

RETIREMENT PLAN  
FOR  
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 329th Meeting of the Retirement Allowance Committee was held on Monday, September 20, 1976, in the Board Room, Room 734, Merchandise Mart and the following were in attendance:

Mr. W. A. Ashley            Mr. P. J. Kole  
Mr. E. F. Brabec           Mr. J. E. Touhy  
                                 Mr. J. E. Hastings

Mr. Harmon, alternate for Mr. Tiffy; Mr. Hegarty, alternate for Mr. Spears; Mr. Hill, alternate for Mr. Blaa, were present. Neither Mr. Barley, Mr. Langosch, nor their alternates were present. Mr. E. Burke of Becker Securities Corporation; Messrs. E. Hamilton and W. Leszinske of Continental Bank; Messrs. D. Lemm, F. Mullen and C. Heatter, Superintendent of Pensions, were also present.

The Secretary called the meeting to order at 10:38 A.M.

The Secretary advised the Committee that due to the absence of Mr. Barley it would be necessary to elect a Chairman Pro Tempore. On a motion by Mr. Hegarty, seconded by Mr. Brabec, the Committee unanimously elected Mr. Touhy, Chairman Pro Tempore.

A presentation was made by Mr. W. Leszinske of Continental Bank relative to the Equity Portfolio Performance for the period June 30, 1976 to September 16, 1976.

Mr. Leszinske referred to a point to point analysis

of equities for the period June 30, 1976 to September 17, 1976 based on Market Value indicating the Equity Portfolio increased from \$117,730,250.00 to \$120,243,338.00. He stated the Dollar Weighted Percent Change for all Equities was +2.13% as compared to the S&P 500 at +1.91% and the Dow Jones Industrials -0.77. He stated that the Fund for this period has outperformed the S&P 500 and Dow Jones Industrials.

Mr. Leszinske pointed out that a Japanese firm has just introduced a new high-speed film which may have a psychological effect on the Kodak Company due to the fact Kodak is usually the first to introduce new types of film.

Mr. Touhy indicated his concern over Brunswick Corporation stock. Mr. Leszinske stated that Brunswick Corporation has improved since last report and the Bank is forecasting this stock to improve further.

Mr. Brabec asked how many shares of American Express Company stock and Gardner Denver Company stock were in the Fund's Portfolio. Mr. Leszinske responded by stating there were 85,000 shares of American Express Company and 80,000 shares of Gardner Denver Company.

Mr. Brabec requested that he would like to see the average price per share which was paid for stocks in order that the Committee could get perspective of stocks between book and market values. Messrs. Ashley, Brabec and Harmon also requested that they would like to see a monthly review of sales, purchases and income. Mr. Leszinske responded by indicating that he would make this information available in

the future.

Mr. Leszinske continued his presentation with a Sector Performance Analysis of Bonds indicating for the period March 31, 1976 to September 16, 1976 the Point to Point Weight Price Movement was +2.93% and Income from Coupon Interest of +1.71% for a total return on Bonds of +4.64%.

A presentation was then made by Mr. E. Hamilton of Continental Bank by referring to a report prepared by the Bank reviewing all discrepancies as were pointed out in the Portfolio Audit by Callan Associates, Incorporated ending June 30, 1976.

Mr. Touhy asked if the Fund would receive Interest for the period between Continental Bank's Policy of Payable Date +3 for Registered Interest and the time the Interest and Principal amounts were actually paid. Mr. Hamilton responded in the affirmative and indicated the credit will be reflected in the Fund's monthly cash statement.

The Continental Bank's presentation was concluded at 11:07 A.M.

Mr. E. Burke of Becker Securities Corporation made a presentation on the Fund's Performance for the Quarters ending March 31, 1976 and June 30, 1976.

Mr. Burke referred to two charts pointing out that as of March 31, 1976 the Equity Investments Portfolio composition was 61.0% with a Market Value of \$107,002,000.00 which generated for this quarter \$605,866.00 in dividends.

and as of June 30, 1976 the Equity Investments Portfolio composition was 63.6% with a Market Value of \$116,030,000.00, which generated \$746,833.00 in dividends for this quarter. He further pointed out that the Long Term Bonds (Marketable Debt) Portfolio was 27.5% with a Market Value of \$48,097,000.00, which generated interest income of \$1,083,016.00 for this quarter, and as of June 30, 1976 the Long Term Bonds (Marketable Debt) Portfolio was 29.3% with a Market Value of \$53,522,000.00, which generated interest income of \$526,221.00 for this quarter. He then pointed out that as of March 30, 1976 the Total Fund's Market Value was \$175,149,000.00, which generated a total income from dividends and interest of \$2,073,736.00 for this quarter; and as of June 30, 1976 the Total Fund's Market Value was \$182,531,000.00, which generated a total income of \$1,579,684.00 for this quarter. Mr. Burke indicated that the aforementioned income figures did not reflect any realized losses.

Each Committee Member was given their personal copy of the Becker Securities' Charts, dated March 31, 1976 and June 30, 1976. A copy of these reports are part of the Committee's records in the Secretary's Office. Mr. Burke concluded his presentation at 11:22 A.M. and he, Messrs. Hamilton and Leszinske left the meeting.

The Chairman asked for approval of the Minutes of the 328th Meeting, held August 16, 1976.

On a motion by Mr. Kole, seconded by Mr. Hegarty, the Minutes of the 328th Meeting, held August 16, 1976, were

unanimously approved.

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

The Secretary presented three (3) Survivorship Options for approval at this meeting. On a motion by Mr. Hegarty, seconded by Mr. Brabec, the Committee unanimously approved the three (3) Survivorship Options submitted by the Secretary.

Mr. Touhy stated that he understood that once a Survivorship Option is approved by the Committee, the employee could retire at any time after the approval with Survivorship Option Benefits. Mr. Ashley responded indicating that Survivorship Option Forms are submitted on the basis of a particular date of retirement and the employee has the right to cancel or change the option previously approved, but that each change shall be deemed as a new election and shall be treated as such by the Committee. He further stated that by indicating a particular date of retirement, is how the Secretary's Office determines whether evidence of good health should be submitted or not.

The Secretary advised that thirteen (13) Applications for Retirement were submitted for approval at this meeting. On a motion by Mr. Brabec, seconded by Mr. Hegarty, the Committee unanimously approved the thirteen (13) applications submitted by the Secretary.

The Secretary reported during the month, six (6) employees on Total and Permanent Disability were examined by

the Medical Department or their records reviewed.

The Secretary presented sixty-one (61) refunds totaling \$266,565.44 for approval at this meeting. On a motion by Mr. Kole, seconded by Mr. Brabec, the refunds to be paid September 30, 1976, as per the attached statement, were unanimously approved.

The Secretary read a report of deposits, disbursements and investments during the month of August.

The Secretary presented the Chicago Transit Authority bills totaling \$14,236.90 and miscellaneous bills totaling \$140,113.35. On a motion by Mr. Brabec, seconded by Mr. Kole, the Committee unanimously approved payment of these bills.

The Secretary reported that for the payment of September 30, 1976, Death Benefits numbering nineteen (19) and amounting to \$40,500.00 were submitted for approval. On a motion by Mr. Brabec, seconded by Mr. Kole, the Committee unanimously approved payment for Death Benefits as per the attached list.

The Secretary reported that the Authority's Investigation Section contacted Mr. Whitted Hart, Jr.'s (Disability Retirement No. D-1850) family in order to determine the whereabouts of Mr. Hart. The family stated that Mr. Hart was living in North Carolina and indicated that they would have Mr. Hart contact the Secretary's Office. On August 30, 1976, the Secretary received a letter from Mr. Hart indicating he will appear at the Medical Department at his convenience. The

Secretary indicated that as provided under Section 12.4 of the Retirement Plan, his office will continue to hold Mr. Hart's Disability Allowance Checks until Mr. Hart Complies with Retirement Plan Regulations.

The Secretary reported that the Pension Section on October 1, 1976 will circulate letters to all eligible retired employees relative to enrolling under the Authority's Group Dental Program.

Mr. Touhy requested a copy of the Actuarial Tables used in computing Survivorship Benefits. The Secretary responded by indicating that a copy of the tables will be distributed to each Committee Member at the next meeting.

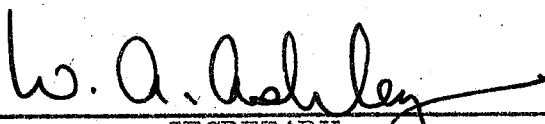
Mr. Harmon asked how the effective date of retirement for a Disability Retirement is determined. The Secretary stated that the date of commencement for disability is the date approved by the Committee as provided under Section 12 of the Plan. He further stated an employee could elect to go on disability the first of the month after completing twenty-six (26) weeks under the Authority's Group Accident and Sickness Insurance or from the Authority under the Workmen's Compensation Act.

He stated an active employee's coverage under the Authority's Group Life Insurance terminates thirty-one (31) days prior to the effective date of retirement and Death Benefit coverage takes effect the date of retirement.

The Secretary read a letter received by his office from the Chairman of the Chicago Transit Authority Board, which was sent by the wife of one of CTA's employee's, commending Mr. Craig Heatter for the manner and time he spent assisting the couple in preparation for retirement. The Secretary stated that it is a good thing to know that some employees realize that the office does its' job well.

The Secretary referred to the article titled "ERISA Boss Make Major Statement On Prudency, Fiduciary Responsibilities" and recommended that all Committee Members read the article.

On a motion by Mr. Kole, seconded by Mr. Brabec, the Committee unanimously agreed to adjourn at 11:44 A.M.

  
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SECRETARY  
RETIREMENT ALLOWANCE COMMITTEE

  
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CHAIRMAN  
RETIREMENT ALLOWANCE COMMITTEE

OCT 18 1976  
DATED: \_\_\_\_\_