The 432nd Meeting of the Retirement Allowance Committee was held on Monday, December 17, 1984, in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

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

Mr. C. Hall, alternate for Ms. W. Black, was present. Neither Mr. E. Flowers nor his alternate was present. Messrs. L. Brown, R. O'Connor, R. Bartkowicz, and Mrs. A. Curtis were present. Messrs. G. Nagle, J. Mullen, Ms. P. Williams and Ms. C. Cox were present. Messrs. W. Ashley and J. Weatherspoon were present. Mr. R. Burke, the Plan Attorney, was present. Mr. J. Baratka of The Wyatt Company was present. Mr. G. Schedler of the Harris Bank was present. Messrs. R. Harrell and C. Heatter of Lowry, Raclin, Harrell & Howerdd were present. Dr. R. Zerbst of Piedmont Realty Advisors was present. Mr. S. Miller was present. Mr. B. Scholz, pensioner representative, was also present.

The Chairman called the meeting to order at 10:43 A.M.

The Chairman called for the approval of the Minutes of the 431st Meeting, held November 19, 1984, in the Board Room, Room 734, Merchandise Mart. On a motion by Mr. Thomas, seconded by Mr. Gallagher, the Committee unanimously approved the Minutes of the 431st Meeting, held November 19, 1984.

Mr. Greg Schedler of Harris Bank turned the Committee's attention to a report, dated November 30, 1984, entitled "Economic Prospects
Through 1986", a copy of which was passed out to all Committee Members. Mr. Schedler explained the report which noted a brief forecast on the economy, interest rates, tax reform, and the financial market.

Mr. Robert Harrell of Lowry, Raclin, Harrell & Howerd turned the Committee's attention to the quarterly report for the third quarter of 1984, which was a part of the pass-out material, and explained the performance of each investment manager in the Plan's portfolio. Mr. Harrell also narrated a slide presentation which showed the present funded position of the Plan relative to these investments.

Dr. Robert Zerbst of Piedmont Realty Advisors turned the Committee's attention to a report in the pass-out material. Dr. Zerbst then explained the quarterly report of indirect and direct real estate investments for the third quarter of 1984. Dr. Zerbst brought to the Committee's attention the fact that the 1984 interest payment on the loan made to Mr. Silverman for development of a housing complex on the property at 3660 N. Lake Shore Drive was due. Dr. Zerbst informed the Committee that payment was due on January 15, 1985, however, Mr. Silverman is asking that payment be deferred until he either begins construction or June 1, 1985, whichever comes first. Dr. Zerbst noted that this payment amounted to approximately $600,000 and recommended that the Committee approve deferment of the payment and noted several advantages to the Fund. A discussion ensued between Dr. Zerbst, Committee Members, and the Plan Attorney during which Mr. Gallagher made a motion that the Committee accept the recommendation of Piedmont Realty Advisors with respect to the property at 3660 N. Lake Shore Drive and extend the term of payment of interest from January 15, 1985 to June 1, 1985 provided that the Plan Attorney approves and agrees.
with the assertion that the necessary commitments for financing both
with the city and other banks are in place. Further, that the Plan
Attorney and Piedmont Realty be authorized to negotiate with the
borrower for possible additional interest rates for the additional time.
Mr. Kole seconded the motion, and the Committee unanimously agreed.

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

The Assistant Secretary informed the Committee that there
were twenty-one (21) Survivorship Options to be approved which in-
cluded the following pending receipt of various documents:
Robert Barclay, options papers; George Butler, doctor's statement,
marrige certificate, and CTA medical approval; James Carter, CTA
medical approval; John R. DeGroat, CTA medical approval;
Charles Johnson, proof of age and marriage certificate; Victor Paciski,
doctor's statement and CTA medical approval; Samuel Pollock, papers
showing signature of department head; Garrett Vaught, doctor's state-
ment and CTA medical approval; Webb Wylie, papers showing signature
of department head; Robert Booth, doctor's statement; and,
Daniel Fitzgibbon, CTA medical approval. On a motion by Mr. Kole,
seconded by Mr. Perk, the Committee unanimously approved the Sur-
vivorship Options including those pending receipt of various documents
as listed above.

The Assistant Secretary informed the Committee that there
were no Pre-Retirement Surviving Spouse Allowances for approval.

The Assistant Secretary presented one hundred two (102)
Retirement Applications for approval. On a motion by Mr. Kole,
seconded by Mr. Andrzejewski, the Committee unanimously approved
the Retirement Applications.
The Assistant Secretary reported that nine (9) employees who are presently receiving Disability Benefits were examined or had their file reviewed.

The Assistant Secretary presented thirteen (13) Refunds of Contributions, totaling $122,593.46 for approval. The comparison figures for the same period of time one year ago were seventeen (17) refunds, totaling $120,868.09. The Assistant Secretary noted that the current total included a refund for Giles Liddell, a disability retiree who resigned and took a lump sum settlement. On a motion by Mr. Kole, seconded by Mr. Hall, the Committee unanimously approved the Refunds of Contributions to be paid December 31, 1984.

The Assistant Secretary turned the Committee's attention to the Trustee Summary and presented the report of Deposits, Disbursements and Investments noting that the total portfolio has a market value of $567,265,742.57 at a cost of $546,242,248.04.

The Assistant Secretary reported that there was one (1) Chicago Transit Authority bill, totaling $43,349.89; sixteen (16) Operating bills, totaling $40,183.61; nine (9) Remittances, totaling $395,943.38; and the FIT Deposit, totaling $100,797.82, to be approved for payment. On a motion by Mr. Kole, seconded by Mr. Andrzejewski, the Committee unanimously approved payment of the bills and remittances totaling $580,274.70, to be paid December 31, 1984.

The Assistant Secretary presented for approval forty-two (42) Death Benefits, totaling $123,000. The comparison figures for the same period of time one year ago were twenty-four (24) Death Benefits, totaling $65,000. On a motion by Mr. Kole, seconded by Messrs. Hall and Perk, the Committee unanimously approved payment of the Death Benefits.
The Assistant Secretary presented an update report on responses to communications sent to ex-Security Department employees regarding their individual status with the Retirement Plan. The Assistant Secretary informed the Committee that the only response he had received was from Leon Ruth who informed him that he had returned to duty on October 28, 1984, which was 30 days beyond the three year period as outlined in Rule No. 26. The Assistant Secretary further noted that Mr. Ruth wanted to repay his refunded contributions and asked the Plan Attorney to address the matter. The Plan Attorney stated that it was his opinion that this individual be given a 30 day extension of Rule No. 26 and be allowed to repay his refunded contributions and retain his original seniority date with the Plan. Mr. Gallagher made a motion that Mr. Ruth be allowed to repay his contributions and thereby retain his original seniority date with the Retirement Plan. Mr. Kole seconded the motion. On the question, a discussion ensued regarding the other eleven individuals and whether or not they should be included in the motion. Mr. Gallagher then amended his motion to include that the remaining eleven ex-Security Department employees in question be terminated under the Retirement Plan. Mr. Kasmer seconded the amended motion. On the question, a discussion ensued during which the Assistant Secretary asked if James J. Lavin and Timothy O'Mahoney, who were within the group and had left their monies in the Fund, be processed for a refund of contributions. Mr. Perk asked if Mr. O'Mahoney was still involved in a law suit. The Chairman stated that he was not certain if Mr. O'Mahoney's suit was still in litigation. However, if this was the case it would bring about a whole new situation and he
suggested that Messrs. Lavin and O'Mahoney be dealt with under a separate motion. Mr. Gallagher stated that since there was the possibility of others being involved in the litigation he withdrew his amended motion and asked that the original motion for Mr. Ruth only be approved. The Committee unanimously approved the original motion which allowed for a 30 day extension of Rule No 26 in order that Mr. Ruth could repay his refunded contributions and retain his original pension seniority date. The Assistant Secretary asked if the remaining ex-Security Department employees in question should continue to be placed on the monthly meeting agenda. The Plan Attorney responded that it could be left on the agenda, however, he suggested that instead he report on the litigations within the next two or three months.

The Assistant Secretary turned the Committee's attention to the next item on the agenda which dealt with three employees who have been laid off for more than three years, and asked the Plan Attorney to expound on the matter. The Plan Attorney noted that Yvonne Barnes, Carolyn Butler and Kaye Williams were the individuals in question. He further noted that he had been advised by Mr. Ford that it was unlikely that either Ms. Barnes or Ms. Butler would return to the Authority and Ms. Williams' return is subject to litigation. Therefore, he requested that Ms. Williams' case be held in abeyance until the next meeting at which time he would present an updated report. Mr. Kole made a motion that Ms. Williams' case be held in abeyance until the next meeting, and Ms. Barnes and Ms. Butler be terminated with regard to the provisions of the Retirement Plan. Mr. Perk seconded the motion and the Committee unanimously approved.

The Assistant Secretary informed the Committee that it was
necessary to elect a Chairman and Vice Chairman of the Committee for the Plan Years 1985 and 1986. Mr. Kole nominated Mr. J. Gallagher as Chairman and Mr. E. Gresham as Vice Chairman for a two year term. Mr. Kasmer seconded the nominations. There being no further nominations, the Committee unanimously agreed.

The Assistant Secretary informed the Committee that the Pre-Retirement Surviving Spouse Allowances for Alfred J. Paul and Jeanette L. Ludmann had been revoked.

The Assistant Secretary informed the Committee that it was necessary to renew the contract with Piedmont Realty Advisors which would expire on December 31, 1984. Mr. Kole made a motion that the contract be renewed for a one year period under the terms that are presently in effect. Mr. Perk seconded the motion. On the question, Mr. Gallagher stated that he would like to review the contract and asked that the matter be deferred until the next meeting in order that the Committee could have an opportunity to review the document. Mr. Kole amended his motion to extend approval of the contract on a month to month basis until the Committee had an opportunity to review the contract and give final approval. Mr. Perk seconded the motion, and the Committee unanimously approved the motion, as amended.

Mr. Kasmer then made a motion that the Committee be notified ninety (90) days in advance of any expiration date of any contract. Mr. Gallagher seconded the motion, and the Committee unanimously agreed. The Assistant Secretary asked if this should be placed on the meeting agenda ninety (90) days prior to the expiration date; or, by notice to each Committee Member. The Chairman responded that the matter should be placed on the meeting agenda.
The Assistant Secretary informed the Committee that it was necessary that the application of interest to the employee contributions be approved. Mr. Kole made a motion for approval of a 3½ interest rate to be applied to all employees' total accumulated contributions as of December 31, 1983, as provided for in Section 15 of the Retirement Plan, Messrs. Perk and Thomas seconded the motion, and the Committee unanimously agreed.

The Assistant Secretary brought to the Committee's attention a recommendation by Fidelity Management Research Corporation for the repositioning of the Plan's equity investments within their company from mutual funds to the Commingled Trust and asked the Plan Attorney to expound on the matter. The Plan Attorney explained the transaction in question noting that it was simply a move from one area to another within the same investment firm. Mr. Kole made a motion for approval to reposition the Plan's equity investments within the Fidelity Management Research Corporation from mutual funds to commingled trust, Mr. Gallagher seconded the motion, and the Committee unanimously approved.

The Assistant Secretary informed the Committee that Chester Mazurkiewicz, an ex-Security Department employee who returned to work on April 9, 1984 and had been notified regarding repayment of his refunded contributions informed the Secretary's Office that he was unable to repay the Fund as outlined under Rule No. 26, and, therefore, would be assigned a new seniority date under the Retirement Plan. Mr. Kole made a motion that Mr. Mazurkiewicz be assigned a new pension seniority date. Mr. Gallagher seconded the motion. On the question, Mr. Kasmer asked how many years of service the individual had.
with the Authority. The Assistant Secretary responded that he had approximately 13-1/2 years of service. A discussion ensued between the Assistant Secretary, the Plan Attorney, Mr. Kasmer, and Mr. Gallagher during which the Plan Attorney noted that the Secretary's Office had complied with Rule No. 26 by contacting the individual and informing him of his options. He suggested, however, that because of the number of years of service involved a representative of the union to which this individual belonged contact him in a final effort to see if he wished to reconsider repayment in order to retain his seniority within the Plan. The Chairman stated that he would contact Mr. Mazurkiewicz and report back to the Committee at the next meeting. Mr. Kole withdrew his motion.

The Chairman informed the Committee that two items pertaining to the Retirement Plan had been changed in the recent contract negotiations; the level of contributions to the Plan which were to resume on November 30, 1984 was reduced to 3% by the Authority and 0% contributions by the employees so long as the level of assets to liabilities are in excess of 105%; if that ratio changes and drops below 105%, the contributions level will be increased over the 3% contributed by the Authority based on an amount needed to make the Plan actuarially sound. One-third of this increase will be paid by the employee and two-thirds will be paid by the Authority. The second change is to increase the formula from 1.50% to 1.65% of earnings for all employees with 25 years or more of service and/or who have reached the age of 55 as of December 1, 1984. He further noted that the only other pension item discussed was that of the insurance for retired employees and read the proposal to the Committee.
The Chairman asked the Assistant Secretary to instruct the Plan Actuary to take a look at the proposed changes to see what impact they would have on the Plan.

There being no further business, on a motion by Mr. Thomas, seconded by Mr. Gallagher, the Committee unanimously agreed to adjourn at 1:55 P.M.