

A G E N D A

FOR THE 440TH RETIREMENT MEETING OF AUGUST 16, 1985

1. Meeting will be called to order at 10:30 A.M., Steamboat Room, 14th floor, Holiday Inn Mart Plaza.
2. Approval of the Minutes of the 439th Meeting held July 22, 1985.
3. Report by Trustee.
4. Announcements of Deaths Reported since last Meeting.
5. Presentation of Survivorship Options.
6. Announcements of Pre-Retirement Surviving Spouse Allowances.
7. Presentation of new applications for approval.
8. Employees on Disability Retirement re-examined.
9. Presentation of Refunds of Contributions to be paid August 31, 1985.
10. Report by Secretary of Deposits, Disbursements and Investments.
  - a.) Report on payment on the Certificate of Indebtedness for 1981 Employer Contributions.
  - b.) Report on Price to Book ratio of the S&P 400.
11. Presentation of Bills and Remittances.
12. Death Benefits for approval.
13. Unfinished Business.
  - a.) Fiduciary Liability Insurance coverage for Retirement Allowance Committee - report by Plan Attorney.
  - b.) Status report on the Investment Consultant Search.
  - c.) Review of quote from Wolfman and Moscovitch to perform actuarial valuation.
  - d.) Appointment of the Wyatt Company as Plan Actuary for the 1985 Plan Year valuation.

- e.) Review of Arthur Young Report by Mr. James Martin.

14. New Business.

- a.) Morton Libert, D-1876 - retired 01-31-85 - returned to duty 07-02-85.
- b.) Assignment of new Pension Seniority Dates as a result of the non-payment of Contribution refunds within a 13 month period as provided in Rule 21.

NAME	REINSTATEMENT DATE
John J. Adams	November 21, 1983
Albert A. Armes	February 6, 1984
Mike Batista	April 9, 1984
Michael G. Boyk	May 14, 1984
Gloria J. Cage	March 12, 1984
Joyce A. Carbins-Sayles	March 28, 1984
Fred Gandy	January 19, 1984
Ralph V. Green	January 26, 1984
Roscoe R. Jasper	March 19, 1984
Curtis V. Johnson	August 31, 1983
Loistine Johnson	April 9, 1984
Alexander Larkin	January 17, 1984
Eumura Miller	January 23, 1984
Randy B. Roberts	January 17, 1984
Vera M. Tucker	January 17, 1984
Warren E. Tyson	May 7, 1984
Sylvia T. Walker	February 6, 1984
Booker T. Washington	January 19, 1984

- c.) 1986 Retirement Plan Budget.

15. Adjournment

RETIREMENT PLAN  
FOR  
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 440th Meeting of the Retirement Allowance Committee was held Friday, August 16, 1985, at 10:30 A.M., in the Steamboat 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. I. Thomas

The Chairman noted that Mr. R. O'Connor would be sitting in Mr. R. Andrzejewski's stead. Mr. L. Morris, alternate for Ms. W. Black, was present. Mr. H. Reddrick was also present. Messrs. J. Mullen, W. Ross, Ms. P. Williams, and Ms. C. Cox were present. Messrs. W. Ashley and J. Weatherspoon were present. Mr. G. Schedler of the Harris Trust and Savings Bank was present. Mr. J. Baratka of The Wyatt Company was present. Mr. R. Burke, the Plan Attorney, was present. Mr. J. Martin and Ms. Linda Buckley of Arthur Young & Company were present. Mr. B. Scholz, retiree representative, 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 439th Meeting, held July 22, 1985. The Plan Attorney noted that he had not been included as being in attendance at the meeting. The Chairman asked that the Minutes be corrected to reflect that Mr. R. Burke, the Plan Attorney, was in attendance. On a motion by Mr. Thomas, seconded by Mr. Morris, the Committee unanimously approved the Minutes of the 439th Meeting as corrected.

The Chairman asked that item 13(e) on the agenda, Review of the Arthur Young Report by Mr. James Martin, be taken out of order and presented next as Mr. Martin had another engagement. Mr. Martin introduced Ms. Linda Buckley of Arthur Young & Company after which he reviewed and explained the Financial Statements and Supplementary Information Report for Years Ending December 31, 1984 and 1983, a copy of which was passed out to Committee Members.

Mr. G. Schedler of the Harris Trust & Savings Bank distributed copies of and explained to the Committee a report on the activity in the market for the 30-day period ending August 14, 1985.

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

The Secretary informed the Committee that there were two (2) Survivorship Options for approval. On a motion by Mr. Kasmer, seconded by Mr. Flowers, the Committee unanimously approved the Survivorship Options.

The Secretary informed the Committee that there were two (2) Pre-Retirement Surviving Spouse Allowances to report.

The Secretary presented fourteen (14) new retirement applications for approval. On a motion by Mr. Kasmer, seconded by Mr. Perk, the Committee unanimously approved the applications for retirement.

The Secretary reported that twelve (12) employees who are presently receiving disability retirement benefits were examined or had their file reviewed.

The Secretary presented twenty-two (22) Refunds of Contributions for approval, totaling \$257,781.39. The comparison figures

for the same period of time one year ago were eighteen (18) refunds, totaling \$171,832.59. On a motion by Mr. Flowers, seconded by Mr. Kasmer, the Committee unanimously approved the Refunds of Contributions to be paid August 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 \$631,250,062.81 at a cost of \$576,867,917.29. The Secretary further noted that the Fund was up 13 per cent for the first seven (7) months of 1985. The Chairman asked the Secretary if he could give a brief report on how this compared to the past historical results. The Secretary informed the Committee that a 13 per cent rate of return for a 7-month period would compare very favorably with any 7-month period over the past 7-1/2 years that we have had the investment policy in place. He further noted that this represented investment earnings in excess of 80 million dollars.

At the Secretary's request, Mr. J. Mullen reported on the Certificate of Indebtedness noting that a payment had been received on August 2, 1985 and would be reflected in the following month's report.

The Secretary informed the Committee that the S&P 400 Price to Book ratio, as of July 31, 1985, stood at 1.60 which is slightly within the 1.60 to 1.80 range which normally would signal an adjustment in equity exposure from the current 60 per cent down to 50 per cent. Further, an estimate which was calculated with input from Merrill Lynch indicates the level to be 1.57 as of August 15, 1985. He noted that this level would suggest we maintain a 60 per cent equity

exposure. The Chairman interjected that the Investment Consultant Search Subcommittee had spent a lot of time hearing presentations by various representatives of firms that are interested in becoming the investment consultant for the Fund. He further noted that the subcommittee will meet again after which recommendations will be made to the full Committee. The Chairman stated that he felt no move should be made until after the consultant had been hired and provided input into the matter.

The Secretary reported that there was one (1) Chicago Transit Authority bill, totaling \$45,793.40; eighteen (18) Operating bills, totaling \$25,312.41; nine (9) Remittances, totaling \$418,514.87; and the FIT Deposit, totaling \$115,318.95, for approval. On a motion by Mr. Kasmer, seconded by Mr. Morris, the Committee unanimously approved payment of the bills and remittances, totaling \$604,939.63, to be paid August 31, 1985.

The Secretary presented for approval fifteen (15) Death Benefits, totaling \$65,000. The comparison figures for the same period of time one year ago were thirty-two (32) Death Benefits, totaling \$88,000. On a motion by Mr. Kasmer, seconded by Mr. Perk, the Committee unanimously approved the Death Benefits.

The Chairman noted that since the Plan Attorney had to step out of the meeting for a brief period the report on the Fiduciary Liability Insurance would be deferred until his return.

The Chairman noted that the status report on the Investment Consultant search had already been given.

The Chairman turned the Committee's attention to items 13(c) and 13(d) on the agenda noting that they could be handled at the same

time. At the request of the Chairman, the Secretary explained further noting that a copy of the quote from Wolfman and Moscovitch to perform the actuarial valuation for the Fund was included in the meeting material. He further noted that the appointment of an Actuary for Plan Year 1985 had been held in abeyance for several meetings until this quote could be received, perused by the Committee, and a decision could be made as to whether Wolfman and Moscovitch or The Wyatt Company would be retained as the Plan Actuary. After a brief discussion, on a motion by Mr. Perk, seconded by Mr. Kasmer, the Committee unanimously agreed to appoint The Wyatt Company as the Plan Actuary for Plan Year 1985.

The Secretary informed the Committee that Morton Libert, who went on disability retirement January 1, 1985, had returned to duty.

The Secretary turned the Committee's attention to a list of reinstated employees whose 13-month repayment period, as provided in Rule No. 21, had expired and, therefore, should be given new pension seniority dates. A discussion ensued between Committee Members during which the Chairman asked the Plan Attorney if it would be possible to extend the time. The Plan Attorney stated that it was within the Committee's power to grant an extension. Further discussion ensued during which the Chairman stated that if any Committee Member knew of an individual on the list who was experiencing some type of hardship a 30-day extension could be granted to allow time for the Committee Member to contact the individual and report back to the Committee at the next meeting. The following names were presented: Curtis V. Johnson, Michael G. Boyk, Mike Batista, Roscoe Jasper, and Vera Tucker. The question then arose as to whether or not the

remaining individuals should be given a new pension seniority date. The Plan Attorney suggested that the entire matter be deferred to the next meeting. Mr. Flowers made a motion to defer the matter to the next meeting, Mr. Kasmer seconded the motion, and the Committee unanimously agreed.

The Secretary turned the Committee's attention to the matter of the 1986 Retirement Plan Budget. The Chairman suggested that the matter be deferred until the next meeting in order that the Committee could have more time to peruse the budget. A motion to defer the matter to the next meeting was made by Mr. Flowers, seconded by Mr. Perk, and unanimously approved by the Committee.

The Chairman asked the Plan Attorney to present the report on the Fiduciary Liability Insurance coverage. The Plan Attorney stated that as outlined in the Minutes coverage could be continued through Aetna Insurance for a three (3) year period at a cost of \$70,000, and an additional \$10 million of layer insurance coverage was also being offered for an additional cost of \$42,500. The Plan Attorney further noted that separate coverage for the Retirement Allowance Committee could not be secured. Mr. Andersen noted that he had tried various companies, however, this was the best coverage available. After a brief discussion, on a motion by Mr. Perk, seconded by Mr. Nagle, the Committee unanimously approved the purchase of the Fiduciary Liability Insurance coverage through the Aetna Insurance Company for a three (3) year period at an annual cost of \$70,000, half of which would be paid by the Authority and the remaining half would be paid by the Retirement Plan.



The Chairman asked that the Minutes reflect, as a matter of disclosure since the Fund has an investment in the property, that his law firm was negotiating a lease to secure office space in the 20 N. Michigan Avenue building. He further noted that the leasing agent and property manager, U.S. Equities Realty, Inc., represents that the negotiated rent is comparable to current leases and is also within the leasing standards of the contract. It was further represented to the Committee that the lease would be contingent upon a letter from Plan Counsel stating that such a transaction would not be in violation of any state or federal laws.

There being no further business, on a motion by Mr. Thomas, seconded by Mr. Nagle, the Committee unanimously agreed to adjourn at 11:45 A.M.

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SECRETARY  
RETIREMENT ALLOWANCE COMMITTEE

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CHAIRMAN  
RETIREMENT ALLOWANCE COMMITTEE

DATED \_\_\_\_\_