

RETIREMENT PLAN

FOR

CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 389th Meeting of the Retirement Allowance Committee was held Monday, May 18, 1981, in the Datacenter Conference Room, Room 450, Merchandise Mart. The following were in attendance:

Mr. W. Ashley	Mr. A. Kasmer
Mr. S. Bianchi	Mr. P. Kole
Mr. R. Goldman	Mr. R. Kren

Mr. H. Hegarty, alternate for Mr. Knox, was present.

Mr. L. Wool, alternate for Mr. J. Gallagher, was present.

Neither Mr. Weatherspoon nor his alternate was present. Neither Mr. O'Mahony nor his alternate was present.

Messrs. C. Heatter, L. Brown, and L. Morris were present.

Messrs. M. Brennan, G. Nagle, J. Bidwill and Ms. C. Cox were present.

Messrs. W. Leszinske, E. Hamilton, W. Sanford and Ms. K. Ford of Continental Bank were also present. Mr. R. Burke, the Plan Attorney, was present.

In the absence of the Chairman, the Secretary called the meeting to order at 10:40 A.M. and informed the Committee that it would be necessary to appoint a Chairman Pro Tempore. On a motion by Mr. Bianchi, seconded by Mr. Hegarty, the Committee unanimously appointed Mr. Kole as Chairman Pro Tempore.

Prior to the presentation of the Trustee's Report,

Mr. Hamilton introduced Mr. W. Sanford of Continental Bank who would describe to the Committee Continental's Securities Lending Program. Mr. Hamilton noted that this program was a means by which the Fund could make additional income.

Mr. Leszinske presented to the Committee a letter, dated May 15, 1981, titled "April Market Summary." (A copy is attached to these minutes).

Mr. Leszinske stated that interest rates were up substantially; noting that the Federal Funds had increased from 14-1/4% to 21% during the month and the 30-year Treasuries increased from 12.58% to 13.65%. Mr. Leszinske stated that it was the Trustee's opinion that this was a short-term phenomenon because the economy is slowing and inflation is beginning to slow. Mr. Leszinske noted that the GNP Price Deflator (which is one of several measures of inflation) came in at 7.8%, however, it is not felt that the underlying inflation rate is that low but in actuality is around 10% or 11%.

Mr. Leszinske stated that the underlying reason that no improvement has been seen in interest rates relative to inflation is because of the tremendously negative psychology in the market place.

Mr. Leszinske then completed his presentation and presented Mr. B. Sanford.

Mr. Sanford presented to the Committee an overview of the Securities Lending Program at Continental Bank. He explained why brokers borrow securities, the criteria Continental uses in choosing brokers and the basic service that the bank offers in regard to the lending of securities. Mr. Sanford stated that no securities are loaned without receiving 100 to 102% of the securities market value as collateral. He further explained that all rights of ownership to the securities are retained by the lender and the lender receives approximately 2-1/2 to 3 per cent of market value of the loan and the bank receives 1-1/2 per cent. Mr. Sanford completed his report by stating that after an analysis of the Authority's portfolio, it was estimated that the Fund should receive approximately \$200,000 annually, net after expenses, given current interest rates.

The Chairman suggested that the Committee approve participation in the Securities Lending Program pending the Plan Attorney's approval and asked for a motion to that effect. Mr. Bianchi made a motion that the Committee approve the adoption of the program pending the Plan Attorney's approval.

On a question by Mr. Hegarty, a discussion ensued between the Committee Members. Mr. Hegarty stated that he would rather have the Plan Attorney review the program prior to the Committee

making a decision to participate.

Mr. Hamilton passed out a booklet explaining the Securities Lending Program to each Committee Member for their review. (A copy of which is attached to these minutes).

Mr. Bianchi withdrew his original motion and the Committee unanimously agreed to hold the matter in abeyance until the next meeting.

The Chairman asked for approval of the Minutes of the 388th Meeting, held April 20, 1981.

On a motion by Mr. Kren, seconded by Mr. Wool, the Committee unanimously approved the Minutes of the 388th Meeting, held April 20, 1981.

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

The Secretary presented seven (7) Survivorship Options for approval. On a motion by Mr. Wool, seconded by Mr. Hegarty, the Committee unanimously approved the Survivorship Options.

The Secretary presented five (5) elections of the Pre-Retirement Surviving Spouse Options. On a motion by Mr. Wool, seconded by Mr. Bianchi, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options, as per the attached list.

The Secretary presented ten (10) Applications for

Retirement. On a motion by Mr. Wool, seconded by Mr. Goldman, the Committee unanimously approved the retirements.

The Secretary reported that three (3) employees', who are receiving Disability Retirement Benefits, were examined or their files reviewed.

The Secretary presented twenty (20) refunds, totaling \$130,934.16 for approval. On a motion by Mr. Bianchi, seconded by Mr. Hegarty, the Committee unanimously approved the refunds to be paid May 31, 1981.

The Secretary presented the Report of Deposits, Disbursements and Investments noting that the total cash and investments, as of April 30, 1981, was \$430,010,312.36.

The Secretary presented for approval one (1) Chicago Transit Authority bill, totaling \$30,437.02; five (5) operating bills, totaling \$9,645.68, and seven (7) remittances, totaling \$198,043.70. On a motion by Mr. Wool, seconded by Mr. Hegarty, the Committee unanimously approved payment of the bills and remittances, totaling \$238,126.40.

The Secretary submitted for approval twenty (20) Death Benefits, totaling \$52,000.00, for payment May 31, 1981. On a motion by Mr. Wool, seconded by Mr. Goldman, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Secretary brought up the subject of Fiduciary Insurance and asked Mr. Burke to present a report regarding the matter. Mr. Burke stated that he was trying to contact Mr. Carmel, Local 241's attorney and would report back to the Committee when he had conferred with Mr. Carmel.

The Secretary called the Committee's attention to a letter which the Committee had requested be written to the management of Wheelabrator-Erye, Inc. and pointed out that each member would find a copy in the pass-out material.

The Secretary brought up the subject of the Seven-Day Sick Claim Procedure and asked Mr. Burke to respond. Mr. Burke stated that there were still some questions pending and asked to confer with Mr. Wool after the meeting.

The Secretary asked Mr. Heatter to bring the Committee up-to-date on the data processing needs of the Pensions Section. Mr. Heatter stated that they were still in the process of looking for a system that would accommodate their needs and would possibly have some proposals to present at the next meeting.

The Secretary turned the Committee's attention to the subject of the Pension Fund's participation in the Chicago Transit Authority Financing Proposal. A discussion ensued during which Mr. Kole mentioned that a sub-committee had been appointed but as

of this time had not been able to meet. Mr. Kren brought up the question of the legality of this type of venture. Mr. Burke stated that it would be permissible for the Fund to participate in this type of business venture.

The Secretary informed the Committee that it would be necessary that a change be made in the Automated Check Paying System in regard to the second party signature due to an announcement to be made by Mr. Heatter. Mr. Heatter then formally announced to the Committee that he would be terminating his services with the Authority and thanked the Committee for their past support.

The Secretary recommended that Mr. Michael Brennan be approved to sign in his absence under the Automated Check Paying System. On a motion by Mr. Hegarty, seconded by Mr. Kasmer, the Committee unanimously agreed.

The Secretary reported to the Committee that Mr. Earl W. Larsen had decided not to retire and had withdrawn his Option Application, which had been submitted at the November 17, 1980 meeting.

The Secretary informed the Committee that our retired employee, John H. Curtis, who was adjudged incompetent was the subject of a question which had been raised pertaining to his pension monies not being used for his care and well being. The Secretary asked Mr. Burke to further explain the circumstances. Mr. Burke informed the Committee that it had been brought to the attention

of the Secretary's Office, via a letter from the nursing home in which Mr. Curtis was confined, that Mrs. Curtis, who is the conservator, was not using the pension monies for Mr. Curtis' care and that it was being used for the wife's own personal gain. Mr. Burke stated that the matter was being brought to the Committee's attention in order that they might decide what, if any, action should be taken regarding the matter. Mr. Burke recommended that the wife be brought before the Probate Court for a decision. After a discussion by the Committee, it was unanimously decided to take the matter to Probate Court.

The Secretary presented a copy of the condensed Financial Statement to each Committee Member and stated that hopefully it would be out in approximately one month.

On behalf of the Committee, the Chairman expressed wishes for good luck and continued success to Mr. Heatter.

There being no further business, on a motion by Mr. Goldman, seconded by Mr. Wool, the Committee unanimously agreed to adjourn at 11:29 A.M.



---

SECRETARY  
RETIREMENT ALLOWANCE COMMITTEE

---

CHAIRMAN  
RETIREMENT ALLOWANCE COMMITTEE

DATED         JUNE 15, 1981