

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 324th Meeting of the Retirement Allowance Committee was held on Monday, April 19, 1976, in the Conference Room, Room 444, Merchandise Mart and the following were in attendance:

Mr. E. Barley, Sr.	Mr. E. Langosch
Mr. J. Blaa	Mr. J. Tiffy
Mr. P. Kole	Mr. J. Touhy

Mr. Brown, alternate for Mr. Kole, replaced Mr. Kole at 11:45 A.M. Mr. Hill, alternate for Mr. Blaa, was present and was replaced by Mr. Blaa shortly after the meeting commenced. Mr. Hegarty, alternate for Mr. Spears; and Mr. Lemm, alternate for Mr. Ashley were present. Neither Mr. Brabec nor his alternate were present. Neither Mr. Hastings nor his alternate were present. Messrs. E. Burke and C. Klimkowski of Becker Securities Corporation; Messrs. R. Donovan and B. Leszinske of Continental Bank; Mr. C. Hall of Division 241; and Mr. C. Heatter, Superintendent of Pensions were also present.

The Chairman called the meeting to order at 10:25 A.M.

The Chairman called for the election of a Secretary Pro Tempore due to the absence of Mr. Ashley. On a motion by Mr. Touhy, seconded by Mr. Langosch, the Committee unanimously approved Mr. Lemm, Secretary Pro Tempore.

A presentation was made by Mr. Klimkowski of Becker Securities Corporation on the performance of the Trust as compared to other funds of similar asset size and characteristics

and to the S&P Market Indicator.

During Mr. Klimkowski's presentation, Mr. Kole questioned the difference between the market value as reported by Becker of \$154,747,000.00 to the market value as reported in the Trustee's Annual Report of \$163,080,208.48. Mr. Donovan of the Continental Bank responded, he stated the difference was due to the fact that the accounting for the Fund was changed from the Cash basis to the Accrual basis in anticipation of new legislation for PERISA (Public Employee Retirement Security Act) at the request of the Committee.

Mr. Kole asked what the Trust's objective relative to the commitment to Equities. Mr. Leszinske of Continental responded, stating a 70% commitment of the Total Trust to Equities.

A discussion ensued by Messrs. Barley, Burke, Leszinske and Touhy relative to the development of future investment objectives and policy.

Mr. Touhy requested that the Committee have a report prepared by the Trust's Actuary as to future funding requirements and this be forwarded to Mr. Leszinske in order to develop investment objectives. Mr. Touhy requested that the Committee charge the Secretary's Office with the responsibility to assist Mr. Leszinske in the development of a number of recommendations relative to future investment objectives.

On a motion by Mr. Touhy, seconded by Mr. Barley, the aforementioned requests were unanimously approved.

Each Committee Member was given their personal copy of the Becker Securities Corporation Report, dated March 1976. A copy of this report is part of the Committee's records in the

Secretary's Office. Mr. Klimkowski concluded his presentation at 12:00 P.M.

The Secretary then asked Mr. Leszinske of Continental Bank to respond to a number of questions which were raised at previous meetings. Mr. Leszinske responded to a question relative to the Trust's performance to other funds of similar composition. He indicated that the report by Becker was very comprehensive and felt the report covered many aspects of the Trust's performance.

He responded to a question relative to improving the Trust's performance during a declining market and Continental's philosophy relative to declining markets in the past. He stated that Continental has recently established a new group in order to improve timing of investments and predicting market declines and cycles. He stated that the Trust's Equities are "growth equities" and historically may or may not do well in a declining market but should produce an attractive Rate of Return over an extended period of time.

Mr. Donovan responded to a question relative to the crediting of interest on Fixed Income Securities. He stated that as of January 1, 1976 Continental established the policy of crediting Registered Interest within three (3) working days after the interest payable date. He pointed out that of the six (6) Major Chicago Based Banks; First National, Northern and LaSalle credit Registered Interest to an account on payable date and Continental, Harris and American credit interest to an account on a date after payable date.

Mr. Leszinske responded to a question relative to the "List of Securities Transactions during January 1 through January 31, 1976," relative to the clarification of meaning of "Approximate Yield" and the low rate of yield. He stated that "Approximate Yield" is utilized because the Commercial Paper yield varies and it is quoted as an average yield. He indicated that when Continental receives large deposits they invest in Short Term Securities while an investment decision is made. The Short Term Security yield varies and which currently are yielding approximately $5\frac{1}{2}$ percent, down from 7 percent six months ago.

Mr. Leszinske made a presentation on the Trust's performance during the first quarter of 1976 indicating an overall (Equities & Fixed Income) rate of return of 8.9%. Each Committee Member was given their personal copy of the Trust's Performance for the first quarter of 1976. A copy of the Trust's Performance for the first quarter of 1976 is part of the Committee's records in the Secretary's Office. Mr. Leszinske made assumptions relative to the economy and forecasted a rate of return for Equities and Fixed Income of approximately 15% by year end 1976. Messrs. Leszinske and Donovan concluded their presentation at 12:30 P.M. and they and Messrs. Burke and Klimkowski left the meeting.

The Chairman asked for the approval of the Minutes of the 323rd Meeting, held March 15, 1976.

On a motion by Mr. Kole, seconded by Mr. Touhy, the Minutes of the 323rd Meeting, held March 15, 1976, were unanimously approved.

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

The Secretary advised that four (4) Survivorship Options were submitted for approval at this meeting. On a motion by Mr. Blaa, seconded by Mr. Kole, the Committee unanimously approved the four (4) Survivorship Options submitted by the Secretary.

NOTE:

The above Committee actions of the Retirement Allowance Committee preceded the Becker's Securities Corporation Report at the request of Mr. Kole.

The Secretary advised that twenty (20) Applications for Retirement were submitted to this office for presentation at this meeting. An application for Mr. John T. Summerson for Total and Permanent Disability is to be held in abeyance pending a complete physical examination by the Committee's physician and a statement from Mr. Summerson's physician. On a motion by Mr. Touhy, seconded by Mr. Blaa, the Committee approved the twenty (20) applications submitted by the Secretary.

The Secretary reported that during the month, two (2) employees on Total and Permanent Disability were examined by the Medical Department or their records reviewed.

The Secretary presented fifty (50) refunds totaling \$219,540.33 for approval at this meeting. On a motion by Mr. Tiffy, seconded by Mr. Touhy, the refunds to be paid April 30, 1976, as per the attached statement, were unanimously approved.

The Secretary read a report of deposits, disbursements and investments during the month of March, as per the attached statement.

The Secretary presented the Chicago Transit Authority bills totaling \$9,803.87 and miscellaneous bills totaling \$90,875.37 for approval. On a motion by Mr. Touhy, seconded by Mr. Tiffy, the Committee unanimously approved payment of these bills.

The Secretary reported that for the payment of April 30, 1976, Death Benefits numbering forty-three (43) and amounting to \$65,500.00 were submitted for approval. On a motion by Mr. Touhy, seconded by Mr. Brown, the Committee unanimously approved payment for the Death Benefits, as per the attached list.

Mr. Touhy requested that an audit be required of all Retirement Allowance Calculations.

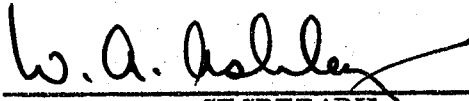
On a motion by Mr. Touhy, seconded by Mr. Tiffy, the Committee charged the Secretary to ensure all Retirement Allowance Calculations be audited.

The Secretary reported that Mr. Elvin D. Ford approved for Total and Permanent Disability on April 1, 1976, returned to duty on March 19, 1976 and his application was withdrawn. Ms. Eileen A. Shea who was approved for Early Retirement withdrew her application through the Transportation Department.

At the request of the Secretary, Mr. Heatter reported that the Pension Section has moved from Room 746 to Room 429 as of April 20, 1976. The Pension Section currently has one

temporary phone number - 740. The Engineering Department has informed the Pension Section that they should have full phone service as of April 27, 1976.

On a motion by Mr. Langosch, seconded by Mr. Blaa, the Committee unanimously agreed to adjourn at 12:58 P.M.



SECRETARY
RETIREMENT ALLOWANCE COMMITTEE



CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED: MAY 17 1976