RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 382nd Meeting of the Retirement Allowance Committee was held on Thursday, October 16, 1980, in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

Mr. W. Ashley       Mr. C. Knox
Mr. S. Bianchi       Mr. E. Langosch
Mr. J. Gallagher     Mr. J. Weatherspoon
Mr. R. Goldman       

Mr. J. Edwards, alternate for Mr. T. O'Mahony, was present.

Mr. J. DeFranco, alternate for Mr. P. Kole, was present. Neither Mr. R. Kren, nor his alternate was present. Messrs. M. Brennan, C. Heatter, J. Gates, G. Nagle, J. Bidwill, H. Hegarty, A. Kasmer and Ms. C. Cox were present. Mr. W. Leszinske and Ms. K. Alsip of Continental Bank were present. Mr. M. Freydl of Callan Associates, Inc. was present. Mr. R. Burke, the Plan Attorney, was also present.

The Chairman called the meeting to order at 10:43 A.M.

Mr. Leszinske presented to the Committee a letter, dated October 7, 1980, titled "September Market Summary" and Continental Bank's Economic and Financial Outlook. Copies of which are attached to these minutes.

Following Mr. Leszinske's presentation, Mr. Gallagher indicated that this report was much more optimistic than ones which were
received a few months ago and questioned the reasons for Continental's optimism.

Mr. Leszinske responded that first Continental Bank expected a tax decrease in 1981 regardless of the outcome of the election. In addition, he indicated that the economic statistics have come back very dramatically and pointed out, for example, that consumer spending has increased sharply.

Mr. Gallagher further questioned the short term investments.

Mr. Leszinske responded that Continental Bank invested at the highest available rate and explained that as a large bank they are able to obtain the best rates available.

Mr. Heatter asked what the effect would be on the consumer price index if the cost of housing were removed.

Mr. Leszinske responded that it is very difficult to estimate the overall effect on the CPI if we were able to remove the housing component. However, people guess that the housing component is probably about twenty per cent (20%) of the CPI. He further pointed out that not only do mortgage rates for housing increase the CPI in a period of rising interest rates, this component also has a lowering effect on the CPI when interest rates decline.

Mr. Leszinske concluded his report at 11:04 A.M.

Mr. Freydl of Callan Associates, Inc. presented and discussed
his quarterly report. During his presentation, he pointed out that at the end of the second quarter the market value of the Fund was 370.6 million dollars. He further indicated that the total Fund continued to outperform an average of Taft-Hartley Funds. However, while the equity and fixed income experiences have been very good, the real estate experience has not been particularly good. Mr. Freydl went on to point out that an increasing inflation as we have been experiencing in the past has a negative impact on the mortgages held by our real estate pool.

A discussion ensued between Messrs. Gallagher, Freydl and Leszinske in which it was pointed out that there are 7.1 million dollars in the Real Estate Fund, that this amount has remained constant for some years now, and this Fund was composed of roughly fifty (50) per cent mortgages and fifty (50) per cent direct ownership of properties. The current cash yield is roughly nine (9) per cent.

Mr. Freydl concluded his presentation at 11:18 A.M.

The Chairman asked for approval of the Minutes of the 381st Meeting, held Monday, September 15, 1980. On a motion by Mr. Edwards, seconded by Mr. Bianchi, the Committee unanimously approved the Minutes.

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

The Secretary presented eight (8) Survivorship Options for
approval. On a motion by Mr. Edwards, seconded by Mr. Bianchi, the Committee unanimously approved the Survivorship Options.

The Secretary presented ten (10) elections of the Pre-Retirement Surviving Spouse Options. On a motion by Mr. Edwards, seconded by Mr. Bianchi, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options, as per the attached list.

Mr. Hegarty asked if these individuals were just electing an option?

The Secretary explained that when an employee reaches age 55 and is eligible for retirement but continues to work he can elect a Pre-Retirement Surviving Spouse Option at any time after reaching this status; and, if he dies as an active employee, his spouse would receive the benefit.

The Secretary presented ten (10) Applications for Retirement. On a motion by Mr. Edwards, seconded by Mr. Bianchi, the Committee unanimously approved the retirements.

The Secretary reported that seven (7) employees receiving Disability Retirement benefits had been examined or their records reviewed.

The Secretary presented twenty-three (23) refunds totaling $202,921.33 for approval. On a motion by Mr. Edwards, seconded by Mr. Bianchi, the Committee unanimously approved the Refunds of
Contributions to be paid October 31, 1980.

Mr. Gallagher asked why some of the refunds had no interest included.

The Secretary explained that an employee must have ninety (90) days of service to receive a refund, and over one (1) year of service to receive interest on contributions.

The Secretary informed the Committee that the Report of Deposits, Disbursements and Investments had not been received by his office. He indicated that when they are received, a copy will be mailed to each Committee Member for presentation at the next meeting.

The Secretary submitted for approval one bill from the Authority totaling $24,191.20, two operating bills totaling $19,507.92 and four remittances totaling $170,239.82.

On a motion by Mr. Edwards, seconded by Mr. Bianchi, the Committee unanimously approved payment of the bills and remittances totaling $213,938.94.

On a question to the motion, Mr. Gallagher asked about the $17,769.67 bill payable to Continental Bank.

The Secretary replied that this was Continental's fee for management of the Real Estate Fund and represented one (1) per cent of the money under investment. He further indicated that while this fee was expensive it was being charged to all participants of this
Real Estate Trust.

The Secretary submitted for approval thirty-one (31) Death Benefits for payment on October 31, 1980. On a motion by Mr. Edwards, seconded by Mr. Bianchi, the Committee unanimously approved payment of the Death Benefits as per the attached list.

Mr. Knox indicated that direct deposits had been mentioned at a previous meeting and he wished to know what was the current status.

The Secretary responded that he had been in contact with both the Trustee and the Plan Attorney and intended to meet with Mr. Weatherspoon regarding the necessary details. He further stated that he intended to have this completed in time for presentation at the next Committee Meeting.

The Secretary reported to the Committee that Mr. Walter C. Smokowski had withdrawn his option which had been approved at the meeting of September 15, 1980.

Mr. Heatter interjected that contrary to what was stated on the agenda, Mr. Smokowski decided not to elect any option. Further, that Mr. Smokowski is on retirement as of October 1, 1980.

The Secretary reported that there were 153 pensioners still enrolled in the old Supplemental to Medicare Insurance Plan. He further indicated that the arbitration award called for the Retirement
Plan to pay up to $9.94 per month towards the cost of the supplemental insurance. It was his recommendation that the Committee automatically enroll these individuals in the new plan even though they gave a negative response when it was offered during an open enrollment.

Mr. Edwards so motioned and Mr. Goldman seconded the motion.

On a question by Mr. Hegarty, a discussion ensued concerning the legality of this action and whether, in fact, the Committee had the right to automatically enroll the employees without their consent and would it be in the best interest of the retired employees.

Mr. Burke, the Plan Attorney, recommended that the Committee notify these particular retired employees once again of the new insurance available to them, of the possibility of there being an additional cost for the insurance in the future, and of the fact that if they did not respond within ninety (90) days they would automatically be enrolled.

Mr. Edwards withdrew his original motion and motioned that the Secretary's Office notify the retired employees stating their alternatives and the fact that unless they respond within the ninety (90) day period allowed, they would automatically be enrolled in the new plan. Mr. Goldman seconded the motion, and the Committee unanimously approved.

The Secretary informed the Committee that Mr. Bernard Radcliff had reimbursed the Plan $7,353.61 in refunded contributions
within the ninety (90) day period provided for in Rule 21 and accordingly has retained his original seniority date. Mr. Radcliff had been terminated by the Authority and reinstated.

The Secretary reported that in accordance with his request of last meeting, his office had investigated the cost of the required calculators using the Authority's existing vendors and requested permission to purchase one HP-92 statistical and two Canon 1202-D Calculators at a total cost of $940.25 plus service contracts. On a motion by Mr. Edwards, seconded by Mr. Knox, the Committee unanimously approved the purchase of the calculators plus service contracts.

The Secretary reported to the Committee that his office had received a letter of intent to reimburse the Retirement Plan from Mr. Robert Seno's attorney. Mr. Seno had been terminated and reinstated to employment. Prior to his reinstatement, he had received a refund of $13,205.46. Mr. Seno's ninety (90) day reimbursement period under Rule 21 expired July 5, 1980. There ensued a discussion concerning Mr. Seno. Following the discussion, on a motion by Mr. Edwards,第二 by Mr. Gallagher, the Committee unanimously approved a ninety (90) day extension for Mr. Seno to reimburse the Retirement Plan and directed Mr. Burke to so inform Mr. Seno and his attorney.

Mr. Heatter informed the Committee that within the material presented at this meeting was a copy of the letter being distributed
to all retired employees in an effort to update the beneficiary forms on file in the Secretary's Office.

There being no further business, on a motion by Mr. Goldman, seconded by Mr. Knox, the Committee unanimously agreed to adjourn at 11:52 A.M.

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SECRETARY
RETIRED ALLOWANCE COMMITTEE

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CHAIRMAN
RETIRED ALLOWANCE COMMITTEE

DATED ___________________________