

RETIREMENT PLAN

FOR

CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 352nd Meeting of the Retirement Allowance Committee was held on Monday, April 17, 1978, in the Board Room, Room 734, Merchandise Mart, and the following were in attendance:

Mr. W. Ashley	Mr. W. Spears
Mr. P. Kole	Mr. J. Tiffy
Mr. S. Miller	Mr. J. Touhy

Mr. C. Hall, alternate for Mr. Barley, Sr., Mr. T. Hill, alternate for Mr. Bianchi, Mr. L. Wool, alternate for Mr. Brabec were also present. Neither Mr. E. Langosch nor Mr. A. Kasner were present. Messrs. Harmon, Heatter and Hegarty were also present. Messrs. E. Hamilton and W. Leszinske of Continental Bank were present. Mr. J. Story of Callan Associates, Inc. was present. Mr. R. Cerasoli of Compensation and Capital, Inc. was present.

The Chairman called the meeting to order at 10:36 A.M.

Mr. Leszinske of Continental Bank began his presentation by circulating a written report to each Committee Member and reviewed the report relative to the Fixed Income Portion of the Fund.

He then circulated a Point to Point Measurement Report on Fund "E" to each Committee Member and reported that for the period from March 31, 1978 to April 14, 1978, on a Dollar Weighted Percent Change Basis, Fund "E" underperformed both the Dow Jones and S & P 500 Indices.

He then pointed out factors which attributed both to

the strength and weaknesses of the current and projected economic scene.

Mr. Leszinske also indicated that Continental Bank was holding approximately \$15,000,000.00 in cash and equivalents as a reserve for the purchase of Fixed Income Securities. He indicated these monies would be committed to bonds when they felt the time was appropriate.

Mr. Story of Callan Associates, Inc. presented a report to each Committee Member on the Retirement Fund for the fourth quarter of 1977 and reviewed the new format of future Callan Associates, Inc. Reports.

Mr. Story reviewed factors relative to the Retirement Fund such as: Duplication of Purchase and Sales, Brokerage Commission Expense, Capital Turnover, Brokerage Discount, Investment Objectives, Actuarial Objectives, Fund's Relative Performance, and Money Manager Variance.

Mr. Miller asked if the Investment Objectives related to each individual manager or to overall investment objectives of the Fund. Mr. Story responded by indicating that this report addressed the overall Fund objectives.

Mr. Touhy asked if the Brokerage Commission Expense of \$142,214 was the cost of producing the Callan Associates, Inc. Report. Mr. Story responded indicating that the Brokerage Commission Expense is the cost charged by Stock and Bond Managers to execute sales and purchases of stock and bonds.

Mr. Harmon asked the reason for the Fund not meeting its Investment Objectives. Mr. Story responded by indicating that due to the fact that new investment advisers were hired to manage the Equity Portion of the Fund on October 17, 1977 and the advisers were aligning their portfolios under their particular investment styles that it was too early to make an analysis on investment objectives.

Mr. Story continued his presentation by commenting about the discrepancies during the quarter indicating that there was not an unusual amount for this quarter in view of the recent transition in money management.

Mr. Story indicated that he would like the Committee's approval to do the necessary work to provide the Committee with an analysis of all money managers in the future. The Chairman indicated that he would like to see Callan Associates, Inc. continue monitoring services to the Committee at least through the second quarter of 1978 until the Investment Subcommittee can meet to determine what Performance Monitoring Services will be retained by the Committee.

On a motion by Mr. Touhy, seconded by Mr. Miller, the Committee unanimously approved the retention of Callan Associates, Inc. to monitor the performance through the second quarter of 1978.

Mr. Story concluded his presentation at 11:25 A.M. and he, Messrs. Hamilton and Leszinske of Continental Bank left the meeting.

The Chairman asked for the approval of the Minutes of the 351st Meeting, held March 20, 1978.

On a motion by Mr. Tiffy, seconded by Mr. Touhy, the Minutes of the 351st Meeting, held March 20, 1978, were unanimously approved.

The announcements of deaths since last meeting were made by the Secretary, as per the attached list.

The Secretary presented five (5) Survivorship Options for approval at this meeting. The Secretary pointed out that out of the five (5), two (2) were the Automatic A one-half ($\frac{1}{2}$) Survivorship Option Benefits, Messrs. John L. Lynch and Clarence J. Schultz. The Secretary suggested that in future reports individuals electing the Automatic A one-half ($\frac{1}{2}$) Option Benefits be separated from those who elect the Options which are required to be approved by the Committee.

On a motion by Mr. Touhy, seconded by Mr. Hall, the Committee unanimously approved the three (3) Survivorship Options and acknowledged receipt of the two (2) Automatic A one-half ($\frac{1}{2}$) Options.

The Secretary advised that there were twenty-three (23) Applications for Retirement submitted for approval. The Secretary indicated that amongst the twenty-three (23) applications was one for Mr. Freddie L. Reed which was accompanied by a letter from the Transportation Department requesting that this application be made retroactive to March 1, 1978; and one for Mr. Edward A. Swital accompanied by a letter from the Maintenance Department requesting that this application be made retroactive to April 1, 1978 due to

the fact that each individual did not understand the procedure for filing an Application for Retirement.

On a motion by Mr. Miller, seconded by Mr. Harmon, the Committee unanimously approved the twenty-three (23) Applications for Retirement submitted for approval including one for Mr. Freddie L. Reed to be made retroactive to March 1, 1978 and one for Mr. Edward A. Swital to be made retroactive to April 1, 1978.

The Secretary reported that during the month, eleven (11) employees on Total and Permanenet Disability were examined by the Medical Department or their records reviewed.

The Secretary presented thirty (30) refunds, totaling \$119,561.50 for approval at this meeting. On a motion by Mr. Touhy, seconded by Mr. Wool, the refunds to be paid on April 30, 1978, as per the attached statement, were unanimously approved.

The Secretary introduced Mr. R. Cerasoli of Compensation and Capital to explain the new automated report of deposits, disbursements and investments starting for the month of March, 1978.

Mr. Cerasoli made a presentation to the Committee and indicated that his firm could prepare this report in any manner the Committee would feel that it is most useful.

After discussion between many of the Committee Members, it was agreed to restructure the report in a manner that composite reports would be presented in the front of the booklet and the detailed reports would be in the back of the booklet.

Mr. Hegarty requested that in addition to the information provided that Mr. Cerasoli's firm prepare a report in the format as used in the Secretary's Report of Deposits, Disbursements and Investments.

Mr. Cerasoli concluded his presentation at 12:40 P.M. and left the meeting.

The Secretary presented the Chicago Transit Authority bills, totaling \$13,551.57, and Mr. Hugh Hegarty pointed out that there was an error in the bill for Union Dues. The Secretary responded by indicating that the bill should read \$2,808.00 instead of \$2,008.00 and the total of other bills should be \$117,034.00. The Secretary submitted the corrected bills for approval.

On a motion by Mr. Hegarty, seconded by Mr. Tiffy, the Committee unanimously approved payment of the bills as corrected.

The Secretary presented, for payment of April 30, 1978, Death Benefits numbering thirty-four (34) and amounting to \$72,500.00 for approval.

On a motion by Mr. Wool, seconded by Mr. Spears, the Committee unanimously approved the Death Benefits as per the attached list.

The Secretary informed the Committee that since Mr. Hall had been involved in Labor Negotiations, he had been unable to work with Mr. Heatter regarding Mr. James B. Edwards' contributions to the Retirement Fund. The Secretary indicated that Mr. Heatter will meet with Mr. Hall when Mr. Hall is available. The Secretary reported that this will be held in abeyance until Mr. Hall meets with Mr. Heatter.

The Secretary reported that the Option Application for Mr. Arthur M. Mulvaney, approved at the Meeting of September 19, 1977, was withdrawn.

The Secretary referred each Committee Member to the letters that were being mailed out to the pensioners relative to the new contract provisions.

The Secretary referred to a letter which he received from Mr. Timothy O'Mahoney requesting the market value of the Retirement Fund as of December 31, 1977 and the Rate of Return for the Calendar 1977. The Secretary indicated to the Committee that this information could not be furnished until the Committee receives the report from the Plan's Auditor and that it will not be furnished until sometime in June. The Committee agreed that when the audited information is received the Secretary should then respond to Mr. O'Mahoney.

The Secretary reported that Mr. James W. LaFollette, who is currently receiving Total and Permanent Disability Benefits refused to take the test for the position of Ticket Agent based on the advice of his attorney.

A discussion then ensued between Committee Members relative to Mr. LaFollette's action.


The Secretary indicated that in accordance with Section 12, Paragraph 12.1 of the Retirement Plan for Chicago Transit Authority Employees,

"An employee shall not be entitled to receive any disability allowance for any period for which he, although unable to return to his regular duties, refuses to accept other work offered by the Authority."

The Committee unanimously agreed that the Secretary hold Mr. LaFollette's Disability Retirement Allowance Benefit Check until the matter is resolved and that the Secretary should advise Mr. LaFollette of the Committee's action.

There being no further business, on a motion by Mr. Miller, seconded by Mr. Wool, the Committee unanimously agreed to adjourn at 1:02 P.M.


SECRETARY
RETIREMENT ALLOWANCE COMMITTEE


CHAIRMAN PRO TEMPORE
RETIREMENT ALLOWANCE COMMITTEE

DATED MAY 15 1978