

A G E N D A

FOR THE 448TH RETIREMENT MEETING OF APRIL 28, 1986

1. Meeting will be called to order at 10:30 A.M., Merchants' Room, 14th floor, Holiday Inn Mart Plaza.
2. Approval of the Minutes of the 447th Meeting held March 17, 1986.
3. Proposal on the addition of 2 new indirect real estate investments by Dr. Robert Zerbst.
4. Report by Trustee, including a report on the Intermediate Term Reserve Fund (ITRF).
5. Announcement of deaths reported since the last Meeting.
6. Presentation of Survivorship Options.
7. Announcement of Pre-Retirement Surviving Spouse Allowances.
8. Presentation of new retirement applications for approval.
9. Employees on Disability Retirement re-examined.
10. Presentation of Refunds of Contributions to be paid April 30, 1986.
11. Presentation of Bills and Remittances.
12. Death Benefits for approval.
13. 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.
14. Unfinished Business.
 - a.) Non-payment by CTA of 3% employer contributions on the \$600 lump sum payments to employees -- report by Plan Attorney.
 - 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 Harrison, Jr.	02-12-85	04-06-70	\$ 11,172.00

- c.) Update report on short term investments. Report by Plan Attorney on amendment of Trust.

15. New Business

- a.) Sylvester McFerren, Jr. - revoked his application for A-1/2 Survivorship Option which was to have become effective on 05-01-86 and which was approved at the Retirement Allowance Committee Meeting of 12-16-85.
- b.) Daniel M. Allen - elected to deny a Pre-Retirement Surviving Spouse Allowance.
- c.) Sheila Watkins - D-2317 - returned to duty 03-31-86.
- d.) L. B. Jeffries - 01-16779 - collection of overpayment.
- e.) James J. Lavin - reinstated ex-security employee.
- f.) M. Farrantelli - question regarding eligibility for disability benefits.

16. Adjournment.

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 448th Meeting of the Retirement Allowance Committee was held Monday, April 28, 1986, at 10:30 A.M., in the Merchants' Room, 14th Floor, Holiday Inn Mart Plaza. The following were in attendance:

Mr. C. Andersen	Mr. D. Perk
Mr. E. Flowers	Mr. I. Thomas
Mr. G. Nagle	

The Secretary informed the Committee that in the absence of the Chairman and Vice Chairman it was necessary to appoint a Chairman Pro Tempore and opened the floor for nominations. Mr. Andersen nominated Mr. D. Perk as Chairman Pro Tempore. Mr. Perk declined the nomination. Mr. Thomas nominated Mr. H. Williams as Chairman Pro Tempore and Mr. Perk seconded the nomination. There being no further nominations, the Committee unanimously appointed Mr. H. Williams as Chairman Pro Tempore.

The Chairman Pro Tempore called the Meeting to order at 10:38 A.M.

The Secretary informed the Committee that Mr. R. Jania was sitting in Mr. R. Andrzejewski's stead, Mr. H. Williams was sitting in Mr. E. Gresham's stead, Mr. H. Reed was sitting in Ms. W. Black's stead, and Mr. L. Brown was sitting in Mr. A. Kasmer's stead. Neither Mr. Gallagher nor his alternate was present. Messrs. L. Morris and H. Hegarty were

also present. Messrs. J. Mullen and Ms. C. Cox were present. Mr. W. Ashley, Plan Consultant, was present. Messrs. G. Schedler and F. Duda of the Harris Trust and Savings Bank were present. Mr. R. Burke, the Plan Attorney, was present. Mr. J. Baratka of The Wyatt Company was present. Mr. B. Scholz, pensioner representative, was also present.

The Chairman Pro Tempore called for approval of the Minutes of the 447th Meeting held March 17, 1986. On a motion by Mr. Thomas, seconded by Mr. Brown, the Committee unanimously approved the Minutes of the 447th Meeting as presented.

Upon the request by the Chairman Pro Tempore for a report on the proposal for the addition of two new indirect real estate investments to be given by Dr. R. Zerbst, the Secretary informed the Committee that Dr. Zerbst was unable to be present at this Meeting and asked that the matter be held in abeyance until Dr. Zerbst was available.

Mr. G. Schedler of the Harris Bank introduced to the Committee Mr. F. Duda who gave the Trustee Report on the activity in the market for the past 30 days. Mr. Duda then turned the Committee's attention to a report on the relative performance of the Plan's investment in the two short term investment funds at the Harris Bank. In November of 1985, the Retirement Allowance Committee approved the placing of 60 per cent of the cash reserves (all of which was currently invested in the Harris Bank's IRF Fund) into the ITRF fund leaving 40 per cent in the IRF Fund. He reviewed a schedule which illustrated that implementing this strategy resulting in additional

earnings of \$959,000 for the period December 1, 1985 through April 15, 1986.

Mr. Duda then reviewed a proposal with the Committee in which the Harris Bank would manage a separate portfolio to be structured similarly to the ITRF in that 25 per cent of the portfolio would be invested in 3-month, 25 per cent in 6-month, 25 per cent in 1-year, and 25 per cent in 2-year securities. Commercial paper, CD's and other money market instruments would be substituted for the 3 and 6 month Treasury Bills in order to take advantage of the additional yield. A discussion ensued among the Committee Members after which the Chairman Pro Tempore thanked Mr. Duda for his presentation.

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

The Secretary presented a total of six (6) Survivorship Options for approval. On a motion by Mr. Brown, seconded by Mr. Perk, the Committee unanimously approved the Survivorship Options.

The Secretary informed the Committee that there was one (1) Pre-Retirement Surviving Spouse Allowance to report which became effective February 1, 1986.

The Secretary submitted twenty-six (26) Applications for Retirement, including the disability retirement application for Clementine Brown pending receipt of CTA medical approval, and a request for a retroactive disability retirement benefit from January 1, 1986 to February 25, 1986 for

Elton Williams who returned to the active employees rolls on February 26, 1986. In response to the Secretary's request, Mr. Ashley presented the facts surrounding Mr. Williams' request and recommended that Mr. Williams be given a lump sum one-time payment of disability retirement benefits to cover the period from January 1, 1986 to February 25, 1986. On a motion by Mr. Flowers, seconded by Mr. Perk, the Committee unanimously approved the retirement applications including the disability retirement application for Clementine Brown pending CTA medical approval, and the awarding of a lump sum one-time payment of disability retirement benefits for Mr. Elton Williams.

The Secretary reported that ten (10) employees who are presently receiving disability retirement benefits were examined or had their file reviewed.

The Secretary presented fifteen (15) Refunds of Contributions for approval, totaling \$142,015.16. The comparison figures for the same period of time one year ago were twelve (12) Refunds, totaling \$117,719.58. On a motion by Mr. Brown, seconded by Mr. Thomas, the Committee unanimously approved the Refunds of Contributions to be paid April 30, 1986.

The Secretary presented one (1) Chicago Transit Authority bill, totaling \$36,595.50; twenty-seven (27) Operating Bills, totaling \$185,208.97; ten (10) Remittances, totaling \$443,762.48; and, the FIT Deposit, totaling \$125,240.64. On a motion by Mr. Perk, seconded by Mr. Reed, the Committee unanimously approved payment of the Bills and Remittances totaling \$790,807.59.

The Secretary submitted for approval twenty-seven (27) Death Benefits, totaling \$64,500. The comparison figures for the same period of time one year ago were twenty-(20) Death Benefits, totaling \$74,500. On a motion by Mr. Perk, seconded by Mr. Brown, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Secretary turned the Committee's attention to the report of Deposits, Disbursements and Investments in the Trustee Summary noting that as of March 31, 1986 the total portfolio had a market value of \$733,479,161.93 at a cost of \$616,795,276.78.

At the Secretary's request, Mr. J. Mullen presented a report on the Certificate of Indebtedness noting that a payment from the Chicago Transit Authority had been received in the amount of \$705,829.38. Mr. Mullen also noted that the present balance is \$14,822,417.01. Mr. Mullen further noted that a payment of \$771,081.90 had been received which represents the second period employer contributions.

The Secretary informed the Committee that as of March 31, 1986 the Price to Book Ratio of the S & P 400 stood at 1.94 which confirms that a shift to a 40 per cent equity exposure was in order. However, no move would be made until the arbitrator's decision on the Plan's consultant has been made.

In response to a request by the Chairman Pro Tempore for a report on the non-payment of 3 per cent employer contributions on the \$600 lump sum payment to employees, the Plan Attorney informed the Committee that the meeting with the arbi-

trator scheduled for April 18 had been postponed and asked that the matter be held in abeyance until the May Meeting. A discussion ensued during which it was brought out that the issue of whether the Vacation Buy-Back would be considered pension earnings would also be ruled upon by the arbitrator.

The Secretary informed the Committee that Leon Harrison, Jr. who had been given a 30-day extension to repay his refunded contributions had not done so and, therefore, should be given a new pension seniority date. The Chairman Pro Tempore noted that he had communicated with Mr. Harrison regarding this matter to no avail. On a motion by Mr. Reed, seconded by Mr. Jania, the Committee unanimously agreed that Mr. Harrison be given a new pension seniority date of February 12, 1985.

The Chairman Pro Tempore then requested an updated report on short term investments. A discussion ensued among Committee Members and the Plan Attorney during which Mr. Flowers asked if a Subcommittee had not been appointed to research this matter. The Plan Attorney stated that this was correct and noted that the Subcommittee was to seek out other banks in the Chicagoland area in which the Committee might consider placing monies. The Plan Attorney then noted that it had been brought out that this might cause it to be necessary for the Agreement with the Harris Bank and/or the Retirement Plan document to be modified.

The Secretary informed the Committee that Sylvester McFerren revoked his A-1/2 Survivorship Option Application which was to have become effective May 1, 1986 and which

was approved at the Committee Meeting of December 16, 1985.

The Secretary informed the Committee that Daniel M. Allen had elected to deny his Pre-Retirement Surviving Spouse Allowance.

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

The Secretary brought to the Committee's attention the matter of the collection of an overpayment of retirement benefits made to L. B. Jeffries, which Mr. Flowers had asked be placed on the agenda for discussion and consideration by the Committee. The Secretary noted that Mr. Jeffries' monthly retirement benefit had been calculated incorrectly which resulted in a \$104.60 per month overpayment for the past 14 months; or, a total overpayment of \$1,422.40 which Mr. Jeffries was being asked to repay at \$50.00 per month. A discussion ensued among Committee Members and the Plan Attorney during which the Plan Attorney noted that it was the Committee's duty to seek repayment of these monies and does not have the legal right to waive repayment. Mr. Andersen stated that it was his opinion that Mr. Flowers should contact Mr. Jeffries and find out how much he could pay each month without causing a hardship and report back to the Committee. Mr. Flowers made a motion that this matter be deferred until the next Meeting, Mr. Brown seconded the motion, and the Committee unanimously approved.

The Secretary informed the Committee that James J. Lavin, an ex-Security Department employee, had recently

returned to duty through arbitration and noted that the issue before the Committee was whether or not he would be extended the privileges of Rule No. 26 so that he could retain his original pension seniority date even though the time limit has expired. A discussion ensued during which the Plan Attorney stated that the Committee could extend the benefits of Rule No. 26 to Mr. Lavin. After further discussion among the Committee Members, Mr. Perk moved that Mr. Lavin be allowed to take advantage of the provisions under Rule No. 26 in order to restore his original pension seniority date, Mr. Brown seconded the motion, and the Committee unanimously approved.

The Secretary turned the Committee's attention to the case of Micheli Ferrantelli who has come to the Committee requesting disability benefits under the Plan. The Plan Attorney noted that Mr. Ferrantelli is an employee of the Chicago Transit Authority who claimed injury occurring on October 17, 1979 and filed a Workmans' Compensation Claim. It was resisted by the Chicago Transit Authority. He received Temporary and Permanent Disability Benefits from the Chicago Transit Authority from October 1, 1980 to July 1, 1981. The matter went before an arbitrator at the Illinois Industrial Commission in September of 1986 and the arbitrator found that there was a temporary total disability of some 20 per cent, partial disability, and the arbitrator ordered the Chicago Transit Authority to pay benefits to Mr. Ferrantelli totaling 142 weeks at \$256.80 per week; they had already paid \$22,000 and had to pay the balance of that plus medical expenses. We were provided with documentation to the

effect that the Authority subsequently paid Mr. Ferrantelli \$44,000. Mr. Ferrantelli has now come to the Committee requesting disability benefits under the Plan. Mr. Ferrantelli was examined on July 2, 1981 by the Corbett Clinic and was removed from Temporary and Permanent Disability and returned to the CTA employment rolls; he was examined on March 30, 1981 by Dr. Acuna and found able to go back to work; he was examined on April 8, 1981 by Dr. Peck and found okay to go back to work; he was examined on November 8, 1983 by Dr. Petty and found fit to return to work; and, he was examined by Dr. McNabola on February 27, 1986 and found fit to return to work as a trackman. The Plan Attorney stated that based on the foregoing and the fact that in the files which are available to the Committee there is no medical testimony sustaining his inability to return to work, I do not find anything in the record based upon by examination which would lead me to recommend to you that this individual qualifies for disability benefits. We have no medical testimony to the effect in our files that he is disabled and the most recent examinations indicate that he is able to return to work. Further, it has been determined that this individual runs a restaurant. Mr. Ashley concurred with the Plan Attorney adding that according to his understanding he also has a building where he does janitorial work. Mr. Perk stated that based on the commentary by the Plan Attorney and the fact that he was examined on four separate occasions, found fit for work, the additional information provided the Committee that he has other business, and the fact that we have no support that he merits considera-

tion for disability, I move that his request be denied, Mr. Jania seconded the motion. On the question, Mr. Flowers asked if Mr. Ferrantelli had returned to work as yet. Mr. Ashley indicated that as of today, after speaking with the Workers' Compensation unit, he was informed that they are writing to the man ordering him back to work. Th Committee unanimously approved denial of Mr. Ferrantelli's request.

The Secretary brought to the Committee's attention an item which was not on the agenda regarding Victor Collins and asked Mr. Ashley to expound. Mr. Ashley noted that a request had been made by Local No. 241 that Mr. Collins' effective retirement date be made retroactive to January 1, 1985. Mr. Collins made application for disability on June 11, 1985 for July 1, 1985. He further noted that his last day worked was June 26, 1984 and he was off due to hypertension. He completed 26 weeks of A&S benefits on December 26, 1984. During this period he entered the alcoholic program on August 29, 1984. There is a six month period between the time he completed 26 weeks of insurance benefits and when he made application for disability retirement benefits, and we are now being asked to make it retroactive. Mr. Ashley further noted that the Committee has no letter supporting the retroactivity request from the department head, no information about his whereabouts nor his medical condition from January 1, 1985 to June 26, 1985 and was, therefore, recommending that the Committee stand fast on the original retirement date of July 1, 1985 lacking receipt of further documentation on the period in question. The Plan Attorney then

stated that it is within the Committee's power, once that form of documentation was received which would give something to stand upon with regard to what the individual's condition was during that period of time, to take a look and then decide upon a different retroactive date for the individual. Mr. Perk made a motion that the matter be deferred pending receipt of further documentation, Mr. Flowers seconded the motion, and the Committee unanimously approved.

There being no further business, on a motion by Mr. Jania, seconded by Mr. Thomas, the Committee unanimously agreed to adjourn at 12:10 P.M.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED _____