The 416th Meeting of the Retirement Allowance Committee was held on Monday, August 15, 1983, at 10:30 A.M., in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

Mr. C. Andersen  Mr. P. Kole
Mr. R. Fleming  Mr. D. Perk
Mr. E. Flowers  Mr. J. Weatherspoon

Mr. L. Brown, alternate for Mr. A. Kasmer, was present.
Mr. L. Morris, alternate for Mr. I. Thomas, was present.
Mr. R. Goldman, alternate for Mr. C. Hall was present. Mrs. A. Curtis, alternate for Mr. J. Gallagher, was present. Messrs. H. Hegarty and R. Bartkowicz were present. Messrs. D. Lemm, W. Ashley, J. Mullen and Ms. C. Cox were present. Messrs. J. Bidwill and S. Miller were also present. Messrs. E. J. Hamilton, J. Cyr, W. Leszinske and J. Fitzpatrick of Continental Bank were present. Mr. C. J. Anderson of the Plan Attorney's office was present. Mr. B. Scholz, pensioner, was also present.

The Chairman informed the Committee that he had to leave due to another meeting.

The Secretary called the meeting to order at 10:45 A.M. and informed the Committee that in the absence of the Chairman and Vice Chairman it would be necessary to appoint a Chairman Pro Tempore. On a motion by Mr. Morris, seconded by Mr. Kole, the Committee unanimously appointed Mr. E. Flowers as Chairman Pro Tempore.

Mr. W. Leszinske of Continental Bank turned the Committee's attention to a letter, dated August 11, 1983, entitled "July Market
Summary." Mr. Leszinske noted that during the month of July interest rates increased rather dramatically. Mr. Leszinske further stated that the economic forecast was for rates to decline during the latter part of the year. Mr. Leszinske completed his presentation by turning the Committee's attention to a list of notes and bonds which were sold in liquidating a part of the Fund's portfolio.

Mr. Hamilton then informed the Committee that the individual who handled the Fund's account at E. W. Axe was leaving and would be replaced by a portfolio manager who previously worked at the Banker's Trust Company.

The Chairman asked for approval of the Minutes of the 415th Meeting held July 18, 1983. On a motion by Mr. Kole, seconded by Messrs. Brown and Perk, the Committee unanimously approved the Minutes of the 415th Meeting, held July 18, 1983.

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, including one for John Mulligan pending receipt of appropriate medical statements. On a motion by Mr. Kole, seconded by Mr. Brown, the Committee unanimously approved the Survivorship Options, including that of John Mulligan pending receipt of medical statements.

The Secretary presented two (2) Pre-Retirement Surviving Spouse Options for approval. On a motion by Mr. Kole, seconded by Mr. Perk, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options.

The Secretary presented thirteen (13) Applications for
Retirement. On a motion by Mr. Kole, seconded by Mr. Morris, the Committee unanimously approved the Retirement Applications.

The Secretary reported that six (6) employees who are receiving Disability Retirement Benefits were examined or had their file reviewed.

The Secretary presented eight (8) refunds, totaling $59,428.53. The year to date totals are one hundred forty-three (143) refunds for a total of $1,266,048.12. The comparison figures for the same period of time one year ago are three hundred forty-six (346) refunds, totaling $2,801,614.84. On a motion by Mr. Kole, seconded by Mr. Perk, the Committee unanimously approved the refunds of contributions to be paid August 31, 1983.

The Secretary presented the report of Deposits, Disbursements and Investments noting that as of July 31, 1983 there was a total of $509,265,814.73 in cash and investments. The Secretary noted that the report on contributions was not included due to a time problem, however, it would be in the report next month.

The Secretary reported that there were two (2) Chicago Transit Authority bills, totaling $103,150.52; seven (7) Operating Bills, totaling $14,780.58; eight (8) remittances, totaling $307,452.58. The Secretary also informed the Committee that the Federal Withholding Tax Deposit for the month was $76,946.68. On a motion by Mr. Kole, seconded by Mr. Morris, the Committee unanimously approved payment of the bills and remittances totaling $502,330.36.

The Secretary submitted for approval twenty-one (21) Death Benefits, totaling $61,500.00. The year to date comparison figures are two hundred seventeen (217) Death Benefits, totaling $541,000.00. The figures for the same period of time one year ago are thirty-eight
(38) Death Benefits, totaling $85,000.00. The year-to-date figures for 1982 are two hundred thirty-one (231) Death Benefits, totaling $553,500.00. On a motion by Mr. Kole, seconded by Mr. Brown, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

Mr. John Baratka of The Wyatt Company turned the Committee's attention to the Actuarial Survey, a copy of which was in each Member's meeting material. Mr. Baratka perused and explained the various tables in the report as well as the actuarial assumptions which he explained are used to project the amount of benefits that would have to be paid, the amount of contributions that would have to be set aside, and the amount of interest that would have to be earned on the funds in order to make certain that there is enough money in the Fund to pay the benefits. A discussion ensued between Mr. Baratka and Committee Members regarding the various tables. Mr. Baratka then reviewed and explained the Value of Accumulated Plan Benefits portion of the report. Mr. Baratka also noted that although the suspension of payment of contributions to the Fund has not jeopardized the current security of the Fund in that the value of assets still exceed the accrued value of benefits, if nonpayment of contributions is continued this security would deteriorate. He further noted that funding has gone down somewhat because contributions were not paid. A discussion ensued between Committee Members regarding the Extension of Agreement, the Certificate of Indebtedness, the legal aspects and the impact placed on the Fund if the monies involved were not repaid by the Authority. Upon completion of the discussion, Mr. Kole made a motion to accept the Actuarial Valuation Report as presented, Mr. Brown seconded the motion and the
Committee unanimously agreed.

The Secretary turned the Committee's attention to the matter of Securities Lending noting that the subcommittee still did not have an opportunity to review the matter and recommended that it be deferred. The Committee unanimously agreed that this matter be deferred until after review by the Real Estate Subcommittee.

The Secretary noted that after the initial recommendation of The Wyatt Company as the Plan Actuary, the firm of Wolfman & Moscovitch was also recommended and the Secretary's Office was directed to meet with representatives of this firm, which has been scheduled for August 30, 1983. In addition, The Wyatt Company has been directed to put together a proposal and a fee schedule for presentation to the Committee. The Secretary also noted that this matter will probably be taken up again at the October meeting.

Mr. Kole reported on the Subcommittee meeting which took place prior to this meeting. Mr. Kole noted that the subcommittee will be meeting again in a couple of weeks at which time it is hoped that some recommendations will be forthcoming. Mr. Kole also noted that Mr. Zerbst stated that he feels he has made some progress in terms of direct investments here in the Chicagoland area and is reviewing a number of deals which he probably will be coming back with some recommendations on around the end of September.

The Secretary turned the Committee's attention to the matter of the membership on the Real Estate Subcommittee which was brought up at the last meeting. The Secretary noted that the 1982 Minutes were reviewed and the Minutes for the 403rd Meeting held July 22, 1982.
showed the formation of the Real Estate Subcommittee consisting of
Messrs. Weatherspoon, Kole and Perk; there was no mention made in the
Minutes or available notes of Mr. Flowers being appointed to this
subcommittee. The Secretary then made a recommendation that Mr. Flowers
be formally appointed a member of the Real Estate Subcommittee. After
discussion, Mr. Kole made a motion that Mr. Flowers be appointed to
the Real Estate Subcommittee retroactive to its inception. Mr. Perk
seconded the motion and the Committee unanimously agreed.

The Secretary informed the Committee that the matter concerning
Terrence J. Murtaugh's period of service would have to be deferred until
such time as the Plan Attorney was in attendance.

The Secretary informed the Committee that the Plan Booklet was
still in reproduction and his office has been assured that printing
will begin sometime this week. Further, the reason for the delay was
to secure the printing of the Condensed Annual Report which will be
distributed along with all active employees' payroll check.

The Secretary noted that last year the Pension Section was
directed to very hurriedly get out a pension statement to all active
employees and the Secretary's Office is seeking the direction of the
Committee in terms of securing a pension statement for Plan Year 1983.
After discussion, Mr. Kole made a motion that the Secretary's Office
attempt to find the best and lowest cost means of having the statements
done. Mr. Perk seconded the motion and the Committee unanimously
approved.

The Secretary brought to the Committee's attention the Pension
Section 1984 Budget which had been received from the CTA Budget Depart-
ment and was being submitted to the Committee for approval.
After discussion, Mr. Kole made a motion that the 1984 Pension Section Budget be approved as presented. Mr. Perk seconded the motion and the Committee unanimously approved.

As a point of information, the Secretary noted that Alvin Potts, Jr., who went on Disability Retirement February 1, 1983, had returned to duty July 18, 1983.

The Secretary turned the Committee's attention to their meeting material in which there was a copy of a letter regarding the insurance premium changes which was mailed to all retired employees.

There being no further business, on a motion by Mr. Brown, seconded by Mr. Perk, the Committee unanimously agreed to adjourn at 12:10 P.M.

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SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

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CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

dated ___________________________