AGENDA
FOR THE 449TH RETIREMENT MEETING OF MAY 19, 1986

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

2. Approval of the Minutes of the 448th Meeting held April 28, 1986.


4. Announcement of deaths reported since the last Meeting.

5. Presentation of Survivorship Options.

6. Announcement of Pre-Retirement Surviving Spouse Allowances.

7. Presentation of new retirement applications for approval.
   a.) Charles Gage - retroactive Disability pension application for period 08-01-85 through 10-09-85.

8. Employees on Disability Retirement re-examined.

9. Presentation of Refunds of Contributions to be paid May 31, 1986.

10. Presentation of Bills and Remittances.

11. Death Benefits for approval.

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

   a.) Proposal on the addition of 2 new indirect real estate investments by Dr. Robert Zerbst.
   b.) Issue of whether the $600 lump sum payment and the vacation buy back will be considered pension earnings -- ruling of arbitrator -- report by Plan Attorney.
   d.) Victor E. Collins - D-2305 - request for retroactive disability.
14. New Business
   a.) Report on Fiduciary Liability Insurance coverage.
15. Adjournment.
The 449th Meeting of the Retirement Allowance Committee was held Monday, May 19, 1986, at 10:30 A.M., in the Merchants' Room, 14th Floor, Holiday Inn Mart Plaza. The following were in attendance:

Mr. C. Andersen  Mr. A. Kasmer
Mr. E. Flowers    Mr. G. Nagle
Mr. J. Gallagher  Mr. D. Perk
Mr. E. Gresham

Mr. R. Jania sat in Mr. R. Andrzejewski's stead,
Mr. H. Reed sat in Ms. W. Black's stead, and Mr. L. Morris sat in Mr. I. Thomas' stead. Messrs. H. Hegarty, H. Williams, R. O'Connor, H. Reddrick, and Ms. W. Black were present.
Mr. J. Mullen, Ms. P. Williams, and Ms. C. Cox were present.
Mr. W. Ashley, the Plan Consultant, was also present. Messrs. G. Schedler, C. Coleman, F. Duda, and L. Knecht 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, Inc. was present. Mr. B. Scholz, pensioner representative, was present.
Mr. B. Barnhart of the Chicago Tribune was also present.

The Chairman called the Meeting to order at 10:39 A.M.

The Chairman called for approval of the Minutes of the 448th Meeting held April 28, 1986. On a motion by
Mr. Perk, seconded by Mr. Morris, the Committee unanimously approved the Minutes of the 448th Meeting as presented.

The Chairman then veered from the agenda and informed the Committee that a decision by the arbitrator on the hiring of the Plan's Investment Consultant had been received in the Secretary's Office this morning (a copy was passed out to all Committee Members) and noted that Arbitrator Healy had selected Investment Management Control Systems as the Plan's Investment Consultant. The Chairman directed the Plan Attorney to meet with the Investment Management Control Systems representatives to draw up a contract.

Mr. G. Schedler introduced Messrs. C. Coleman, F. Duda, and L. Knecht of the Harris Trust & Savings Bank.

Mr. Coleman presented the Trustee Report on the activity in the market for the past 30 days. Mr. Duda gave an extended report on the proposed Harris Bank cash management program, which is to be managed in a separate account for the Plan. Mr. Duda explained that the program would include investments in regional bank Certificates of Deposit that offered competitive interest rates. Other investments would include U.S. Treasuries and agency securities, the Harris Bank working list of corporate, finance and bank bonds and the working list of commercial paper issuers. The maximum duration of the portfolio would be one (1) year. In response to questions raised regarding the government insurability of the Certificates of Deposit, Mr. Knecht noted that if the CD's are correctly registered in the name of the...
Retirement Plan and the Plan provides a letter which specifies that the Harris Bank has access to benefit valuation data on Plan participants, then the beneficial interest of each of the participants would be separately insured to $100,000. The Plan Attorney stated that as long as these requirements are met the FDIC does in fact extend the insurance coverage of up to $100,000 to each participant. The Chairman then appointed a Sub-Committee consisting of Messrs. G. Nagle, D. Perk, E. Gresham and E. Flowers to meet with Harris Bank representatives and the Plan Attorney to draw up a proposal which would be brought back to the full Committee for consideration and/or approval. The Chairman further noted that the proposal should identify the banks which will participate. Mr. Gresham appointed Mr. Thomas to serve in his stead on the Sub-Committee and Mr. Flowers appointed Mr. Hegarty to serve in his stead.

At the Chairman's request, Dr. R. Zerbst of Piedmont Realty Advisors, Inc. presented the first quarter real estate investment report noting the present status of the properties in which the Fund is invested. Dr. Zerbst then distributed and explained to the Committee a report laying out several options for the Committee to consider for its next indirect investment. After a discussion between Dr. Zerbst and Committee Members, the Chairman referred the investment proposal to the Real Estate Subcommittee for their perusal and recommendation to the full Committee in order that a final decision can be made.

The Chairman then stated that he would like to
take Item 13(b) on the agenda next, the ruling of the arbitrator as to whether the $600 lump sum payment and the vacation buy back should be considered pension earnings. A discussion ensued between the Plan Attorney and Committee Members during which the Plan Attorney stated that it is his opinion that the $600 lump sum payment and the vacation buy back should be considered as a part of pension earnings and should be computed as such and have an impact on pension contributions. The Vice Chairman stated that neither of these subjects had been addressed with regard to pension earnings during negotiations. He further stated that he felt the Retirement Allowance Committee should make this determination as it pertains to pension earnings. After further discussion, the Chairman asked if a motion could be made instructing the Plan Attorney to obtain a determination as to whether the matter of vacation buy back and the $600 lump sum payment as it pertains to pension earnings is a matter which is properly determined in arbitration or whether a ruling is obtainable under common law; and if the latter is determined and a payment from the Authority is not forthcoming the Plan Attorney is instructed to file a lawsuit. Mr. Perk asked that this be made a motion, Mr. Flowers seconded the motion, and the Committee unanimously approved.

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

The Secretary presented a total of eleven (11) Survivorship Options for approval including an option for John Smith and Charles Huber pending receipt of a CTA medical opinion.
On a motion by Mr. Gresham, seconded by Mr. Flowers, the Committee unanimously approved the Survivorship Options including the option for John Smith and Charles Huber pending receipt of a CTA medical opinion.

The Secretary informed the Committee that there were two (2) Pre-Retirement Surviving Spouse Allowances to report which became effective April 1, 1986.

The Secretary submitted twenty-six (26) Applications for Retirement. On a motion by Mr. Perk, seconded by Mr. Flowers, the Committee unanimously approved.

The Chairman turned the Committee’s attention to the next item on the agenda regarding Charles Gage. The Secretary noted that the Plan Attorney did not have an opportunity to review this file and recommended that this matter be deferred to the next meeting. On a motion by Mr. Perk, seconded by Mr. Flowers, the Committee unanimously agreed to defer the matter of Charles Gage to the next meeting.

The Secretary reported that five (5) employees who are presently receiving Disability Retirement Benefits were examined or had their file reviewed.

The Secretary presented eight (8) Refunds of Contributions for approval, totaling $74,865.71. The comparison figures for the same period of time one year ago were twenty (20) Refunds, totaling $169,480.85. On a motion by Mr. Flowers, seconded by Mr. Perk, the Committee unanimously approved the Refunds of Contributions to be paid May 31, 1986.

The Secretary presented one (1) Chicago Transit...
Authority bill, totaling $47,726.96; eighteen (18) Operating Bills, totaling $68,195.87; ten (10) Remittances, totaling $446,102.00; and the FIT Deposit, totaling $130,133.70. On a motion by Mr. Perk, seconded by Mr. Flowers, the Committee unanimously approved payment of the Bills and Remittances totaling $692,158.53.

The Secretary presented for approval twenty-five (25) Death Benefits, totaling $76,500.00. The comparison figures for the same period of time one year ago were forty (40) Death Benefits, totaling $93,000.00. On a motion by Mr. Gresham, seconded by Mr. Perk, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Secretary turned the Committee's attention to the report of Deposits, Disbursements and Investments in the Trustee Summary noting that as of April 30, 1986 the total portfolio had a market value of $734,695,029.81 at a cost of $622,473,973.16.

At the Secretary's request, Mr. J. Mullen presented a report on the Certificate of Indebtedness noting that during the month of April two remittances of $705,829.38 each had been received which represented the monthly payment for March and April and which leaves a current balance of $14,116,587.63.

The Secretary informed the Committee that as of April 30, 1986 the Price to Book Ratio of the S & P 400 stood at 1.94 and further noted that the staff expects to meet with the new investment consultant to determine how to beat implement the
equity reduction as per our investment model.

In response to the Chairman's request for an update on the matter of L. B. Jeffries which had been deferred at last month's meeting, Mr. Flowers informed the Committee that, as requested, he had contacted Mr. Jeffries to discuss the amount of monthly payment he felt he could make to repay the Fund the monies which were overpaid to him. Mr. Flowers noted that Mr. Jeffries stated that he could pay $25 per month without it causing him a hardship. After a brief discussion between Committee Members, on a motion by Mr. Reed, seconded by Mr. Perk, the Committee unanimously approved the $25 per month repayment amount for Mr. Jeffries.

The matter of Victor Collins' request for a change in his retirement date, which was deferred at the last meeting pending receipt of additional information, was addressed. At the Secretary's request, Mr. Ashley presented the facts involved in this matter. A discussion ensued between the Committee Members during which Mr. Gresham made a motion that this matter be deferred until the next meeting in order that Local No. 241 and the Pension Department staff can secure more information, Mr. Morris seconded the motion, and the Committee unanimously agreed.

The matter of the Fiduciary Liability Insurance coverage was brought to the Committee's attention and Mr. Andersen was asked to expound on the matter. Mr. Andersen noted that the Authority had approached several brokers seeking coverage, however, Aetna (our current carrier) was the only
company to respond. Mr. Andersen noted that Aetna is willing to continue coverage for one (1) year at an annual premium of $70,000 which will be paid on a 50-50 basis by the Authority and the Retirement Plan. After a brief discussion between Committee Members, Mr. Perk made a motion for approval of the Fiduciary Liability Insurance coverage with Aetna Insurance Company, for a one year period, at a cost of $70,000 - half to be paid by the Retirement Plan and half to be paid by the Authority, Mr. Nagle seconded the motion, and the Committee unanimously approved.

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SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

------------------CHAIRMAN------------------
CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED__________________________