The 402nd Meeting of the Retirement Allowance Committee was held on Monday, June 21, 1982, at 10:30 A.M., Room 734, Merchandise Mart. The following were in attendance:

Mr. R. Fleming          Mr. A. Kasmer  
Mr. E. Flowers          Mr. P. Kole    
Mr. J. Gallagher        Mr. D. Perk    
Mr. C. Hall             Mr. I. Thomas  

Mr. R. Bartkowicz, alternate for Mr. W. Ashley, was present. Mr. R. Goldman, alternate for Mr. J. Weatherspoon, was present.

Messrs. S. Bianchi, L. Brown, H. Hegarty, L. Morris and R. O'Connor were present. Messrs. D. Lemm, G. Nagle, Ms. P. Skutnik, and Ms. C. Cox were present. Mr. J. Baratka, The Wyatt Company, was present. Ms. K. Ford and Mr. J. Holsteens of Continental Bank were present. Mr. R. Harrell, Lowry, Raclin, Harrell & Howerdd was present. Mr. R. Burke, the Plan Attorney, was present. Mr. B. Scholz, Pensioner, was also present. Mr. Robert Laidlaw of E. W. Axe was present.

The Chairman called the meeting to order at 10:59 A.M. Mr. Fleming informed the Chairman that the Secretary would be absent, therefore, it would be necessary to appoint a Secretary Pro Tempore.

On a motion by Mr. Kole, seconded by Mr. Flowers, the Committee unanimously appointed Mr. R. Fleming as Secretary Pro Tempore.

Mr. Holsteens of Continental Bank presented to the Committee a letter, dated June 11, 1982, entitled "May Market Summary." (A copy is attached to these minutes).

Mr. Holsteens noted that the market continued to gyrate
Mr. Holsteen noted that it would take approximately one year before the Fund is completely liquidated.

The Chairman asked that Mr. Robert Laidlaw of Axe-Southmark Real Estate Fund present a report to the Committee, as requested at the last meeting.

Mr. Laidlaw began his presentation by explaining to the Committee how the fund began. He then informed the Committee that the properties involved ranged from apartment buildings to shopping centers. Mr. Laidlaw noted that the properties will be located throughout the nation although at the present time they are mostly in the sun belt. Mr. Laidlaw explained the terms of the partnership and noted that it was all equity ownership. A discussion ensued between Committee Members after which the Chairman asked for a short recess.

The Meeting resumed at 12:50 P.M.

The Chairman asked for approval of the Minutes of the 401st Meeting, held May 17, 1982. On a motion by Mr. Perk, seconded by Mr. Hall, the Committee unanimously approved the Minutes of the 401st Meeting, held May 17, 1982.

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

The Secretary presented a total of twelve (12) Survivorship Options. On a motion by Mr. Hall, seconded by Mr. Perk, the Committee unanimously approved the Survivorship Options.

The Secretary presented four (4) Pre-Retirement Surviving Spouse Options for approval. On a motion by Mr. Hall, seconded by
Mr. Perk, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options.

The Secretary submitted nineteen (19) Applications for Retirement. On a motion by Mr. Kole, seconded by Mr. Goldman, the Committee unanimously approved the Applications for Retirement.

The Secretary reported that nine (9) employees who are receiving Disability Retirement Benefits were examined or had their files reviewed.

The Secretary presented thirty-one (31) refunds, totaling $302,357.74. The comparison figures for the same period of time one year ago were nineteen (19) refunds, totaling $160,261.37. On a motion by Mr. Kole, seconded by Mr. Perk, the Committee unanimously approved the refunds of contributions to be paid June 30, 1982.

The Secretary presented the report of Deposit, Disbursements and Investments noting that in the future any figures shown in the report under "Contributions" would represent reimbursement of contributions made by employees. The Secretary informed the Committee that as of May 31, 1982 there was a total of $476,079,145.51 in cash and equivalents.

The Secretary presented One (1) Chicago Transit Authority bill, totaling $29,370.61; six (6) Operating Bills, totaling $12,936.04; and, eight (8) remittances, totaling $295,274.57. On a motion by Mr. Kole, seconded by Mr. Goldman, the Committee unanimously approved payment of the bills and remittances in the amount of $346,581.22.
The Secretary submitted for approval twenty-three (23) Death Benefits, totaling $60,500.00. The comparison figures for the same period of time one year ago were 24 Death Benefits, totaling $53,500.00. On a motion by Mr. Kole, seconded by Mr. Perk, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Chairman called upon Mr. D. Lemm and Mr. R. Burke to bring the Committee up to date on the Fiduciary Liability Insurance. Mr. Lemm stated that on June 7, 1982 the Secretary of the Committee wrote to the Chicago Transit Board informing them that at the April 19, 1982 Retirement Meeting the Committee had approved the renewal of the 10 million dollar coverage of the Fiduciary Liability Insurance for one year and requested the Board's approval. Mr. Lemm informed the Committee that his office was in receipt of the bill from the Rollins, Burdick, Hunter Company and the matter had been placed on the agenda of the June 30, 1982 Mini-Board Meeting. The Chairman asked the Plan Attorney if the 10 million dollar coverage was a limitation which had been placed by the insurance company or would it be possible to increase the coverage. The Plan Attorney replied that this amount was the quotation presented at the time coverage was secured. However, he stated that he did not see where there would be a problem in increasing the coverage if the Committee so desired. A discussion ensued between Committee Members after which a motion was made by Mr. Flowers to look into the cost of additional coverage of the Fiduciary Liability Insurance. Mr. Kasmer seconded the motion and the Committee unanimously agreed.
The Secretary informed the Committee that a copy of the Arthur Young Annual Report was part of the meeting material. The Secretary also informed the Committee that the condensed annual report which is distributed to all employees is in the process of being prepared and, hopefully, would be distributed before the next retirement meeting.

In response to the Chairman's request, the Secretary informed the Committee that the Pension Section is scheduled to move back to the Merchandise Mart on July 23, 1982.

The Secretary informed the Committee that Mr. Eugene L. Johnson, who had retired on disability retirement on October 1, 1980, had returned to duty on May 15, 1982. Mr. John Russ revoked his Pre-Retirement Option which had been approved at the May 17, 1982 meeting. Mr. Thomas D. Rawlings revoked his Pre-Retirement Option which had been approved at the May 17, 1982 Meeting. Mr. Theodore F. Zurek had revoked his Retirement Option and Application and Mr. Herbert Strauch's deferred Option B-1/2 had been revoked and an Automatic A-1/2 Option requested.

The Secretary informed the Committee of the normal refund of contributions procedure and noted that an error had been made in the refunding of contributions to six (6) individuals. These individuals had received a refund of contributions in their payroll check during the month of April or May and a refund from the Secretary's Office. After discussion, it was agreed that these individuals be contacted and asked to reimburse the Fund the amount they had been overpaid.
Mr. Gallagher advised the Committee that he had been retained as counsel by the trustees of a trust established by a deceased individual in litigation concerning purported liabilities of said trust to trusts established for the benefit of the members of the deceased individual's family and to certain of said family members. One of the co-trustees is the Continental Illinois National Bank and Trust Company of Chicago.

Mr. Gallagher stated that he had been retained by the Continental Bank on the basis of his experience as an attorney in the trust and probate area and based upon his litigation experience. He advised Mr. Ashley of this undertaking and Mr. Ashley advised him that Board Members had undertaken work in the past involving third parties with whom the Retirement Committee had dealings and had undertaken this work without prior disclosure to the Committee.

Nonetheless, Mr. Gallagher asked counsel for the Retirement Committee to investigate the matter to determine whether he could fulfill his obligations to both the Committee and as counsel in the family trust litigation without placing him in either a conflict of interest or an appearance of a possible conflict.

Mr. Burke advised the Committee that the lawsuit in question was filed in the Circuit Court of Cook County, that Mr. Gallagher's responsibilities would be to both the Continental Bank, the other co-trustee of the trust and the trust beneficiaries, his role would be to defend the assets of the decedent's trust, and his fees would be paid from that particular trust. It was Mr. Burke's opinion that there was neither a conflict of interest nor an appearance of a conflict of interest. Mr. Burke had advised Mr. Gallagher
that if during the time that he was representing the Continental Bank in the litigation a question arose before the Retirement Committee in regard to the Continental Bank's fulfillment or continued fulfillment of its responsibilities as trustee, Mr. Gallagher should abstain from passing upon the issue. Mr. Perk inquired if the person who created the trust was a former CTA employee, and Mr. Burke responded that no relationship existed whatsoever between the CTA and the deceased individual and that none of the assets involved in the trust in any way affected the CTA. The assets basically consist of the family holding of stocks, bonds and real estate. Mr. Gallagher thanked Mr. Burke for his opinion.

There being no further business, on a motion by Mr. Perk, seconded by Mr. Thomas, the Committee unanimously agreed to adjourn at 1:11 P.M.