

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 325th Meeting of the Retirement Allowance Committee was held on Monday, May 17, 1976, in the Conference Room, Room 444, Merchandise Mart and the following were in attendance:

Mr. W. A. Ashley	Mr. P. Kole
Mr. E. Barley, Sr.	Mr. J. Touhy
Mr. J. Blaa	Mr. W. Spears
Mr. J. Hastings	

Mr. Kasmer, alternate for Mr. Langosch was also present. Neither Mr. Brabec nor his alternate were present. Neither Mr. J. Tiffy nor his alternate were present. Mr. John Turner of Callan Associates, Inc.; Mr. W. Leszinske of Continental Bank; and Mr. C. Heatter, Superintendent of Pensions were also present.

The Chairman called the meeting to order at 10:30 A.M.

A presentation was made by Mr. W. Leszinske of Continental Bank relative to current economic environment, indicating factors attributed to the strength of current economic situation and pointing out areas of concern as to the future economic situation.

During Mr. Leszinske's presentation, Mr. Hastings asked what the current prime rate is and if an increase in the prime rate is anticipated. Mr. Leszinske stated that the current prime rate is 6-3/4% and could rise to 7-3/4% by year end 1976, an increase of 1%.

Mr. Touhy asked if this would eventually increase mortgage rates. Mr. Leszinske answered in the affirmative.

Mr. Leszinske pointed out that the interest rates for short term investments are increasing and anticipates the rates increasing anywhere from 7.25% to 8.3%.

Mr. Leszinske made a presentation on the performance of the Trust's Equities for the period 3/31/76 to 5/13/76 based on market value. He indicated there was a decline in market value on Equities from \$113,042,109 to \$111,606,488 and stated that the Trust Investment Philosophy is long term oriented. He then stated that Dollar Weighted Percent Change for all equities was -1.27 as compared to the S&P 500 Dollar Weighted Percent Change of -0.59.

Mr. Hastings indicated to Mr. Leszinske that the point to point report as was presented relative to the Equities Performance should be continued on a monthly basis.

Each Committee Member was given their personal copy of the report on the Equities Performance for the period 3/31/76 to 5/13/76 based on market value. A copy of the report on the Equities Performance for the period 3/31/76 to 5/13/76 is part of the Committee's records in the Secretary's Office.

Mr. Leszinske concluded his presentation at 11:00 A.M.

Mr. J. Turner of Callan Associates, Inc. made a presentation on the Trust's Performance for the Quarter Ended March 31, 1976 and for the Five Quarters preceding and ending on March 31, 1976.

Mr. Turner pointed out discrepancies in the crediting of interest earned from investments that were credited more than

five (5) days after payment date. He indicated that the Trust lost use of money for the period between date interest was payable and date of actual payment.

Messrs. Ashley and Barley questioned these discrepancies and thought that Continental implemented a new policy relative to crediting Registered Interest within three days after interest payable date.

Mr. Kole questioned the comparison of the number of discrepancies between the Five Quarters Ended March 31, 1976 and the Quarter Ended March 31, 1976. Mr. Turner responded that there appears to be an erosion in attention to interest payments, thus an increase in number of discrepancies.

Mr. Ashley stated that he will request Mr. Donovan to respond to the reason for an increase in discrepancies as indicated in the Callan Report.

Mr. Turner continued his report and indicated that there were no New York City transactions in this report, as in past reports. He stated that the Rate of Return (Internal) for the Total Portfolio was 8.54% for the Quarter Ended 3/31/76. He indicated the Rate of Return (Internal) for the Five Quarters Ended March 31, 1976 was 28.64%. He indicated that the Trust's Investments were moving from fixed assets to equities. He indicated that Continental has tightened cash management and appeared to pay stricter attention to cash on hand as indicated by an Average Cash Balance (Daily) of \$43,777 for the First Quarter in 1976 as compared to \$72,308 for the Five Quarters Ended March 31, 1976.

Mr. Turner then proceeded to report on Equities Performance and Fixed Asset Performance to Market Indicators and to other funds. He pointed out performance of Bonds was strong for the Quarter Ended March 31, 1976.

Mr. Turner indicated that the Trust appeared to be on the way to improving as market cycle continues to rise and that Continental seems to be continuing consistent Portfolio Management.

Each Committee Member was given their personal copy of the Callan Associates, Inc. Reports, dated May 17, 1976. A copy of these reports are part of the Committee's records in the Secretary's Office. Mr. Turner concluded his presentation at 11:51 A.M. and he and Mr. Leszinske left the meeting.

The Chairman asked for the approval of Minutes of the 324th Meeting, held April 19, 1976.

On a motion by Mr. Touhy, seconded by Mr. Blaa, the Minutes of the 324th Meeting, held April 19, 1976, were unanimously approved.

The announcements of deaths since 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. Touhy, seconded by Mr. Blaa, the Committee unanimously approved the four (4) Survivorship Options submitted by the Secretary.

The Secretary advised that twenty-four (24) Applications for Retirement were submitted for presentation at this meeting. One application for Albert W. Schnell of the Mainte-

nance Department (Vehicle Maintenance Section) is to be held in abeyance pending an investigation of Mr. Schnell's activities and until a statement from Mr. Schnell's physician is received and reviewed by the Committee's physician. One application for Mr. John T. Summerson for Total and Permanent Disability is to be continued to be held in abeyance until a statement from Mr. Summerson's physician is received and reviewed by the Committee's physician. On a motion by Mr. Touhy, seconded by Mr. Blaa, the Committee approved twenty-four (24) 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 thirty-two (32) refunds totaling \$126,663.64 for approval at this meeting. On a motion by Mr. Touhy, seconded by Mr. Spears, the refunds to be paid May 31, 1976, as per the attached statement, were unanimously approved.

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

The Secretary presented the Chicago Transit Authority bills totaling \$9,633.83 and miscellaneous bills totaling \$87,756.90 for approval. On a motion by Mr. Kole, seconded by Mr. Touhy, the Committee unanimously approved payment of these bills.

The Secretary reported that for the payment of May 31,

1976, Death Benefits numbering thirty (30) and amounting to \$37,500.00 were submitted for approval. On a motion by Mr. Touhy, seconded by Mr. Kole, the Committee unanimously approved payment for the Death Benefits, as per the attached list.

The Secretary reported that Mr. Whitted Hart, Jr. has not as yet responded to the request for him to be examined by the Committee's physician as of this date.

The Secretary reported that arrangements have been made through Mr. Miller's Office to have all Retirement Allowance Calculations and Refunds checked by the Internal Auditing Section on a monthly basis.

The Secretary asked Mr. Hastings to respond to a request of the Committee at the 324th Retirement Allowance Committee Meeting relative to the development of investment objectives. Mr. Hastings indicated that the involvement of the Committee in development of investment objectives would not be consistent with provisions of the Plan or Trust Agreement. Mr. Touhy indicated that it wasn't his or the Committee's intent to neither violate the provisions of the Plan or Trust Agreement but to ensure that the fund is and would continue to be on a sound basis relative to past and future liabilities. The Secretary pointed out that in the last contract there was a substantial increase in Retirement Allowance Benefits with no increase in contributions and that past and future funding assumptions and liabilities are made in the Actuary's Report which will be distributed to Committee Members in the near future.

The Secretary announced that the Secretary's Office

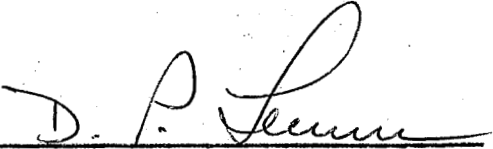
received a favorable Determination Letter, dated April 27, 1976, from the Internal Revenue Service superseding a letter, dated March 1, 1976, and continuing qualification indefinitely with the Amendments to the Plan of January 1, 1974 and December 1, 1974. Mr. Hastings indicated that the reason for the delay of the letter of determination was due to the fact the Internal Revenue Service assumed the Plan was covered under ERISA.

The Secretary stated that his office received a bill for the Trustee's Fee indicating an increase of approximately 15% for the first year and approximately 34% thereafter. He suggested the Committee hold the approval of the fee in abeyance until the Committee receives a complete explanation of the increase from Mr. Donovan of Continental Bank.


The Secretary stated that he recently completed a questionnaire for Representatives John H. Dent and John N. Erlenborn relative to a new bill to be introduced, "The Public Employee Retirement Security Act of 1976." The Secretary called the Committee's attention to two articles which were in the pass out material titled, "Funding Problems of Private, Public Funds" and "Pension Contributions Raised, Vesting Schedule Changed in Teamsters Tentative Agreement" and suggested that each Committee Member take time to read them.

The Secretary requested that two (2) new calculators be purchased for use by the Pension Section at the cost of \$325.00 each for a total cost of \$650.00. On a motion by Mr. Touhy, seconded by Mr. Kasmer, the Committee approved acquisition of the calculators.

There being no further business, on a motion by Mr. Kasmer, seconded by Mr. Touhy, the Committee unanimously agreed to adjourn at 12:34 P.M.



SECRETARY
RETIREMENT ALLOWANCE COMMITTEE



CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED: JUN 21 1976