Roger F. Mulvahill to February 1, 1983.

The Secretary reported that ten (10) employees who are receiving Disability Retirement Benefits were examined or had their files reviewed.

The Secretary presented twenty-nine (29) refunds, totaling $319,587.83 for approval. The comparison figures for the same period of time one year ago were sixty-seven (67) refunds, totaling $474,075.15. On a motion by Mr. Kole, seconded by Mr. Perk, the Committee unanimously approved payment of the refunds of contributions to be paid February 28, 1983.

The Secretary presented the report of Deposits, Disbursements and Investments noting that as of January 31, 1983 there was a total of $473,810,270.15 in cash and investments. The Chairman asked Mr. Nagle to expound on the realized gains. Mr. Nagle stated that these were the total gains from sales during the month of January.

The Chairman asked for the Report of Bills and Remittances. The Secretary informed the Committee that there was a change in the figure under Operating Bills from $3,545.45 to $3,973.75 and noted that this change was brought about due to a purchase relating to the client seminar that some of the members are attending. The Secretary also informed the Committee that the total amount to be approved for bills...
was $378,489.48. On a motion by Mr. Kole, seconded by Mr. Perk, the Committee unanimously approved payment of the bills and remittances, totaling $378,489.48.

The Secretary submitted for approval twenty-eight (28) Death Benefits, totaling $75,500.00. The comparison figures for the same period of time one year ago were thirty-one (31) Death Benefits, totaling $76,500.00. On a motion by Mr. Kole, seconded by Mr. Hall, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Chairman asked for a report on Rule 21 by the Plan Attorney. Mr. Chris Manning of the Plan Attorney's Office informed the Committee that the Plan Attorney was requesting that this matter be held in abeyance until he could be at the meeting. The Secretary recommended that items b through f, under Unfinished Business on the agenda, be held in abeyance until the Plan Attorney was present as they related to Rule 21.

The Chairman asked for the Report by the Real Estate Sub-Committee. The Secretary turned the Committee's attention to a written report included in the pass-out material and asked Mr. Kole to expound on the matter. Mr. Kole reported that the Real Estate Sub-Committee had met a couple of times since the last meeting and had received proposals from two real estate advisory firms. Mr. Kole stated that both proposals deal with an initial effort on the part of either the sub-committee or full committee to be involved in a planning process similar to what was done when the Plan's investment approach was changed. Mr. Kole stated that the sub-committee had read the proposals and was recommending that the Committee accept the proposal.
presented by Pension Realty Advisors, Inc. whose fee would be approximately $30,000 a year. Mr. Kole noted that this amount included the efforts put in by Mr. Zerbst on the real estate investment at 3660 N. Lake Shore Drive. Mr. Kole made a motion, based on a recommendation by the sub-committee, that the Committee accept the proposal presented by Pension Realty Advisors, Inc. and engage this firm's services as the Plan's real estate advisors for at least a one year period. Mr. Flowers seconded the motion and the Committee unanimously agreed.

The Secretary reported to the Committee that Robert T. O'Brien's retirement application had been reviewed with regard to the application of Section 3 of the Plan and the Plan Attorney had approved the matter.

As a point of information, the Secretary informed the Committee that Constance Brabec, the Security Department employee who was reinstated, decided she did not desire to repay the Fund the contributions which she had withdrawn, therefore, she will have a new Retirement Plan seniority date.

The Secretary informed the Committee that Charles E. Males, who was reinstated on November 18, 1982, had failed to reimburse the Fund $4,224.48 in withdrawn contributions and suggested that this employee's name be added to the list awaiting a ruling by the Plan Attorney.

The Secretary recommended that the verbal report on the real estate project at 3660 N. Lake Shore Drive be held in abeyance until the Plan Attorney could make the presentation. However, a copy of the Plan Attorney's written report was passed out to the Committee.

The Secretary turned the Committee's attention to a letter from Mr. Bob Harrell, dated February 14, 1983, concerning the ratio
adjustment between the debt and equity and the Growth Screen Fund. At the Secretary's request, Mr. Kole reviewed and gave an interpretation of Mr. Harrell's letter.

The Secretary brought to the Committee's attention the fee schedule for Lowry, Raclin, Harrell & Howard which was subject to renewal. The Secretary noted that these fees had been approved last year for one year subject to discussion at the end of that time. A discussion ensued during which Mr. Kole made a motion to retain Bob Harrell of Lowry, Raclin, Harrell & Howard as the Plan's financial consultants for the next year at the fee listed on their schedule. Mr. Hall seconded the motion. Further discussion ensued between Committee Members during which Mr. Kole retracted the original motion and made a new motion recommending that the invoice in question be approved for payment and that Mr. Harrell be asked to present an explanation of the increase in fees at the April meeting. Mr. Hall seconded the motion and the Committee unanimously agreed.

The Chairman entertained a motion for adjournment. On a motion by Mr. Kole, seconded by Mr. Hall, the Committee unanimously agreed to adjourn at 11:49 A.M.