

A G E N D A

FOR THE 443RD RETIREMENT MEETING OF NOVEMBER 25, 1985

1. Meeting will be called to order at 10:30 A.M., Western Stage, 14th floor, Holiday Inn Mart Plaza.
2. Approval of the Minutes of the 442nd Meeting held October 21, 1985.
3. Report by Trustee.
4. Announcement of Deaths Reported since last Meeting.
5. Presentation of Survivorship Options.
6. Announcement of Pre-Retirement Surviving Spouse Allowances.
7. Presentation of new applications for approval.
 - a.) Naomi Tillman -- retroactive to 05-01-85 -- approval deferred at meeting of 10-21-85.
8. Employees on Disability Retirement re-examined.
9. Presentation of Refunds of Contributions to be paid November 30, 1985.
10. Report by Secretary of Deposits, Disbursements and Investments.
 - a.) Report on payment on the Certificate of Indebtedness for 1981 Employer Contributions.
 - b.) Report on Price to Book ratio of the S&P 400.
11. Presentation of Bills and Remittances.
12. Death Benefits for approval.
13. Unfinished Business.
 - a.) Proposal to allow short term investments in the Harris Intermediate Term Reserve Fund.
 - b.) Status report on the Investment Consultant Search.
 - c.) Update report on ex-security department employees who have not worked since 09-29-81 and who are eligible to vest or retire. Status report on litigation brought by these employees. Report by Plan Attorney.

- d.) Assignment of New Pension Seniority Dates as a result of the non-payment of Contribution refunds within a 13 month period as provided in Rule 21.

NAME	REINSTATEMENT DATE	ENTERED SERVICE DATE	AMOUNT OWED
Valerie E. Coleman	09-05-84	05-05-80	\$ 1,272.29
Ray Evans	09-11-84	09-15-72	12,631.55
Daniel B. Glover	09-05-84	05-07-80	1,482.77
Michael R. Hopkins	09-05-84	05-12-80	1,487.86
Richard L. Joiner	09-04-84	01-10-80	1,630.46
Ernest K. Leaks	09-04-84	02-28-80	1,787.72
Robert Locke	09-05-84	04-30-80	1,282.74
Willie J. Peoples	09-05-84	07-31-80	5.15
Sharon L. Perry	09-04-84	12-27-79	1,977.31
Elgena J. Saddler	09-04-84	02-21-80	1,339.49
Elliott J. Smith	09-04-84	12-10-79	2,250.78
Lenora Townsen	09-04-84	12-13-79	1,795.47
Jesse L. Walker	09-05-84	04-03-80	1,372.69
Johnnie J. Williams	09-05-84	05-07-80	1,573.34

14. New Business.

- a.) LeRoy E. Avery -- D-2318 returned to duty 09-30-85.
- b.) Assignment of New Pension Seniority Date as a result of the non-payment of Contribution refunds within a 13 month period as provided in Rule 21.

NAME	REINSTATEMENT DATE	ENTERED SERVICE DATE	AMOUNT OWED
Leon Hubbard	10-24-84	02-05-75	\$ 7,107.56

15. Adjournment.

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 443rd Meeting of the Retirement Allowance Committee was held Monday, November 25, 1985, at 10:30 A.M., in the Western Stage Room, 14th Floor, Holiday Inn Mart Plaza. The following were in attendance:

Mr. C. Andersen	Mr. E. Gresham
Ms. W. Black	Mr. A. Kasmer
Mr. E. Flowers	Mr. G. Nagle
Mr. J. Gallagher	Mr. D. Perk

The Secretary noted that Mr. R. O'Connor was sitting in Mr. Andrzejewski's stead. Mr. L. Morris, alternate for Mr. Thomas was present. Messrs. H. Williams, H. Hegarty, and L. Brown were also present. Mr. J. Mullen, Ms. P. Williams, and Ms. C. Cox were present. Mr. W. Ashley was present. Messrs. G. Schedler, F. Duda, and L. Knecht of the Harris Trust & Savings Bank were present. Mr. J. Baratka of The Wyatt Company was present. Mr. R. Burke, the Plan Attorney, was also present. Mr. B. Scholz, pensioner representative, was present. Messrs. R. Harrell, C. Heatter, and Dr. J. McBeth of Lowry, Raclin, Harrell & Howerdd were present. Messrs. N. Joachimi and L. Zielinski of Investment Management Control Systems were also present.

The Vice Chairman called the Meeting to order at 10:46 A.M.

The Vice Chairman called for approval of the

Minutes of the 442nd Meeting held October 21, 1985. On a motion by Mr. Flowers, seconded by Ms. Black, the Committee unanimously approved the Minutes of the 442nd Meeting held October 21, 1985.

In response to the Vice Chairman's request for the monthly Trustee Report, the Trustee representative noted that the monthly report would be included in a special report to be presented later in the meeting.

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

The Secretary informed the Committee that there were four (4) Survivorship Options for approval. On a motion by Mr. Perk, seconded by Mr. Kasmer, the Committee unanimously approved.

The Secretary informed the Committee that there were two (2) Pre-Retirement Surviving Spouse Allowances to report at this meeting.

The Secretary presented six (6) Retirement Applications for approval, including the retroactive application for Naomi Tillman which had been deferred at the last meeting due to the Committee being informed that there was a possibility that Ms. Tillman would be returning to work. The Secretary informed the Committee that the Chicago Transit Authority had decided not to offer Ms. Tillman a job. The Secretary further noted that Ms. Tillman entered service on October 15, 1980, had a pension seniority date of October 15, 1981, was laid off on May 1, 1982 and continued in lay-off status for a three (3) year period. This lay-off period is considered continuous service and, there-

fore, as Ms. Tillman was over age 55 and had in excess of three (3) years of continuous service, she was entitled to a pension as of May 1, 1985. The Plan Attorney concurred that she was entitled to a retirement benefit. A discussion ensued between Committee Members and the Plan Attorney regarding the circumstances of Ms. Tillman's case after which the Secretary made a motion for approval of the retirement applications, including the retroactive retirement of Naomi Tillman, Ms. Black seconded the motion. Messrs. Flowers, Gresham, Morris, and O'Connor voted for approval of all applications including the retroactive application for Ms. Tillman. Messrs. Perk, Kasmer, and Andersen voted no for approval of Ms. Tillman's application and voted yes for all remaining applications being presented. The Plan Attorney suggested that the matter of approval of Ms. Tillman's retirement application be deferred since there was a deadlock in the vote. Further discussion ensued between Committee Members and the Plan Attorney during which Mr. Perk stated that in order to break the deadlock he would change his vote on Ms. Tillman's retirement to yes, however, he wanted the record to reflect that he objected to the fact that the provisions of the Retirement Plan would allow for a pension to be paid with so little actual on the job service.

The Secretary reported that nine (9) employees who are presently receiving Disability Retirement benefits were examined or had their file reviewed.

The Secretary presented nineteen (19) Refunds of Contributions for approval, totaling \$144,454.92. The comparison

figures for the same period of time one year ago were fifteen (15) Refunds, totaling \$93,801.20. On a motion by Mr. Flowers, seconded by Mr. Perk, the Committee unanimously approved the Refunds of Contributions to be paid November 30, 1985.

The Secretary turned the Committee's attention to the Trustee Summary and presented the report of Deposits, Disbursements and Investments noting that the total portfolio had a market value of \$632,032,829.96 at a cost of \$584,197,261.93.

The Secretary then turned the Committee's attention to the report on the repayment of the Certificate of Indebtedness and asked Mr. Mullen to expound. Mr. Mullen noted that the \$705,829.38 figure represented a payment received from the Authority for the month of October.

The Secretary informed the Committee that on October 31, 1985 the Price to Book ratio stood at 1.60 which is at the low end of the range that calls for a shift from the current 60 per cent equity exposure down to 50 per cent. He further noted that with the current stock market rally, action to initiate a shift would have to be taken at the next meeting.

The Secretary reported that there was one (1) Chicago Transit Authority bill, totaling \$43,691.60; nine (9) Remittances, totaling \$413,980.33; and the FIT Deposit, totaling \$117,133.80 for approval. On a motion by Mr. Perk, seconded by Ms. Black, the Committee unanimously approved payment of the Bills and Remittances, totaling \$635,187.39, to be paid

November 30, 1985.

The Secretary presented for approval twenty-two (22) Death Benefits, totaling \$52,000. The comparison figures for the same period of time one year ago were forty-one (41) Death Benefits, totaling \$103,500. On a motion by Mr. Flowers, seconded by Ms. Black, the Committee unanimously approved payment of the Death Benefits.

The Secretary informed the Vice Chairman that the Chairman asked that Items 13(a) and 13(b) be discussed after he arrived at the Meeting.

The Secretary turned the Committee's attention to the report on ex-security department employees who have not worked since September 29, 1981 and are eligible to vest or retire noting that this matter was deferred until the December Meeting at which time the Plan Attorney is to present a report. The Plan Attorney asked that this time deferral still stand.

The Secretary turned the Committee's attention to a list of employees who would be assigned new pension seniority dates as a result of the non-payment of contribution refunds within the 13-month period as provided in Rule No. 21. The Secretary noted that these individuals had been given a 30-day repayment extension at the last meeting. He further noted that one of the individuals on the list, Willie J. Peoples, had repaid his refund which amounted to \$5.15; and also informed the Committee that Elgena Saddler had been discharged on October 29, 1985. The Vice Chairman noted that he had received a telephone call from Elliott Smith who requested an additional 30-day

extension to repay his refund in full. Mr. Kasmer made a motion that Mr. Smith be given an additional 30-day repayment extension, Mr. Flowers seconded the motion with the proviso that Mr. Smith repay the refund in a lump sum, and the Committee unanimously approved. The Secretary then noted that final notices had been sent to all of the individuals in question at their home as well as work location and recommended that the remaining individuals on the list be assigned a new pension seniority date. Mr. Kasmer made a motion that the remaining individuals be assigned a new pension seniority date, the Secretary seconded the motion, and the Committee unanimously approved.

The Secretary informed the Committee that LeRoy Avery, who had been on disability retirement, had returned to duty.

The Secretary informed the Committee that Leon Hubbard, whose 13-month period had ended for repayment of refunded contributions, therefore, was being presented for approval of assignment of a new pension seniority date or whatever other action the Committee dictated. Mr. Flowers made a motion that Mr. Hubbard be given a 30-day repayment extension, the Secretary seconded the motion, and the Committee unanimously approved.

The Secretary informed the Committee that the retroactive payment to those individuals who retired after December 1, 1984, as called for in the new contract, would be made no later than December 15.

At 11:20 A.M., Mr. Perk asked if it was possible

for the Committee to take a recess while waiting for the Chairman to arrive. The Vice Chairman responded by calling a recess.

The Meeting reconvened at 12:02 P.M. as called by the Chairman.

The Chairman brought to the Committee's attention an item of importance which was not on the agenda noting that it was necessary for the Plan's real estate to be appraised this year for the Annual Report and a letter had been received from Dr. Zerbst recommending two appraisors. He noted that the Secretary has also been asked to interview additional appraisors and asked the Plan Attorney for any suggestions on this matter. The Plan Attorney suggested that the appraisors be screened as the Committee sees fit and passed upon with the understanding that part of their responsibilities is to report back to the Committee with their valuations. The Chairman asked the Plan Attorney if it was necessary for the appraisors to be screened by the Committee or could this be done by the Secretary. The Plan Attorney stated that they could be screened as the Committee sees fit and information brought back to the Committee for a final choice or the Committee could authorize that the Secretary do the screening. In response to a question regarding the time element involved, the Secretary noted that the appraisals should be complete by January 15, 1986. The Plan Attorney noted that the final decision could be made by telephone poll or correspondence. The Secretary was directed to conduct a telephone poll of the Committee to obtain approval for hiring the appraisors.

A discussion ensued regarding the recently arbitrated union contract during which the Plan's Actuary was given authority to cooperate with the arbitrator or his actuary.

The Chairman raised the idea of holding a luncheon meeting with the retirees and asked the Secretary to look into the matter.

At the Chairman's request, the Secretary brought the Committee uptodate on the Pension Department office facilities. The Chairman recommended that the lease be reviewed for any penalties that would be incurred if the lease was broken as well as looking at other premises for the offices.

Messrs. Robert Harrell, Craig Heatter and Dr. Jim McBeth of Lowry, Raclin, Harrell & Howerdd presented a report on various services that would be available to the Plan if their firm is chosen as the Plan's Investment Consultant.

Mr. Ned Joachimi of Investment Management Control Systems of Janney Montgomery Scott, Inc. followed with a presentation of the services his firm would provide if chosen as the Plan's Investment Consultant. After the presentations were complete, a discussion ensued between Committee Members during which the Chairman requested a roll call vote on the selection of the consultant. The roll call vote resulted as follows:

Mr. R. O'Connor	-	Joachimi
Mr. C. Andersen	-	Joachimi
Mr. D. Perk	-	Joachimi
Mr. A. Kasmer	-	Joachimi
Mr. G. Nagle	-	Joachimi
Mr. J. Gallagher	-	Joachimi
Mr. L. Morris	-	Harrell
Mr. E. Gresham	-	Harrell

Ms. W. Black - Harrell
Mr. E. Flowers - Harrell

The result of this voting is a tie since management votes as a unit and labor votes as a unit. Due to the tie vote, the Chairman formed a sub-Committee consisting of Messrs. D. Perk, E. Gresham, E. Flowers, and himself, J. Gallagher, to work on reaching a decision as to the appointment of the Plan's Investment Consultant.

Mr. Fred Duda of the Harris Trust & Savings Bank turned the Committee's attention to the meeting material and a summary of the background of the cash management which had been prepared by the Pension Department staff. Mr. Duda stated that the Harris is recommending that the Committee invest a portion of the cash reserves in the ITRF, the objective of which is to add incremental yield to the cash reserves' return through investment in a static portfolio consisting of 25 per cent 3-month T-Bills, 25 per cent 6-month T-Bills, 25 per cent 1 year T-Bills, and 25 per cent 2 year T-Notes. Mr. Duda further noted that withdrawals could be made twice monthly and that the average maturity of the portfolio is .85 years. The Secretary informed the Committee that he had been notified in writing that effective December 1, 1985 the Harris Bank would begin assessing a 7 basis point annual charge on the balance of funds in the Investment Reserve Fund (IRF). Also, the ITRF has a 7 basis point charge. Therefore, regardless of which fund the cash reserves are invested in at the Harris Bank, there would be a fee of 7 basis points. The Chairman then initiated a discussion about the possibility of investing cash reserves at other banks

and taking action now with respect to a transfer to the ITRF fund. The Secretary suggested that 60 per cent of whatever we have on a monthly basis be transferred to be reviewed in 3 months. Mr. Flowers made a motion that 60 per cent of the stiff fund be transferred to the ITRF fund with the proviso that the Secretary report back to the Committee with other alternatives, Mr. O'Connor seconded the motion, and the Committee unanimously approved.

There being no further business, on a motion by Mr. Perk, seconded by Mr. Kasmer, the Committee unanimously agreed to adjourn at 2:13 P.M.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED _____