AGENDA
FOR THE 437TH RETIREMENT MEETING OF MAY 20, 1985

1. Meeting will be called to order at 10:30 A.M., Merchants Room, 14th floor, Holiday Inn Mart Plaza.

2. Approval of the revised Minutes of the 435th Meeting held March 18, 1985, the Minutes of the 436th Meeting held April 15, 1985, and the Minutes of the Special Meeting held April 26, 1985.


4. Report by Trustee.

5. Announcements of Deaths Reported since last meeting.

6. Presentation of Survivorship Options.

7. Announcements of Pre-Retirement Surviving Spouse Allowances.

8. Presentation of new applications for approval.

9. Employees on Disability Retirement re-examined.


11. Report by Secretary of Deposits, Disbursements and Investments.

12. Presentation of Bills and Remittances.


   a.) Fiduciary Liability Insurance coverage for Retirement Allowance Committee -- report by Plan Attorney.
   b.) Mornar, John J. -- retired 02-01-85 -- question regarding his selection of the normal form of benefit payment report by Plan Attorney.
   c.) Capital Advisors, Inc. -- one year term to perform securities lending ends 07-15-85.
   d.) Sixty day extension granted by the Committee at the March 18, 1985 meeting on the following employees:
15. New Business.
   a.) Louis Halsell - D-2284 - retired 9-1-84 - returned to duty 4-18-85.
   b.) Raymond G. Rogers - B-1/2 Survivorship Option approved at the Meeting of November 19, 1984 - revoked.
   c.) Report by Harris Bank on their securities lending capabilities.
   d.) On lay-off status in excess of 3 years:
       Cong D. Do - #1637 Laid off 5-1-82
       Naomi L. Tillman #19593 Laid off 5-1-82
       Patricia Leal #15313 Laid off 5-1-82
   e.) Development of a Summary Plan Description -- report by the Secretary.
   f.) Recommendation to acquire the microcomputer capability to maintain the active employee master file on personal information, earnings, contributions and interest in house. Additionally, this would provide financial spreadsheet capacity for in house accounting and investment reporting -- report by the Secretary.
   g.) Recommendation to acquire 2 microcomputers to be used by the Pension Office for word processing and database filing -- report by the Secretary.
   h.) Request by Mr. Flowers for a report from the Chairman of the Retirement Allowance Committee regarding actions taken by the Chicago Transit Board with respect to contributions.

The 437th Meeting of the Retirement Allowance Committee was held on Monday, May 20, 1985, at 10:30 A.M., in the Merchants Room, 14th Floor, Holiday Inn Mart Plaza. The following were in attendance:

Mr. C. Andersen  Mr. E. Gresham  Mr. R. Andrzejewski  Mr. A. Kasmer
Ms. W. Black  Mr. G. Nagle  Mr. E. Flowers  Mr. D. Perk
Mr. J. Gallagher  Mr. I. Thomas

Messrs. L. Brown, R. Jania, L. Morris, H. Hegarty, H. Reddrick, R. Bartkowicz, and Ms. A. Curtis were present. Messrs. J. Mullen, J. Gates, R. Pirovano, Ms. P. Williams, and Ms. C. Cox were present. Mr. W. Ashley was also present. Messrs. G. Schedler, R. Walker and Mrs. N. Wolcott of the Harris Trust & Savings Bank were present. Mr. R. Burke, the Plan Attorney, was present. Mr. J. Baratka, of The Wyatt Company, was present. Dr. R. Zerbst, of Piedmont Realty Advisors, was present. Mr. B. Scholz, pensioner representative, was also present.

The Chairman called the Meeting to order at 10:45 A.M.

The Chairman called for approval of the revised Minutes of the 435th Meeting, held March 18, 1985; the Minutes of the 436th Meeting, held April 15, 1985; and the Minutes of the Special Meeting, held April 26, 1985. On a motion by Mr. Flowers, seconded by Mr. Perk, the Committee unanimously approved the revised Minutes of the 435th Meeting, held March 18, 1985; the Minutes of the 436th Meeting, held April 15, 1985; and the Minutes of the Special Meeting, held April 26, 1985.
The Chairman recommended that the following change in the order of presentation on the agenda be made: Item 4 be addressed now followed by 15(c), 14(c) and 3.

Mr. Schedler of the Harris Trust & Savings Bank passed out and explained to the Committee a report on the last 30 days activity in the investment market.

Mr. Schedler then introduced Mrs. Nancy Wolcott who presented a report on the Harris Bank's Securities Lending Program capabilities. A discussion ensued between Committee Members, Mrs. Wolcott, Mr. Schedler, and Mr. Mullen during which the Chairman suggested that the Harris Bank representatives develop a comparative report which outlined the risk and income of Harris Bank's Securities Lending Program versus that of Capital Advisors and requested that this report be presented at the next Committee meeting. He also requested that Capital Advisors present a written proposal at the next meeting.

At the Chairman's request, Dr. Zerbst of Piedmont Realty Advisors presented the 4th Quarter operating report on the direct real estate investments. A discussion ensued between Dr. Zerbst and Committee Members during which Mr. Thomas asked that in the future reports be made available to all Committee Members prior to the meeting in order that they might have more time to peruse them. Dr. Zerbst stated that this would be done. Mr. Thomas then questioned Dr. Zerbst as to why the real estate investments are presently being limited to the northside of Chicago, northern and northwestern suburbs and none in the southside of the city. Dr. Zerbst stated that he would prepare a report on the overall view of the
real estate investment market in order that Committee Members could get a better idea of what is going on and why investments have been made, which would be presented at the next meeting.

A discussion then ensued between Dr. Zerbst and Committee Members regarding the investment at 3660 N. Lake Shore Drive and the repayment of the loan by Mr. Silverman. The Chairman stated that Mr. Silverman should be informed that the Committee will not grant him a repayment extension. Dr. Zerbst stated that he had told Mr. Silverman that he would not recommend to the Committee that they give him an extension. Mr. Thomas made a motion based on the recommendation of the advisor, Dr. Zerbst, and the Plan Attorney that in the event Mr. Silverman or his organization does not comply with the terms of the contract and make payment pursuant to the contract, no further extension be made and the Fund counsel is directed to commence with whatever legal action is appropriate, Mr. Perk seconded the motion, and the Committee unanimously agreed.

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

The Secretary informed the Committee that there were three (3) Survivorship Options to be approved. On a motion by Mr. Flowers, seconded by Mr. Perk, the Committee unanimously approved the Survivorship Options.

The Secretary informed the Committee that there were no Pre-Retirement Surviving Spouse Allowances to report at this meeting.

The Secretary presented twenty (20) Retirement Applications for approval. On a motion by Mr. Perk, seconded by Mr. Kasmer, the Committee unanimously approved the Retirement Applications.
The Secretary reported that six (6) employees who are presently receiving Disability Retirement benefits were examined or had their file reviewed.

The Secretary presented twenty (20) Refunds of Contributions for approval, totaling $169,480.85. The comparison figures for the same period of time one year ago were fourteen (14) Refunds, totaling $128,530.26. On a motion by Mr. Gresham, seconded by Mr. Perk, the Committee unanimously approved the Refunds of Contributions to be paid May 31, 1985.

The Secretary turned the Committee’s attention to the Trustee Summary and presented the report of Deposits, Disbursements and Investments noting that the total portfolio had a market value of $601,561,079.71 at a cost of $572,562,259.18. The Secretary then asked Mr. Mullen to present a report on the Certificate of Indebtedness. Mr. Mullen noted that the $1,411,658.38 figure represented the March and April payments of $705,829.38 per month.

The Secretary informed the Committee that as of April 30, 1985 the S&P 400 Price to Book ratio stood at 1.53, which was a slight reduction from the March level of 1.55.

The Secretary reported that there was one (1) Chicago Transit Authority bill, totaling $48,271.73; eighteen (18) Operating bills, totaling $82,367.38; nine (9) Remittances, totaling $419,770.55; and the FIT Deposit, totaling $110,734.03, to be approved for payment. The Secretary informed the Committee that legal fees in the amount of $30,000 in connection with the Country Lakes Apartment project and legal fees in the amount of $1,792 in connection with the 20 N. Michigan Avenue project had been reimbursed to the Retirement Fund by
the Plan Attorney's firm. The Plan Attorney further explained that the agreements on these properties called for payment of legal fees by the borrower through his firm; since the fees were originally charged to the Retirement Fund and had been paid to his firm by the borrower, they were now being reimbursed to the Fund. On a motion by Messrs. Perk and Kasmer, seconded by Mr. Gresham, the Committee unanimously approved payment of the bills and remittances, totaling $661,143.69, to be paid May 31, 1985.

The Secretary presented for approval forty (40) Death Benefits, totaling $93,000. The comparison figures for the same period of time one year ago were fifty (50) Death Benefits, totaling $111,500. On a motion by Mr. Kasmer, seconded by Mr. Nagle, the Committee unanimously approved payment of the Death Benefits.

At the Chairman's request, the Plan Attorney presented an update report on the Fiduciary Liability Insurance coverage noting that he had contacted the present carrier to ascertain whether or not the coverage for the Retirement Allowance Committee could be broken out from that of the CTA whereby the Committee would have a separate policy. The Plan Attorney informed the Committee that he had been informed that this could be done if found to be acceptable by the CTA. A discussion ensued between the Chairman, Mr. Flowers, Mr. Andersen, the Plan Attorney, and Mr. Ashley during which Mr. Andersen noted that attempts are presently being made to secure information regarding separate coverage for the Committee through other underwriters. The Chairman asked Mr. Andersen and the Plan Attorney to look into the matter further and report back to the Committee at the next meeting.
The Chairman turned the Committee's attention to the matter of John J. Mornar and asked the Plan Attorney to present an update report on this case. The Plan Attorney verbally related the circumstances in question relative to Mr. Mornar's case and asked that the matter be held over to the next meeting in order that he might pursue it further.

The Chairman turned the Committee's attention to the matter of the 60-day extension granted at the March 18, 1985 Meeting to the following individuals who have been on lay-off status in excess of 3 years: Steven Bubacz, James W. Williams, Bonnie M. Walker, and Nancy A. Egan and asked the Secretary to expound. The Secretary noted that contact had been made with Mr. B. Ford, Executive Director of the CTA, who informed him that individuals on lay-off in excess of 3 years were being administratively terminated, therefore, this Committee would not have to take any action. The Secretary further noted that the individuals under Item 15(d) on the agenda, namely; Cong D. Do, Naomi L. Tillman, and Patricia Leal have now reached the laid-off in excess of 3 year status. The Secretary noted that Mr. Ford would be contacted regarding the status of these individuals and suggested that in the future the Secretary's Office only report to the Committee if the administrative procedure set up by the CTA is not being followed and there is need for action on a particular situation. A discussion ensued between Committee Members during which the Chairman recommended that the Secretary's Office send a letter to the individuals in question informing them of their status and all ramifications regarding the Plan.
The Secretary informed the Committee that Louis Halsell, who has been on disability retirement since September 1, 1984, returned to duty.

The Secretary informed the Committee that Raymond G. Rogers revoked his B-1/2 Survivorship Option which had been approved at the November 19, 1984 meeting.

The Chairman turned the Committee's attention to a report by the Secretary on the development of a Summary Plan Description and asked the Secretary to expound. The Secretary noted that during his tenure as Director of Pensions it has become evident that there is a fundamental lack of knowledge about the benefits and provisions of the Retirement Plan by the CTA employees. The Secretary suggested an attempt be made to develop a Summary Plan Description and recommended that he and his staff work with The Wyatt Company and the Plan Attorney to prepare the document. The Chairman recommended that a Subcommittee made up of labor and management be formed to aid in the development of this document. Messrs. Nagle, Flowers, Perk and Ms. Black were appointed to serve on the Subcommittee to make suggestions for the preparation of the document, which would then be brought before the full Committee for final approval.

The Chairman turned the Committee's attention to a recommendation by the Secretary to acquire microcomputer equipment for the Pension Office and asked the Secretary to expound. The Secretary turned the Committee's attention to their meeting material in which there was a proposal for the acquisition of the microcomputers which would allow the maintenance of personal information on both
active and retired employees, financial spreadsheets, accounting, contributions information, and investment reporting to be done on an in-house basis and asked Mr. Mullen to explain the report.

Mr. Mullen noted that many functions outlined in the report were presently being done by an outside service and through the CTA Data-center and the acquisition of the microcomputers would alleviate this expense. After a detailed explanation of the report by Mr. Mullen, a discussion ensued between the Secretary, Mr. Mullen and Committee Members during which Mr. Thomas made a motion for the purchase of the microcomputers and related equipment at a cost of approximately $26,000, Mr. Kasmer seconded the motion, and the Committee unanimously approved.

The Secretary then presented a proposal and recommendation for the purchase of two microcomputers and two printers to be used for word processing and data base filing. After discussion by Committee Members, Mr. Perk made a motion for the purchase of the two microcomputers and two printers for word processing and data base filing at a cost of approximately $8,250.02, Mr. Flowers seconded the motion, and the Committee unanimously approved.

The Chairman turned the Committee's attention to the request by Mr. Flowers for a report from the Chairman of the Retirement Allowance Committee regarding actions taken by the Chicago Transit Board with respect to contributions. The Chairman stated that he felt this was out of order and should not be discussed at this meeting, however, he would be glad to speak to anyone after the meeting with respect to how he voted on this matter. A discussion ensued between the Chairman and Mr. Flowers during which the Chairman noted that
he as well as several other Committee Members sit on more than one Committee, however, only those matters which are germane to the Retirement Allowance Committee should be discussed at the Retirement Allowance Committee Meeting.

Mr. Morris asked when the Retirement Plan Annual Report would be available. The Secretary noted that the report will probably be distributed in the latter part of June. Mr. Morris noted that he was primarily interested in investment data. The Secretary noted that this information was available and he would send it to anyone who wished to receive it.

Mr. Flowers then asked about the progress being made by the Subcommittee appointed to look into acquiring a new investment consultant for the Plan. The Secretary noted that proposals have been received from the following firms: Lowry, Raclin, Harrell & Howerdd, J. H. Elwood & Associates, and Eppler, Guerin and Turner. A discussion ensued between Committee Members during which the Chairman suggested that a copy of all proposals which had been received be distributed to Committee Members for their review, the Subcommittee could then make recommendations to the full Committee and perhaps those firms could then make a presentation to the full Committee.

Mr. Thomas asked the Secretary if there were any seminars being held which Committee Members could attend. The Chairman asked the Secretary to disseminate to the Committee Members all available information pertaining to seminars.
There being no further business, on a motion by Mr. Kasmer, seconded by Mr. Flowers, the Committee unanimously agreed to adjourn at 1:15 P.M.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED ____________________________