

RETIREMENT PLAN

FOR

CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 414th Meeting of the Retirement Allowance Committee was held on Monday, June 20, 1983, at 10:30 A.M., in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

Mr. W. Ashley	Mr. A. Kasmer
Mr. R. Fleming	Mr. P. Kole
Mr. J. Gallagher	Mr. D. Perk
Mr. C. Hall	

Mr. R. Goldman, alternate for Mr. J. Weatherspoon, was present. Mr. L. Morris, alternate for Mr. I. Thomas, was present. Mr. H. Hegarty, alternate for Mr. E. Flowers, was present. Messrs. L. Brown, R. Bartkowicz, A. Kemp and R. O'Connor were also present. Messrs. D. Lemm, G. Nagle, J. Mullen and Ms. C. Cox were present. Messrs. J. Fitzpatrick, J. Cyr and J. Holsteen of Continental Bank were present. Mr. R. Burke, the Plan Attorney, was present. Mr. R. Harrell of Lowry, Raclin, Harrell & Howerdd was present. Mr. B. Scholz, pensioner, was also present.

In the absence of the Chairman, the Vice Chairman called the meeting to order at 10:37 A.M. The Vice Chairman noted that he would have to leave the meeting early and it would be necessary to appoint a Chairman Pro Tempore at that time.

The Chairman recommended that item 13 (j) under Unfinished Business be deferred until the next meeting when the Chairman would be in attendance and that 13 (f) be made the first item discussed under Unfinished Business.

Mr. J. Holsteen of Continental Bank turned the Committee's attention to a letter, dated June 17, 1983, entitled "May Market Summary" and noted that bond yields had risen recently after having declined in previous months. Mr. Holsteen stated that there will be a decline in rates at the end of the summer and rates will be even lower at year end.

Mr. Harrell of Lowry, Raclin, Harrell & Howerdd began his presentation by turning the Committee's attention to a report on the Growth and Income Screen Fund. Mr. Harrell verbally perused and explained the report noting how this fund was eventually liquidated.

Mr. Harrell informed the Committee that at the end of May the S & P 400 Price to Book level was 1.5 having slipped back slightly from the level it had reached at the end of April, which was 1.56, and steps have been taken that are prescribed within the Statement of Policy to reduce our equity position because of the higher Price to Book level.

Mr. Harrell then turned the Committee's attention to the Quarterly Managers' Performance Report looking at the risk profile, which includes the Quality, P.E., Yield and Rate of Return, of each money manager in the Plan's portfolio and comparing their individual performance with that of the commingled fund. In reporting on Capital Guardian, Mr. Harrell noted that as had been mentioned often in the past this manager has had a difficult time matching the risk profile of their commingled fund. Mr. Harrell stated that several discussions had been held with representatives of Capital Guardian and at the present time thought is being given to turning the management of the Plan's funds over to the division of Capital Guardian that

manage the mutual funds. He noted that this would not be disruptive to the Fund in any fashion, it would only augment their effort to better emulate the commingled fund. Mr. Ashley interjected that the Secretary's Office was in receipt of a copy of a letter from Mr. Kirby of Capital Guardian, addressed to Mr. Hamilton of Continental Bank, which had been included in the Committee's pass-out material. Mr. Fitzpatrick of Continental stated that the letter states that management of the Retirement Fund Account was being turned over to the people who run The Investment Company of America Fund. Mr. Harrell stated that he felt this would be a very positive step.

The Chairman asked for approval of the Minutes of the 413th Meeting, held May 16, 1983. On a motion by Mr. Kole, seconded by Mr. Ashley, the Committee unanimously approved the Minutes of the 413th Meeting, held May 16, 1983.

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

The Secretary presented a total of six (6) Survivorship Options for approval including one for Hurley Hunter pending receipt of a medical report. On a motion by Mr. Kasmer, seconded by Mr. Ashley, the Committee unanimously approved the Survivorship Options including that of Hurley Hunter pending receipt of a doctor's statement.

The Secretary presented two (2) Pre-Retirement Surviving Spouse Options for approval. On a motion by Mr. Goldman, seconded by Mr. Morris, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options.

The Secretary presented twelve (12) Applications for Retirement

with requests that the following three (3) individuals' retirement be made retroactive to June 1, 1983: Sylvester R. Tillman, Allen Jackson, Jr. and David J. Hartford. On a motion by Mr. Kasmer, seconded by Mr. Goldman, the Committee unanimously approved the Retirement Applications including the June 1, 1983 retroactive retirement for Sylvester R. Tillman, Allen Jackson, Jr. and David J. Hartford.

The Secretary reported that eighteen (18) employees who are receiving Disability Retirement Benefits were examined or had their files reviewed.

The Secretary presented nineteen (19) refunds, totaling \$131,374.65 for approval. As requested at the last meeting, the year to date totals are one hundred twenty-five (125) refunds, totaling \$1,141, 487.34. The comparison figures for the same period of time one year ago were thirty-one (31) refunds, totaling \$302,357.74. The year to date totals for 1982 were two hundred eighty-seven (287) refunds, totaling \$2,295,904.69. On a motion by Mr. Hall, seconded by Mr. Ashley, the Committee unanimously approved payment of the refunds of contributions to be paid June 30, 1983.

The Secretary presented the report of Deposits, Disbursements and Investments noting that as of May 31, 1983 there was a total of \$497,114,170.36 in cash and investments.

The Secretary reported that there was one CTA bill, totaling \$78,288.07; seven (7) Operating Bills, totaling \$13,411.29; and seven (7) Remittances, totaling \$257,197.49 for a sub-total of \$341,896.85. The Secretary also reported that the FIT Deposit for withholding tax was \$78,433.20 for the month. On a motion by

Mr. Perk, seconded by Mr. Kasmer, the Committee unanimously approved payment of the bills and remittances, totaling \$421,330.05.

The Secretary submitted for approval thirty-five (35) Death Benefits, totaling \$89,000.00. The year to date total is one hundred seventy-nine (179) Death Benefits, totaling \$451,000.00. The comparison figures for the same period of time one year ago were twenty-three (23) Death Benefits, totaling \$60,500.00; and the year to date figures for 1982 were one hundred fifty-seven (157) Death Benefits, totaling \$395,000.00. On a motion by Mr. Kasmer, seconded by Mr. Morris, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

In response to a request by the Chairman, the Plan Attorney explained a Proposed Revision of Rule No. 1 and Rule No. 26, which was discussed at the last meeting. The Plan Attorney noted that a copy of each proposed revision was included in the Committee Members' pass-out material. The Plan Attorney explained that the proposed revision of Rule No. 1 was directed to the time flow computation that is applicable for individuals to receive disability income. Presently, there is some confusion in the prior rule and the proposed revised rule is designed to be reflective of the operating procedure which the Committee has historically followed. The Plan Attorney then explained the Proposed Revision of Rule No. 26 which addresses the question of an extension of the repayment obligation of Security personnel who withdrew all or a portion of their retirement contributions. A discussion ensued between the Plan Attorney and Committee Members during which a letter, initiated by the unions, addressing

Rule No. 26 was passed out and perused. The Chairman suggested that the Secretary, the Plan Attorney and representatives of labor and management meet and discuss the matter in detail in order that the Committee would be within the guidelines of the court decision handed down on this matter. On a motion by Mr. Goldman, seconded by Mr. Kasmer, the Committee unanimously agreed to table the Proposed Revision of Rule No. 26 until a meeting could be held between the aforementioned individuals who would then report back to the Committee at the next meeting.

After a brief explanation of the Proposed Revised Rule No. 1 by the Plan Attorney, Mr. Kasmer made a motion that the Revised Rule No. 1 be adopted. Mr. Hall seconded the motion and the Committee unanimously approved.

The Chairman informed the Committee that he would have to leave the meeting and it would be necessary to appoint a Chairman Pro Tempore to conduct the remainder of the meeting. On a motion by Mr. Ashley, seconded by Mr. Goldman, the Committee unanimously approved the appointment of Mr. C. Hall as Chairman Pro Tempore.

The Secretary informed the Committee that Jesus Nunez, Charles E. Males, Nancy Moll, Leonard C. Morris and Diane Stanley had not made arrangements to reimburse the Fund within the additional 30 day period granted by the Committee at the April meeting. On a motion by Mr. Kasmer, seconded by Messrs. Goldman and Ashley, the Committee unanimously agreed that these individuals be given a new pension seniority date as provided in Rule No. 21.

The Secretary stated that at the last meeting of the Real Estate Subcommittee it was agreed that a meeting be held on

June 27, 1983 to interview prospective investment managers. The meeting will be held in the Board Room at 9:30 A.M. and all Retirement Allowance Committee Members and Alternates are invited.

The Plan Attorney informed the Committee that it was possible that a timing problem could come up in regard to direct real estate investments and explained that the Real Estate Subcommittee, in consultation with Continental Bank, may be approached in regard to a direct real estate investment opportunity, this would not be through a fund but a specific project and the Trustee and Real Estate Subcommittee may spend time looking at the investment but might be pressured to make an investment commitment and in light of the fact that the full Committee only meets once a month no commitment could be made and the possibility of securing a good investment opportunity could be lost. Therefore, he was proposing for consideration by the Committee an operational procedure which would state that the Real Estate Subcommittee, since it was comprised of representatives of both labor and management and the Trustee was involved, could move in so far as issuing commitments on direct investments with a reporting function back to the full Committee in order not to have each decision in regard to a direct investment have to clear the full Committee prior to a commitment. The Plan Attorney suggested that, if this was something that the Committee would find of interest, he would prepare a proposal which would go to the question of permitting the Real Estate Subcommittee the authority to, in consultation with the Continental Bank, make direct investment decisions and then report back on the activities

of those direct investment decisions and other monitoring functions to the full Committee. The Plan Attorney noted that this would be comparable to the fact that the full Committee does not pass upon the overall performance of the portfolio and looks to its consultants for this. After discussion, Mr. Kole proposed that the Plan Attorney draw up the suggested Real Estate Operating Procedures for perusal by the Committee.

The Secretary reported that the year to date withholding tax adjustments, which had to be made on a small group of pensioners, would hopefully be corrected on June 30, 1983.

The Secretary brought to the Committee's attention the retirement application for James Simpson which had been held in abeyance at the last meeting pending further investigation. The Secretary informed the Committee that Mr. Simpson had been found medically fit to return to duty as a Bus Operator, had refused the position and, therefore, under Section 12 of the Plan does not qualify for Disability Retirement. Mr. Ashley made a motion that this be made a matter of record and the employee not be approved for Disability Retirement. Mr. Kasmer seconded the motion and the Committee unanimously agreed.

The Secretary turned the Committee's attention to the copy of the Revised Investment Policy and Guidelines in their pass-out material and noted that there were copies which were being passed around to be signed by those members and alternates who were present.

The Secretary turned the Committee's attention to the Actuarial Study for 1982-1981 which was included in each Committee

Members' pass-out material. Copies of the latest actuarial assumptions were passed out to all Committee Members and the Secretary noted that this report would be explained and discussed at the next meeting when the Actuary's representative would be present.

The Secretary informed the Committee that the Annual Report was being printed and would be available soon -- possibly at the next meeting.

The Secretary noted that the Revised Retirement Plan Booklet was in the Reproduction Department awaiting printing.

The Secretary informed the Committee that the claim section of The Travelers Insurance Company has moved to Naperville, IL and pensioners have been notified of this change.

The Secretary informed the Committee that former Security Department employee, Joseph L. Connors, who retired May 1, 1983, had returned to duty on June 1, 1983.

The Secretary informed the Committee that Newt Buntyn, Jr. who was reinstated on March 11, 1983, failed to reimburse the Fund within the 90 day period as provided under Rule 21, therefore, has a new pension seniority date of March 11, 1983. In response to a question by Mr. Morris, the Secretary stated that the individual had been sent a 30, 60 and 90 day letter. On a motion by Mr. Kasmer, seconded by Mr. Ashley, the Committee unanimously approved adoption of the new pension seniority date for Newt Buntyn, Jr.

The Secretary informed the Committee that Joel Montgomery, who went on Disability Retirement on October 1, 1982 had returned to duty on March 7, 1983.

The Secretary informed the Committee that Mrs. Octavia Perrin, who retired December 1, 1982, had a misunderstanding with personnel within her department regarding her retirement date and was asking for a change. The Secretary read a memo from the Manager of the Transportation Department asking that the employee's retirement date be changed from December 1, 1982 to January 1, 1983. After discussion, Mr. Kole made a motion that the matter be investigated, reviewed with the Plan Attorney and brought back to the Committee at the next meeting. Messrs. Goldman and Kasmer seconded the motion and the Committee unanimously agreed.

There being no further business, on a motion by Mr. Goldman, seconded by Mr. Kasmer, the Committee unanimously agreed to adjourn at 12:23 P.M.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED _____