

A G E N D A

FOR THE 452ND RETIREMENT MEETING OF AUGUST 19, 1986

1. Meeting will be called to order at 10:30 A.M., Western Stage Room, 14th floor, Holiday Inn Mart Plaza.
2. Approval of the Minutes of the 451st Meeting held July 16, 1986.
3. Report by Trustee.
4. Announcement of deaths reported since the last Meeting.
5. Presentation of Survivorship Options.
6. Announcement of Pre-Retirement Surviving Spouse Allowances.
7. Presentation of new retirement applications for approval.
8. Employees on Disability Retirement re-examined.
9. Presentation of Refunds of Contributions to be paid August 31, 1986.
10. Presentation of Bills and Remittances.
11. Death Benefits for approval.
12. Report by Secretary of Deposits, Disbursements and Investments.
 - a.) Report on payment on the Certificate of Indebtedness for 1981 Employer Contributions.
13. Unfinished Business.
 - a.) Issue of whether \$600 lump sum payment and the vacation buy back will be considered pension earnings -- report by Plan Attorney.
 - b.) Update report on development of program to invest in CD's of local financial institutions.
 - c.) John D. Jackson -- disability retiree as of 07-01-86 requesting retroactive disability retirement to 06-01-86.

14. New Business.

- a.) Presentation of Retirement Plan Budget.
- b.) Micheli Ferrantelli - request for disability benefits.
- c.) Report on status of the Plan's investment in Pension Realty Income Trust A.
- d.) Discussion on South Africa divestment and report by Ned Joachimi.

15. Adjournment.

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 452nd Meeting of the Retirement Allowance Committee was held Tuesday, August 19, 1986, in the Western Stage Room, 14th Floor, Holiday Inn Mart Plaza. The following were in attendance:

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

Messrs. L. Brown, L. Morris, H. Williams, H. Hegarty and Mrs. A. Curtis were present. Messrs. J. Mullen, W. Ross, R. Pirovano and Ms. P. Williams were present. Messrs. J. Prime and N. Joachimi, Wellesley Group, Inc. were present. Messrs. J. Brightman, C. Coleman, F. Duda and Ms. S. Luthy, the Harris Bank and Trust Company were present. Mr. R. Burke, the Plan Attorney was present. Mr. B. Scholz, pensioner representative was also present.

The Secretary informed the Committee that there was a quorum and the Chairman called the meeting to order at 10:41 A.M.

The Chairman called for approval of the Minutes of the 451st Meeting held July 16, 1986. On a motion by Mr. Andersen, seconded by Mr. Brown, the Committee unanimously approved the Minutes of the 451st Meeting.

The Secretary turned the Committee's attention to the trustee report and introduced Mr. Jon S. Brightman, V.P., of the Harris Bank. Mr. Brightman informed the Committee that Sarah Luthy would henceforth be the trust officer for the Retirement Plan's account. Ms. S. Luthy then presented the Trustee Report on the activity in the market for the past 30 day period.

The Secretary reported that representatives designated by the Sub-Committee had met with representatives from the Drovers, Independence and Highland Community banks and Uptown Federal Savings and Loan. All four institutions expressed an interest in participating in this program; some proposed that the 6-month floating interest rate be extended to a one-year floating rate. The Chairman then stated that the Committee was faced with a decision as to the selection of the institutions to become involved in the program, and suggested that other Committee members should make recommendations as to any institutions that they felt would be interested. A discussion then ensued between Committee members regarding the determining factors in the selection process of which institutions would participate. The Chairman then recommended that Committee members provide a list of institutions which could be scrutinized by the entire Committee to aid in determining which banks would participate in the program and the amounts of monies to be allocated to these institutions. Mr. F. Duda then recommended, and the Committee agreed, that a set of guidelines for the CD program be prepared before any institutions were chosen. The Secretary also reported that the Plan Attorney had corresponded with the 18 credit unions

soliciting a response regarding their interest in this program and that only 1 credit union had responded.

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 with an A-all option for Francis J. McKernan to be approved pending medical opinion. On a motion by Mr. Gresham, seconded by Mr. Kasmer, the Committee unanimously approved the Survivorship Options.

The Secretary informed the Committee that there was one (1) Pre-Retirement Surviving Spouse Allowance to be reported effective July 1, 1986.

The Secretary informed the Committee that there were fifteen (15) Retirement Applications being presented for approval with a disability retirement application for William A. Hansen to be approved subject to medical opinion. The Secretary turned the Committee's attention to the issue of Micheli Ferrantelli's disability benefit request and asked the Plan Attorney to expound. The Attorney stated that Mr. Ferrantelli has received disability benefits from the Worker's Compensation program and is requesting a disability retirement from the Retirement Plan. The Plan Attorney stated that he has requested that a CAT scan be performed by a specialist. The Attorney stated that once the doctor reports back, the Committee could then make a decision on

Mr. Ferrantelli's application for Disability Retirement. The Secretary then made a motion that the Retirement applications be approved and that the Disability applications for Ferrantelli and Hansen be approved subject to medical evaluation. The motion was seconded by Mr. Flowers and the Committee unanimously approved.

The Secretary reported that three (3) employees who are presently receiving Disability Retirement Benefits are to have their files reviewed.

The Secretary presented twenty (20) Refunds of Contributions for approval, totaling \$192,955.77. The comparison figures for the same period of time one year ago were twenty-two (22) Refunds, totaling \$257,781.39. On a motion by Mr. Gresham, seconded by Ms. Black, the Committee unanimously approved the Refunds of Contributions to be paid August 31, 1986.

The Secretary presented one (1) Chicago Transit Authority bill, totaling \$46,532.98; twenty-one (21) Operating bills, totaling \$30,090.96; eleven (11) Remittances, totaling \$438,623.31 and the FIT deposit, totaling \$134,156.53. On a motion by Mr. Andersen, seconded by Ms. Black and Mr. Kasmer, the Committee unanimously approved payment of the Bills and Remittances, totaling \$649,403.78. On the question, Mr. Thomas noted that some of the Committee members were attending educational seminars that he was not aware of and stated that this information should be disseminated to all Committee members. A discussion ensued between Committee members, whereby the

Chairman stated that the Secretary is in the process of listing all upcoming seminars and each Committee member would get a copy of this list. Mr. Thomas then moved that the Committee must approve the attendance of an educational seminar by any member, Ms. Black seconded and the Committee unanimously approved. Mr. Thomas made a second motion allowing alternate members as well as regular members of the Committee to attend seminars. The motion was seconded by Ms. Black. The vote of the Committee was two (2) aye votes and no nay votes. A discussion ensued between Committee members as to the rules of voting at which time Mr. Thomas withdrew the motion.

The Secretary presented for approval, twenty-two (22) Death Benefits, totaling \$54,000.00. The comparison figures for the same period of time one year ago were twenty-eight (28), totaling \$83,000.00. On a motion by Mr. Flowers, seconded by Mr. Kasmer, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Secretary turned the Committee's attention to the report on Deposits, Disbursements and Investments in the Trustee Summary, noting that as of July 31, 1986 the total portfolio had a market value of \$727,273,132.84.

At the Secretary's request, Mr. J. Mullen presented a report on the Certificate of Indebtedness noting that the July payment in the amount of \$705,825.30 had been received from the Authority which leaves a balance of \$12,000,000.00.

At the request of the Chairman for an updated report on the matters of the \$600.00 lump sum payment and the vacation buyback, the Secretary asked that the Plan Attorney expound on this matter. The Attorney stated that both unions have requested a withdrawal from the arbitration and the Authority should make the appropriate employer contributions. The Attorney noted that he has corresponded with Arbitrator Healy regarding these issues and it is now a matter of awaiting the issuance of his decision.

The Secretary brought to the Committee's attention a request from John D. Jackson for a retroactive disability retirement to June 1, 1986. The Secretary noted that based on medical evaluation that has been received, Mr. Jackson is disabled and called for approval of his disability retirement application for July 1, 1986 to be retroactive to June 1, 1986. On a motion by Mr. Perk seconded by Mr. Thomas, the Committee unanimously approved John D. Jackson's disability retirement application.

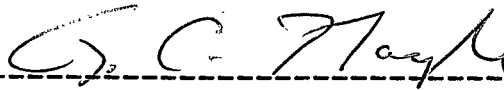
The Secretary then presented a recap of the Retirement Plan Budget for 1987 noting that it was broken down into expenses budgeted for Labor, Administration and Investment. He also noted that there has also been included a budget for travel and seminars based on estimates of figures for the past two years. The Chairman then called for a motion to accept the proposed 1987 Retirement Plan budget. On a motion by Mr. Thomas, seconded by Mr. Kasmer, the Committee unanimously approved the proposed Retirement Plan budget for 1987.

The Secretary then reported on the status of the Plan's investment in Pension Realty Income Trust A (PRITA). The Secretary noted that the Committee initially invested \$15 million in PRITA, in February, 1982, giving the Plan a 40% interest in PRITA. The trustees of PRITA, one of whom is Mr. Howerdd of Lowry, Raclin, Harrell and Howerdd, invested the funds in participating mortgages in properties located in the energy belt. Five of the nine mortgage loans made are either in default or behind in payment; PRITA has foreclosed on three of these properties. The Secretary explained that the value of these five loans will be written down based on appraisals that are being made now. The Secretary noted that the extent of the write downs are not yet known, but that Robert Zerbst would make a full report at the next Committee meeting. The Secretary did note however, that the Plan had received a \$3,000,000.00 return of capital lowering the cost of its investment in PRITA to \$12,000,000.00 and that the 3/31/86 market value of the Plan's share of PRITA was \$20,790,000.00.

The Chairman then turned the Committee's attention to the discussion on South Africa divestment and asked for a report from Ned Joachimi. Mr. Joachimi reviewed parts of the reports that the Committee had been provided with prior to today's meeting. A lengthy discussion ensued among the Committee members and the Plan Attorney on the various issues relating to divestment. Mr. Flowers requested a report on to what extent the Fund's current holdings would be affected by a South Africa free

investment policy. The Chairman also directed Mr. Joachimi to provide more information on the cost of divestment for distribution to the Committee.

There being no further business, the Committee unanimously agreed to adjourn at 1:10 P.M.



SECRETARY

RETIREMENT ALLOWANCE COMMITTEE



CHAIRMAN

RETIREMENT ALLOWANCE COMMITTEE

DATED _____