

A G E N D A

FOR THE 460TH RETIREMENT MEETING OF APRIL 20, 1987

1. Meeting will be called to order at 9:30 A.M., Western Stage Room 14th floor, Holiday Inn Mart Plaza.
2. Approval of the Minutes of the 459th Meeting held March 16, 1987.
3. Report by Trustee, including a report on the performance of the cash management account.
4. Report by Wellesley Group on manager search.
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, 1987.
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.
14. Unfinished Business.
 - a.) Proposal by Compensation and Capital, Inc. to increase their fees.
 - b.) CTA RAC, Inc. - selection of officers and directors.
 - c.) Report on steps taken to oppose HB 0220, and the current status of the Bill.

15. New Business.

- a.) Robert B. Tausch - revoked his application for retirement and his A-2/3 Survivorship Option which were approved at the Retirement Allowance Committee Meeting of 03-16-87 and were to have become effective on 04-01-87.
- b.) Carl McCormack - question of qualification for disability benefits - report by Plan Attorney.
- c.) Assignment of new pension seniority date for Everett C. Mann. Thirty day extension to repay refund of \$4,604.53 expired April 16, 1987. New seniority date for pension purposes only - February 11, 1986.
- d.) Assignment of new pension seniority date for Isiah Samuel, Jr. Thirty day extension to repay refund of \$12,942.19 expired March 25, 1987. New seniority date for pension purposes only - January 14, 1986.
- e.) Discussion of tenant's insurance procurement for the Pension Office - report by Secretary.
- f.) Frank C. Johnson - D-2326 - returned to duty 03-10-87.
- g.) Richard Hargewood - approval to file suit.

17. Adjournment.

RETIREMENT PLAN

FOR

CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 460th Meeting of the Retirement Allowance Committee was held Monday, April 20, 1987, at 9:30 A.M., in the Western Stage Room, 14th Floor, Holiday Inn Mart Plaza. The following were in attendance:

Ms. W. Black	Mr. G. Nagle
Mr. W. Clark	Mr. D. Perk
Mr. E. Flowers	Mr. I. Thomas
Mr. E. Gresham	Ms. V. Wendorf
Mr. A. Kasmer	

Neither Ms. J. Hughes nor her alternate was present. Messrs. L. Brown, H. Williams, L. Morris, H. Reddrick, and H. Hegarty were present. Mr. J. Mullen, Ms. P. Williams, R. Pirovano, and Ms. C. Cox were present. Mr. W. Ashley, Plan Consultant, was present. Mr. R. Burke, the Plan Attorney, was present. Ms. S. Luthy, R. Walker, C. Coleman, and F. Duda of the Harris Trust and Savings Bank were present. Messrs. R. Cerasoli and C. Heatter of Financial Control Systems, Inc. were present. Messrs. J. Baratka and B. Clasen of The Wyatt Company were also present. Messrs. N. Joachimi and J. Prime of the Wellesley Group were present. Mr. B. Scholz, pensioner representative, was also present.

The Chairman called the Meeting to order at 9:43 A.M.

On the call for approval of the Minutes of the

459th Meeting held March 16, 1987, Mr. I. Thomas made a motion for approval, Mr. W. Clark seconded the motion, and the Committee unanimously approved the Minutes of the 459th Meeting held March 16, 1987.

Mr. F. Duda of the Harris Trust and Savings Bank distributed and presented the Trustee Report noting the activity in the market for the previous month, present month and year to date; as well as a report on the performance of the cash management account.

The Secretary informed the Committee that due to a transportation problem Messrs. N. Joachimi and J. Prime would be arriving later than scheduled and asked that their report be deferred until later in the meeting.

The Secretary further requested that 14(a) on the agenda, Proposal by Financial Control Systems, Inc. to increase their fees, be presented next and introduced Mr. R. Cerasoli who introduced Mr. C. Heatter. Mr. Cerasoli brought the Committee uptodate on the services presently performed for the Plan by his firm, which had increased considerably since 1979 when they were hired, and further noted that his firm was capable of providing many other services which were also available to the Plan. A discussion ensued between Committee Members and the Plan Attorney during which the Secretary made a motion that a contract be entered into with Financial Control Systems, Inc. for a 3-year period, effective 4-1-87, with no increases during the 3-year period and a clause stipulating that the Plan has the rights to all records if the contract is not

renewed, at a fee of \$48,000 annually, Ms. Black seconded the motion, and the Committee unanimously approved.

The Secretary informed the Committee that the Plan Attorney had to leave the Meeting shortly and asked that items 14(b), 15(b), and 15(g) be discussed at this time.

The Plan Attorney informed the Committee that all corporate data relating to the change in officers and directors of CTA RAC, Inc. had been completed and a resolution to effectuate this change was being presented for adoption by the Committee. After a discussion between Committee Members and the Plan Attorney, Mr. Thomas made a motion for approval of the resolution to effectuate the change in the officers and directors of CTA RAC, Inc., Mr. Kasmer seconded the motion, and the Committee unanimously approved.

The Plan Attorney then turned the Committee's attention to the case of Carl McCormack whose application had been denied by the Committee at the February 1987 Meeting based on the findings of the Chicago Transit Authority Medical Department which indicated that Mr. McCormack's disability was a result of alcohol abuse. He further noted that since that time an evaluation had been received from Mr. McCormack's attending physician which indicated that the alcohol abuse resulted from the disability and in view of the conflicting medical evaluations recommended that the Committee request that Mr. McCormack undergo another physical examination by a physician of the Committee's choice. A discussion ensued during which the Chairman suggested that Mr. McCormack be sent to the University

of Illinois for an examination. After further discussion, the Secretary made a motion that Mr. McCormack be sent to the University of Illinois for a medical examination, Ms. Wendorf seconded the motion, and the Committee unanimously approved.

The Secretary then turned the Committee's attention to the case of Richard Hargewood and asked Mr. Pirovano of the Pension Office to expound. Mr. Pirovano noted that due to a computer error Mr. Hargewood had been overpaid \$9,082.51 in the form of a refund of pension contribution and the matter was being brought to the Committee seeking approval to file a lawsuit to collect the monies since Mr. Hargewood has not responded to the various requests for repayment. A discussion ensued between Committee Members, the Plan Attorney, and Mr. Pirovano during which Mr. Flowers made a motion that this matter be deferred until the next meeting and if at that time no other solution had been reached the filing of a lawsuit could be considered, the Secretary seconded the motion, and the Committee unanimously approved.

The Secretary made the Announcement of Deaths since the last meeting, as per the attached list.

The Secretary presented seven (7) Survivorship Options for approval, including an Option for Robert Adler pending receipt of a doctor's statement and a favorable disposition from the Chicago Transit Authority Medical Department. On a motion by Mr. Perk, seconded by Mr. Flowers, the Committee unanimously approved the Survivorship Options as presented.

The Secretary informed the Committee that there

was one (1) Pre-Retirement Surviving Spouse Option to report which became effective April 1, 1987.

The Secretary reported that there were twenty (20) Retirement Applications being presented for approval; including a request for a July 1, 1986 retroactive disability retirement for James Barlow. The Secretary informed the Committee that he had received a memorandum from the Manager of Personnel Administration requesting that Mr. Barlow be granted the retroactive disability retirement due to the fact that after completing 26 weeks of A&S benefits under Workers' Compensation he was not informed of his eligibility to apply for disability retirement. On a motion by Ms. Black, seconded by Mr. Flowers, the Committee unanimously approved the retirement applications including the July 1, 1986 retroactive disability retirement for James Barlow.

The Secretary informed the Committee that eleven (11) employees who are presently receiving Disability Retirement Benefits were examined or had their file reviewed.

The Secretary presented twenty-five (25) Refunds of Contributions, totaling \$102,905.82, for approval. On a motion by Mr. Perk, seconded by Mr. Flowers, the Committee unanimously approved the Refunds of Contributions to be paid April 30, 1987.

The Secretary presented for approval one (1) Chicago Transit Authority bill, totaling \$37,185.29; twenty-nine (29) Operating Bills, totaling \$251,001.95; ten (10) Remittances, totaling \$433,739.62, and the 3rd month, 1st Quar-

ter of 1987 FIT Deposit, totaling \$146,848.24. The Secretary turned the Committee's attention to an invoice from The Wyatt Company in the amount of \$6,777.00 which represents fees for services rendered to Arbitrator Healy for his use and his interpretations regarding the arbitration award for funding. The Secretary further noted that the reason he highlighted this item for Committee consideration was that a question may be posed as to the properness of it being classified as a Committee expenditure as the work was not directly performed for the Committee's benefit but rather for a third party. However, the Secretary indicated that he felt it was an appropriate expenditure of the Fund as it was used not in the negotiation process by labor and/or management in setting benefit levels but rather used by a neutral party in implementing the provision of a contract which directly effects the Plan and its beneficiaries. The Plan Attorney indicated that for the reasons outlined by the Secretary he felt this invoice was an appropriate expenditure of the Retirement Plan. A discussion ensued between Committee Members during which Mr. Perk made a motion that The Wyatt Company be paid the \$6,777.00 for their actuarial services rendered to Arbitrator Healy with a caveat that in the future such charges be billed directly to the arbitrator, Mr. Kasmer seconded the motion, and the Committee unanimously approved. The Secretary then made a motion that the remainder of the Bills and Remittances be approved for payment, Mr. Kasmer seconded the motion, and the Committee unanimously approved.

The Secretary presented for approval twenty-six

(26) Death Benefits, totaling \$73,500.00. 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 noting that the total portfolio had a market value of \$818,117,742.98.

Mr. J. Mullen then presented a report on the Certificate of Indebtedness noting that a principal payment on the note, in the amount of \$705,829.38, had been received on March 31, 1987, leaving a balance of \$6,352,464.45. Mr. Mullen further noted that a payment of \$97,858.00 representing the employer contributions due on the lump sum wage payments to employees in 1985-1986; and a payment of \$23,986.81 representing the employer contributions due on the Vacation Buy-Back of wages for 1986 had also been received.

The Secretary then turned the Committee's attention to the matter of House Bill 0220 and presented a report on the status of the Bill noting that at the direction of the Committee a letter was sent to all pensioners providing them with the means to express their opposition to this legislation. The Secretary further noted that it was his understanding that the primary sponsor of the Bill, Mr. Terzich, was going to drop his support of this legislation. The Chairman then shared with the Committee his experience in discussing this legislation with Mr. Terzich noting that the final outcome was, in fact, that Mr. Terzich agreed to drop his support of the Bill.

The Secretary informed the Committee that

Robert B. Tausch revoked his application for retirement and A-2/3 Survivorship Option which had been approved at the meeting of March 26, 1987 and was to have become effective April 1, 1987.

The Secretary informed the Committee that Everett C. Mann's 30-day extension to repay his refunded contributions had expired and made a motion that Mr. Mann be given a new pension seniority date of February 11, 1986, Ms. Black seconded the motion, and the Committee unanimously approved.

The Secretary further informed the Committee that Mr. Isiah Samuel, Jr.'s 30-day extension to repay his refunded contributions had expired and made a motion that Mr. Samuel be given a new pension seniority date of January 14, 1986, Mr. Clark seconded the motion, and the Committee unanimously approved.

The Secretary turned the Committee's attention to the matter of the procurement of tenant's insurance for the Pension Office noting that he had received bids from one of the two agencies qualified to bid on Chicago Transit Authority insurance business per Mr. Charles Andersen's recommendation and is awaiting the bid from the second company. After a brief discussion between Committee Members, the Secretary made a motion that his office be allowed to secure the necessary insurance through the company which offered the most favorable bid, Mr. Thomas seconded the motion, and the Committee unanimously approved.

The Secretary informed the Committee that Frank C. Johnson, disability retiree No. D-2326, returned to duty

on March 10, 1987.

The Chairman called for a lunch break at
12:25 P.M.

The Chairman reconvened the Meeting at 1:13 P.M.

Mr. N. Joachimi of the Wellesley Group presented a report entitled "Investment Manager Evaluation" to the Committee. After discussion with the Committee, Mr. Joachimi recommended that presentations be scheduled with several of the managers from each category providing the Committee an opportunity to hear directly from the managers themselves.

There being no further business, on a motion by the Secretary, seconded by Mr. Flowers, the Committee unanimously agreed to adjourn at 2:45 P.M.


SECRETARY
RETIREMENT ALLOWANCE COMMITTEE


CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED MAY 18, 1987