

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 417th Meeting of the Retirement Allowance Committee was held on Monday, September 12, 1983, at 9:00 A.M., in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

Mr. C. Andersen	Mr. A. Kasmer
Mr. R. Fleming	Mr. P. Kole
Mr. E. Flowers	Mr. D. Perk
Mr. J. Gallagher	Mr. J. Weatherspoon

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

Mr. L. Morris, alternate for Mr. I. Thomas, was present. Messrs. H. Hegarty, R. Andrzejewski, R. Goldman, R. O'Connor and Mrs. A. Curtis were present. Messrs. D. Lemm, W. Ashley, G. Nagle, J. Mullen and Ms. C. Cox were present. Mr. J. Bidwill was also present. Messrs. J. Hamilton, J. Fitzpatrick and W. Leszinske of Continental Bank were also present. Mr. J. Baratka of The Wyatt Company was present. Mr. R. W. Burke, the Plan Attorney, was present.

The Chairman called the meeting to order at 9:39 A.M.

Mr. Leszinske turned the Committee's attention to a letter, dated September 9, 1983, entitled "August Market Summary." Mr. Leszinske noted that July and August were periods of rising interest rates. Mr. Leszinske further noted that interest rates will continue to fluctuate throughout the year with a slight decline at year end.

The Chairman called for the approval of the Minutes of the

416th Meeting, held August 15, 1983. On a motion by Mr. Kole, seconded by Mr. Gallagher, the Committee unanimously approved the Minutes of the 416th Meeting, held August 15, 1983.

The Secretary informed the Committee that since the meeting was being held prior to the 14th day of the month, which is the normal closing date each month for the processing of all payments and other pertinent matters, a request was being made for approval of payments and all other appropriate items under numbers 4 through 12 on the agenda and that these items be presented to the Committee at the October Meeting. On a motion by Mr. Morris, seconded by Mr. Flowers, the Committee unanimously approved payments and all other pertinent items under numbers 4 through 12 on the agenda and presentation of the items at the October Meeting.

The Secretary informed the Committee that there were matters brought up at the last Real Estate Subcommittee Meeting which needed to be brought to the attention of the full Committee and asked the Chairman of the Real Estate Subcommittee, Mr. P. Kole, to explain. Mr. Kole informed the Committee that several recommendations were made by the Real Estate Subcommittee, the first being the investment of funds with the following money managers: \$15 million with RREEF - invested over a three-year period at \$5 million annually; \$7.5 million with Smith Barney; and, \$7.5 million with Wachovia. Mr. Kole made a motion that the Committee accept the recommendation of Bob Zerbst and the Real Estate Subcommittee and make the investments with the above-named managers in the corresponding dollar amounts. Mr. Flowers seconded the motion and the Committee unanimously approved.

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Mr. Kole informed the Committee that there was also a recommendation involving procedures in connection with direct investments. Mr. Kole noted that the key part of the procedure was that Bob Zerbst would have authority to put up earnest money, a maximum of \$150,000, as a deposit for a purchase - which is subject to approval by the Real Estate Subcommittee and full Committee. Mr. Kole stated that the Subcommittee was recommending approval for the use of the earnest money up to \$150,000 and made a motion for Committee approval. Mr. Perk seconded the motion. A discussion ensued between the Plan Attorney and Committee Members regarding the purpose of the earnest money. *Both Mr. Gallagher and Mr. Kole reemphasized that although it is not written in the Real Estate Policy, the purpose of the provision for direct investment was to facilitate investment in the Chicagoland area. Mr. Kole stated that the deposit of earnest money and the letter of intent will be subject to full Committee approval, economic, engineering and legal due diligence studies. Mr. Gallagher then stated that he would have no objections to the earnest money procedures as long as it was subject to full Committee approval. Mr. Kole then restated the motion as being approval of the procedures (copy attached) and earnest money as discussed to a maximum of \$150,000, which was seconded by Mr. Perk and unanimously approved by the Committee.

Mr. Kole then presented the final recommendation made by the Subcommittee which was for fee advances to Bob Zerbst in accordance with our agreement. Mr. Kole explained how the provision operates and made a motion that the recommendation be approved.

Mr. Perk seconded the motion. A discussion ensued between the Plan Attorney and Committee Members during which the Plan Attorney explained the fee structure and fee advance stipulation. Mr. Perk withdrew the second of the motion. The Chairman asked the Secretary to contact Mr. Zerbst and ask him to be present at the next Subcommittee meeting and asked that all interested parties be present at the meeting.

The Secretary recommended that the presentation of the Securities Lending program be held in abeyance since the Subcomm-

ittee did not have an opportunity to review the matter.

Mr. Raymond Fleming then informed the Committee that another opportunity had come his way and, therefore, he was announcing his resignation as Secretary and Director of Pensions effective October 1, 1983. The Vice Chairman informed the Committee that he had become aware of Mr. Fleming's intent to resign during the latter part of the previous week and praised Mr. Fleming for his efforts. The Vice Chairman stated that the Pension Fund must move forward and keeping this in mind was presenting a motion to ensure the replacement of necessary people within the organization. The Vice Chairman made a motion that the following resolution be adopted by the Committee:

BE IT RESOLVED BY THE RETIREMENT ALLOWANCE COMMITTEE:

That Mr. Greg Nagle is hereby appointed as Assistant Secretary of the Retirement Allowance Committee and Director of Pensions, said appointment to be effective September 12, 1983. Any Assistant Secretary of the Committee shall have the following responsibilities which shall not be shared with any other officer of the Committee and such other responsibilities that are hereafter assigned him: To direct and coordinate the administration of the Plan, to direct activities of all persons performing services for the Committee, to review performances of investment companies and to recommend actions where appropriate, to monitor investment objectives and strategies in order to assure compliance with existing guidelines of the Committee, to

develop monthly investment performance reports, to direct the development of statistical reports and tabulations as required, to schedule, to prepare and to distribute the agenda and related material for all Committee meetings and any Subcommittee meetings, to direct the preparation and dissemination of communications relating to pension benefits to employees and pensioners, to maintain control over and safeguard the preparation and distribution of active and retired employee records, to direct the preparation and distribution of all Plan benefits, to recommend approval or disapproval of all expenditures of monies incidental to the operation of the Plan, to maintain liaison with the Trustee, the investment administrator, union officials, attorneys, actuaries, accountants, governmental agencies and departments of the Chicago Transit Authority relative to Pension Plan matters; and

BE IT FURTHER RESOLVED, that any Assistant Secretary shall be subject solely to the directions of the Chairman of the Committee to whom any Assistant Secretary shall report, and notwithstanding any contrary provision of the By-Laws of the Committee, all persons, firms and entities performing service for the Committee shall report to and be responsible primarily to the Assistant Secretary who, in turn, will direct the appropriate action to be taken based upon said report; and

BE IT FURTHER RESOLVED, that Greg Nagle as an Assistant Secretary is to receive an annual salary payable directly or indirectly by the Committee in the sum of \$39,000.00; and

BE IT FURTHER RESOLVED, that the resignation of Raymond Fleming as Secretary of the Committee is accepted effective October 1, 1983, and Paul Kole is elected Secretary of the Committee effective October 2, 1983; and

BE IT FURTHER RESOLVED, that James Mullen be appointed Supervisor of Finance and Investments effective September 12, 1983 and is to receive an annual salary payable directly or indirectly by the Committee in the sum of \$30,000.

Mr. C. Andersen seconded the motion for adoption of the above resolution and the Committee approved.

The Vice Chairman further stated that the Plan should continue to function within the same philosophy that labor and management developed several years ago --! that being the importance and absolute necessity of the independence of this Pension Fund. Technically, the staff that runs the Fund is employed from CTA employees, unquestionably, this Committee pays the salaries and all of the expenses of those employees. Without question, the success of this Fund has been partially because of the fact that the Fund has been independent so that labor and management have been able to concentrate their efforts solely on the betterment of the Plan itself.

The Vice Chairman further stated that no matter what position

an individual is in, whether it be labor or management, board member or staff member, the Fund is independent and recommended to the new Secretary and to the Chairman that information that any member requires should be requested from the Chairman's Office and the Chairman would direct the Secretary's Office to supply the member with whatever information he/she needs. The Chairman added his support to the Vice Chairman's statement and directed all Committee Members to comply.

The Chairman regretfully accepted Mr. Fleming's resignation on behalf of the Retirement Committee stating that the Committee would welcome Mr. Fleming's return to employment on the Committee's staff at anytime in the future if he chose to return.

The Secretary informed the Committee that Santo Candela, who was reinstated on May 2, 1983, failed to reimburse the Fund the amount of \$1,550.96 within the 90-day period provided in Rule 21 and, therefore, his new seniority date for pension purposes would be May 2, 1983.

The Secretary informed the Committee that John Mulligan revoked his Retirement and Option which became effective September 1, 1983.

The Secretary noted that the report on discontinued Security Department personnel who had responded to the request for repayment of refunded contributions and interest via payroll deductions would have to be deferred until the next meeting due to the early scheduling of this month's meeting.

The Secretary read a letter from Mr. Richard Rusniak, a discontinued Security Department employee, requesting an extension of the time period for the repayment of his pension contributions and interest. Mr. Rusniak stated that his request was being made due to

extreme hardships which had befallen him and his family during 1981 and 1982. A discussion ensued during which the Vice Chairman requested that the records be reviewed with regard to Rule No. 26 and a "hardship clause" and made a motion that this matter be deferred until the next meeting. Messrs. Flowers and Kemp seconded the motion and the Committee unanimously agreed.

Mr. Kasmer brought up the matter of Terrence Murtaugh with regard to the previous discussions and the report which the Plan Attorney was to be asked to present. The Secretary noted that neither his office or the Plan Attorney had been able to pursue the matter prior to this meeting. The Plan Attorney stated that he would be asking the Secretary's Office to prepare a study of how many other people would be similarly impacted if allowed to buy back service in the Plan.

There being no further business, on a motion by Mr. Kasmer, seconded by Mr. Morris, the Committee unanimously agreed to adjourn at 11:55 A.M.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED _____