

RETIREMENT PLAN FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 332nd Special Meeting of the Retirement Allowance Committee was held on December 6, 1976 in the Conference Room, Room 444, Merchandise Mart and the following were in attendance:

Mr. E. Barley, Sr.	Mr. E. Langosch
Mr. J. R. Blaa	Mr. W. C. Spears
Mr. E. F. Brabec	Mr. J. F. Tiffy
Mr. P. J. Kole	

Mr. Gresham, Alternate for Mr. Touhy; Mr. Lemm, Alternate for Mr. Ashley; Mr. Mullen, Alternate for Mr. Hastings, were present. Mr. R. Harrell, Pension Consultant, Eppler, Guerin and Turner; Messrs. H. Hegarty and C. Heatter, Superintendent of Pensions, were also present.

The Chairman called the meeting to order at 9:37 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. Barley, seconded by Mr. Tiffy, the Committee unanimously approved Mr. Lemm, Secretary Pro Tempore.

Mr. Robert Harrell, Pension Consultant, Eppler, Guerin and Turner was introduced to the Committee and began his presentation. Mr. Harrell pointed out the following 8 services which the firm he was representing could provide to the Retirement Allowance Committee.

1. Assistance in communicating to the Chicago Transit Authority Board and other interested parties the rationale for decisions relating to the retirement fund. The Firm will also help the Committee document more realistic assumption rates with the Committee's Actuary.

2. Assistance in communicating to investment managers the risk limitations which the Committee is willing to accept and the "value added" return which you expect from the management of your account.

3. Quarterly inspections of the risk level of each of the Fund's management accounts to determine if the advisors are in fact carrying out the covenants of your agreement. This is critical to detect before the advisor has had an extended period of time to manage money outside of the guidelines which the Committee previously established with him. The single complaint of corporate investors of their money managers is the lack of understanding the risk levels assumed.

4. Quarterly inspections of the "risk adjusted" rates of return in order to determine the cumulative effect of the investment management results. This must be accomplished by comparison of the retirement fund against similar quality and price risk portfolios.

5. Assistance in setting the long-term debt/equity ratio for the retirement fund.

6. Ongoing recommendations for allocation of the fund's contributions to the proper investment managers and at the proper time. This can have dramatically positive results on your long-term rates of return.

7. Assistance in new manager search when and if the need arises in the Committee's plan.

8. Assistance in constructing a multiple management approach with each advisor complementing rather than competing with the other advisors to your account.

During Mr. Harrell's presentation a number of questions were raised by Messrs. Brabec, Barley, Mullen and Spears relative to sources of research and studies, ramifications of setting investment policy by Retirement Allowance Committee, methods used to measure performance of fund and various money managers. Mr. Harrell concluded his presentation at 11:10 A.M.

Mr. Kole asked Mr. Harrell to momentarily leave the Conference Room.

Mr. Kole recommended that the Committee hire the firm Mr. Harrell represented, Eppler, Guerin and Turner, for a 90 day period on a directed brokerage basis and after year end no longer retain the services of A. G. Becker Securities Corporation.

Mr. Brabec suggested that we retain the services of A. G. Becker Securities Corporation until the Committee can evaluate the services provided by Eppler, Guerin and Turner. Mr. Kole agreed with Mr. Brabec's suggestion.

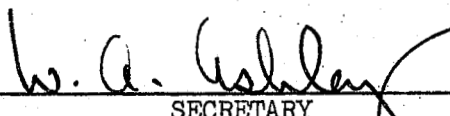
On a motion by Mr. Kole, seconded by Mr. Tiffy, the Committee unanimously agreed to hire the firm Mr. Harrell represented, Eppler, Guerin and Turner for the period of 90 days on a directed brokerage basis of \$6,000.00 commission per quarter.

Mr. Harrell returned to the Conference Room and Mr. Kole informed him of the Committee's decision.


Mr. Barley directed the Secretary's Office to furnish Mr. Harrell all information as necessary in order that Mr. Harrell can begin work immediately.

Mr. Kole asked Mr. Harrell how long it will take before the Committee will hear the first report. Mr. Harrell responded by indicating 30 days after receipt of all necessary information.

There being no further business, on a motion by Mr. Mullen, seconded by Mr. Tiffy, the Committee unanimously agreed to adjourn at 11:20 A.M.



SECRETARY
RETIREMENT ALLOWANCE COMMITTEE



CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DEC 20 1976

DATED