

A G E N D A

FOR THE 438TH RETIREMENT MEETING OF JUNE 17, 1985

1. Meeting will be called to order at 10:30 A.M., Steamboat Room, 14th floor, Holiday Inn Mart Plaza.
2. Approval of the Minutes of the 437th Meeting held May 20, 1985.
3. Report by Trustee, including a report on Securities Lending.
4. Announcements of Deaths Reported since last Meeting. }
5. Presentation of Survivorship Options.
6. Announcements of Pre-Retirement Surviving Spouse Allowances.
7. Presentation of new applications for approval.
8. Employees on Disability Retirement re-examined.
9. Presentation of Refunds of Contributions to be paid June 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.) Fiduciary Liability Insurance coverage for Retirement Allowance Committee - report by Plan Attorney.
 - b.) Mornar, John J. - retired 02-01-85 - question regarding his selection of the normal form of benefit payment - report by Plan Attorney.
 - c.) Capital Advisors, Inc. - one year term to perform securities lending ends 07-15-85.
14. New Business.
 - a.) Status report on the Investment Consultant search.
 - b.) Potential impact that proposed legislation may have on the Retirement Plan for CTA Employees - report by Plan Attorney.
 - c.) Appointment of the Wyatt Company as Plan Actuary for the 1985 Plan Year valuation.

4. New Business. (cont'd.)

d.) Appointment of Arthur Young as Plan Auditor for the 1985 Plan Year audit.

e.) Report on break in and theft at the Pension Office and current status of building security.

15. Adjournment.

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 438th Meeting of the Retirement Allowance Committee was held on Monday, June 17, 1985 at 10:30 A.M., in the Steamboat 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. D. Perk
Mr. J. Gallagher	Mr. I. Thomas

Mrs. A. Curtis was appointed as alternate for Mr. G. Nagle and Mr. R. Jania was appointed alternate for Mr. R. Andrzejewski, in their absence.

Messrs. L. Brown, L. Morris, H. Hegarty, and R. O'Connor were present. Mr. W.A. Ashley, Mr. W. Ross, Ms. C. Cox and Ms. P. Williams were present. Mr. J. Weatherspoon was also present. Messrs. G. Schedler and R. Walker of the Harris Trust & 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 called the meeting to order at 10:37 A.M.

The Chairman noted that in the absence of the Secretary it was necessary to appoint a Secretary Pro-Tem. On a motion by Mr. Flowers, seconded by Mr. Perk, the Committee unanimously appointed Mr. W. Ashley as Secretary Pro-Tem.

The Chairman called for approval of the Minutes of the 437th Meeting, held May 20, 1985. On a motion by Mr. Perk, seconded by Mr. Flowers, the Committee unanimously approved the Minutes of the 437th Meeting, held May 20, 1985.

Mr. G. Schedler of the Harris Trust & Savings Bank turned the Committee's attention to and explained a report on the last 30 days activity in the investment market. Mr. Schedler then presented a comparative report on the Harris Bank's Securities Lending Program and that of Capital Advisor's. The Chairman recommended that Item 13(c) on the agenda also be discussed at this time. The Chairman then addressed the issue of Capital Advisors' term of contract and asked the Plan Attorney to expound on this matter. The Plan Attorney then explained that Capital Advisor's contract does not actually end in July but it had been agreed upon, last year, that it be brought up for review in one year. The Chairman then recommended that the report by Harris Bank also be reviewed again at the next meeting in order that a decision could be made at that time.

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

The Secretary Pro-Tem informed the Committee that there were seven (7) Survivorship Options to be approved. On a motion by Mr. Flowers, seconded by Mr. Gresham, the Committee unanimously approved the Survivorship Options.

The Secretary Pro-Tem informed the Committee that there was one (1) Pre-Retirement Surviving Spouse Allowance to be reported.

The Secretary Pro-Tem presented twenty-one (21) Retirement Applications for approval, including a request for a retroactive

Early Retirement for Gustav W. Zehles for June 1, 1985. The Secretary Pro-Tem then explained the circumstances surrounding Mr. Zehles' request. The Secretary Pro-Tem also noted that the Disability Retirement Application for Berl Singer was being withheld pending a medical disposition as to his disability. On a motion by Ms. Black, seconded by Mr. Perk, the Committee unanimously approved the Applications for Retirement as reported.

The Secretary Pro-Tem reported that five (5) employees who are presently receiving Disability Retirement Benefits were examined or had their file reviewed.

The Secretary Pro-Tem presented fifteen (15) Refunds of Contributions for approval, totaling \$130,704.02. The comparison figures for the same period of time one year ago were nine (9) totaling \$84,905.77. On a motion by Mr. Perk, seconded by Mr. Kasmer, the Committee unanimously approved the Refunds of Contributions to be paid June 30, 1985.

The Secretary Pro-Tem 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 \$622,706,836.64. The Secretary then asked Mr. W. Ross to report on the Certificate of Indebtedness. Mr. Ross noted that a payment of \$705,829.38 was made on May 31, 1985 which leaves a balance of \$21,880,710.81.

The Secretary Pro-Tem informed the Committee that the S & P 400 Price to Book ratio stands at 1.60

The Secretary Pro-Tem reported that there were seven (7) Chicago Transit Authority bills totaling \$33,597.24; two (2) Operating bills, totaling \$104,865.10; nine (9) Remittances, totaling \$421,621.72;

and the FIT Deposit, totaling \$112,301.90. On a motion by Mr. Kasmer, seconded by Mr. Perk, the Committee unanimously approved payment of the bills and remittances, totaling \$672,385.96, to be paid June 30, 1985.

The Secretary Pro-Tem presented for approval twenty-four (24) Death Benefits, totaling \$69,000.00. The comparison figures for the same period of time one year ago were twenty-one (21) totaling \$64,500.00. On a motion by Mr. Flowers, seconded by Mr. Thomas, the Committee unanimously approved payment of Death Benefits.

The Chairman asked the Plan Attorney for an updated report on the Fiduciary Liability Insurance. The Plan Attorney noted that the Authority had agreed to securing separate policies. The Plan Attorney further noted that Mr. Andersen has received a number of bids for the coverage and a report would be made at the next meeting. The Plan Attorney also noted that Mr. Andersen had arranged for an extension of coverage with the present carrier. A discussion ensued between the Chairman, the Plan Attorney and Mr. Andersen regarding higher premium rates. The Chairman recommended that the matter be deferred to the next meeting when a report on the bids would be made and a decision could possibly be made.

At the Chairman's request, the Plan Attorney presented a report on the John Mornar case noting that no further action should be taken at this time, however, he recommended that the matter be pursued from time to time and that the case should be removed from the agenda.

The Chairman then turned the Committee's attention to the status report on the Investment Consultant search. The Chairman noted that there were five or six companies that have expressed a

desire to make presentations to the Committee with respect to handling the Consultant duties for the Plan. The Chairman further noted that it was his understanding that the Secretary had scheduled a Sub-Committee meeting on July 10, 1985 at which presentations will be made, after which a report and recommendation by the Sub-Committee will be made to the full Committee at the next regular meeting.

The Chairman then asked the Plan Attorney to report on the potential impact that proposed legislation may have on the Retirement Plan for Chicago Transit Authority Employees. The Plan Attorney explained that there are many tax bills in legislation that affect various retirement plans and that there are many bills that are in the proposal stage that would not affect the Retirement Plan for CTA Employees because the Plan is tax exempt. The Plan Attorney also stated that he would prepare a memorandum on the overview of tax laws that affect pension plans and how they specifically affect the Retirement Plan for CTA Employees. A discussion then ensued between the Plan Attorney and the Chairman in which the Plan Attorney advised that the Retirement Committee should be kept aware of the tax legislations in Springfield. The Plan Attorney also advised that there should be a lobbying relationship between the Plan and politicians in Springfield. A discussion then ensued between the Plan Attorney and Committee Members on laws which affect various benefits for pensioners. The Chairman suggested that a subscription to the appropriate publications outlining the Bills being presented in the House be secured. The Secretary Pro-Tem commented that he would check into the matter.

The Chairman then turned the Committee's attention to Item 14(f), a write-in on the agenda, concerning the report by the Plan Actuary and asked Mr. J. Baratka to expound. Mr. Baratka passed out copies of the Plan Actuary Report for Plan Year 1984 and explained

the Report to the Committee. The Chairman suggested that Committee Members review the report prior to next month's meeting and that any questions they may have should be directed to Mr. Baratka at that time.

The Secretary Pro-Tem made a recommendation for the appointment of The Wyatt Company as Plan Actuary for the 1985 Plan Year valuation. Mr. Flowers made a motion that this matter be deferred until the next meeting in order that the Committee could entertain a bid from the firm, Wolfman & Moscovitch as Actuary. This motion was seconded by Mr. Gresham. The Chairman then called for a roll call vote which resulted as follows:

Mr. C. Andersen: Defer	Ms. W. Black: Defer
Mrs. A. Curtis: Defer	Mr. J. Gallagher: Defer
Mr. R. Jania: Defer	Mr. E. Gresham: Defer
Mr. R. Flowers: Defer	Mr. A. Kasmer: Not Defer
Mr. I. Thomas: Defer	

The motion was approved by majority vote to defer this matter.

The Chairman turned the Committee's attention to a report by Arthur Young and recommended that this matter be deferred until the next meeting. Mr. Flowers made a motion to defer the appointment of Arthur Young as Plan Auditor until the next meeting. Mr. Andersen seconded the motion and the Committee unanimously approved.

The Chairman turned the Committee's attention to an additional write-in on the agenda regarding Robert E. Hardy, a deceased disability pensioner, explained the circumstances of this case and asked the Plan Attorney to expound further. The Plan Attorney explained that he received correspondence from an attorney representing the spouse of Robert E. Hardy. Mr. Hardy was on Disability Retirement at the time of his death on 1/24/84. The

Death Benefit and Final Retirement Benefit was paid to his spouse upon his death. The Plan Attorney stated that the attorney representing Mr. Hardy's spouse was seeking an answer as to why an individual who was suffering from cancer would elect to take a benefit which did not provide any benefits for his spouse upon his death. Further, the spouse's attorney stated that there must have been poor information given to Mr. Hardy at the time he elected the benefit. However, the Plan Attorney further noted that there is no doubt that Mr. Hardy knew about the spousal benefit because on his initial application for early retirement, which he withdrew, he had elected a benefit for his spouse. However, as the Secretary's Office has pointed out, Mr. Hardy chose a retirement benefit which did not involve a spousal benefit, so upon his death his spouse did not receive a monthly benefit. The Chairman asked the Plan Attorney that if in the event the Committee was to grant this, what kind of precedent or violation of rules would be occurring. The Plan Attorney responded that he did not think it was a violation of rules, but it would open up the possibility of other individuals seeking a change in their elected form of benefit payment. A discussion ensued between the Chairman and the Plan Attorney during which the Chairman asked if there was a motion to reconsider the possible change of benefit. Mr. Kasmer made a motion to reconsider the matter, Mr. Andersen seconded the motion, and the Committee unanimously approved. After further discussion, the Chairman entertained a motion to defer the Robert Hardy case, which supercedes the original motion. The Secretary Pro-Tem asked the Plan Attorney if the Committee can take such action in view of the fact that the Plan does not provide for a Survivorship Option when an individual is on Disability

Retirement. The Plan Attorney responded that the Committee can only take action if they were persuaded on the material before them that there was a horrendous error committed and the man was not explained his rights, but in his opinion there has been no evidence to justify this fact. The Chairman stated that the motion for deferral was to attain additional facts. Mr. Perk made a motion that the matter be deferred, Mrs. Curtis seconded the motion, and the Committee unanimously approved.

The Chairman turned the Committee's attention to a report on the break-in and theft at the Pension Office and asked the Secretary Pro-Tem to expound. The Secretary Pro-Tem explained the break-in and noted that the newly acquired computer system which cost approximately \$7,517.60 had been stolen. The Secretary Pro-Tem further noted that after the Secretary expressed displeasure to the building management over the poor security in the building a new security system is due to be put in on all entrances (completion date approximately 6/21/85) and individual office systems would be offered to all tenants. A discussion ensued between the Chairman,

the Plan Attorney and Committee Members during which the Chairman suggested that all incidents which occurred, pertaining to security, written promises in the lease, be monitored and documented in case the lease has to be broken. The Chairman further noted that the individuals involved in management of the building are obnoxious and if there were enough facts available to do so he would recommend that a lawsuit be filed to break the lease.

There being no further business, on a motion by Mr. Flowers, seconded by Mr. Thomas, the Committee unanimously agreed to adjourn at 12:37 A.M.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED _____

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Minutes
438th Meeting
June 17, 1985

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