

RETIREMENT PLAN

FOR

CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 343rd Meeting of the Retirement Allowance Committee was held on Monday, August 15, 1977, in the Board Room, Room 734, Merchandise Mart, and the following were in attendance:

Mr. W. Ashley	Mr. S. Miller
Mr. E. Barley, Sr.	Mr. W. Spears
Mr. S. Bianchi	Mr. J. Tiffany
Mr. P. Kole	Mr. J. Touhy

Neither Mr. Langosch nor his alternate were present.

Mr. DeFranco, alternate for Mr. Kole; Mr. Hall, alternate for Mr. Barley; Mr. Heatter, alternate for Mr. Ashley; Mr. Hill, alternate for Mr. Bianchi; and Mr. Wool, alternate for Mr. Brabec, were also present. Mr. R. Harrell of William Lowry and Associates, Incorporated and Mr. W. Leszinske of Continental Bank were also present.

The Chairman called the meeting to order at 10:37 A.M.

Mr. Leszinske began his presentation by referring the Committee to the Economic Forecast Charts, pointing out factors which attributed both to the strength and weaknesses of the current and projected economic scene.

Mr. Leszinske stated that the bank will review the discrepancies as reported in the Callan Associates Incorporated's Report, ending June 30, 1977, and will report back to the Committee at the next meeting.

Each Committee Member was given their personal copy of the charts as presented by Continental and report submitted by Callan Associates, Incorporated. A copy of each chart and report is part of the Committee's records in the Secretary's Office.

Mr. Leszinske concluded his presentation at 11:00 A.M. and left the meeting.

A presentation was made by Mr. R. Harrell of William Lowry and Associates, Incorporated relative to the Statement of Investment Policy for the Retirement Fund. Mr. Harrell recommended the Policy be adopted by the Committee with a 70% equity/30% debt ratio with an expected rate of return of 6.5%.

Mr. Barley asked if the Committee would set Investment Guidelines for the new Investment Advisers once they are chosen. Mr. Harrell responded in the affirmative pointing out this will be an important step in setting up multiple Investment Advisers for the Retirement Fund.

Mr. Barley asked if the new Investment Advisers would be banks. Mr. Harrell indicated that the money managers for the equity portion of the Fund will primarily be independent Investment Advisers with superior public performance records.

Mr. Touhy asked how the Committee pays for the investment consulting services provided by William Lowry and Associates, Incorporated. Mr. Harrell indicated that William Lowry and Associates, Incorporated is paid in directed commissions. Mr. Harrell indicated that this also includes an auditing service once the new Investment Advisers begin management of the Retirement Fund.

Mr. Kole recommended that the Committee accept the William Lowry and Associates, Incorporated's approach relative to the future investment policy of the Retirement Fund and approve the Statement of Policy with a 70% equity/30% debt ratio with an expected rate of return of 6.5%, with the understanding that the Committee may revise the Statement of Policy as deemed necessary.

On a motion by Mr. Barley, seconded by Mr. Bianchi, the Committee unanimously agreed to accept the William Lowry and Associates, Incorporated's approach to the future investment philosophy of the Retirement Fund and to approve the Statement of Policy with the understanding that the Committee can revise the Policy as deemed necessary.

The Secretary distributed a copy of the Statement of Investment Policy to all Committee Members for signature indicating their approval. This original copy of the Statement is a part of the Committee's records in the Secretary's Office.

Mr. Kole recommended that an Investment Subcommittee be appointed in order to expedite and facilitate the selection of Investment Advisers. Mr. Barley recommended that both he and Mr. Spears be appointed to the Subcommittee with Messrs. Hall and Hegarty as alternates. Mr. Kole recommended that both he and Mr. Miller be appointed to the Subcommittee with Messrs. Brabec and Bianchi as alternates.

On a motion by Mr. Wool, seconded by Mr. Bianchi, the Committee unanimously approved the appointment of Messrs. Barley and Spears with Messrs. Hall and Hegarty as their alternates; and Messrs. Kole and Miller with Messrs. Brabec and Bianchi as their alternates, to the Investment Subcommittee. Mr. Kole indicated that the Investment Subcommittee will meet prior to the next meeting to select Investment Advisers and report back to the Committee.

The Chairman asked for the approval of the Minutes of the 342nd Meeting, held July 18, 1977. The Secretary pointed out that there was a revision of the Minutes on Page 5, 3rd paragraph, indicating the paragraph should read as follows:

"After general discussion, Mr. Touhy asked whether or not another name could be proposed. Mr. Touhy proposed that Mr. Martin Burns, who represents Division 308, be named. Further discussion was held and it was agreed that the Secretary obtain resumes from both attorneys for review by the Committee."

On a motion by Mr. Miller, seconded by Mr. Barley, the Minutes of the 342nd Meeting were approved as revised.

The announcements of deaths since last meeting were made by the Secretary.

The Secretary presented ten (10) Survivorship Options for approval at this meeting. On a motion by Mr. Spears, seconded by Mr. Barley, the Committee unanimously approved the ten (10) Survivorship Options submitted by the Secretary.

The Secretary advised the Committee that there were seventeen (17) Applications for Retirement submitted for approval. The Secretary requested that Mr. Virgil L. Tyler's application be withdrawn pending a decision from the Personnel Department as to whether or not Mr. Tyler could qualify as a Ticket Agent. The Secretary pointed out that if Mr. Tyler did not meet qualifications of Ticket Agent, Mr. Tyler would be recommended for a retroactive disability retirement to August 1, 1977. The Secretary also advised the Committee that amongst the applications for approval was one for John T. Summerson, who was being recommended to begin an early retirement retroactive to August 1, 1977 as a result of not understanding the procedure for filing for an early retirement. On a motion by Mr. Barley, seconded by Mr. Spears, the Committee unanimously

approved the sixteen (16) applications submitted by the Secretary, withdrawing Mr. Virgil L. Tyler's application pending a decision from the Personnel Department as to whether or not Mr. Tyler qualifies as a Ticket Agent.

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 pointed out that amongst these two (2) employees on Total and Permanent Disability is Mr. James W. LaFollette who in addition to both Disability Retirement and Workmen's Compensation Benefits is also receiving an Insurance Payment of \$100.00 per week as a result of a Felonious Assault while on duty.

Mr. Hall requested a letter from the Secretary confirming that Mr. LaFollette is receiving the \$100.00 per week additional insurance as a result of a Felonious Assault while on duty. The Secretary responded by indicating he would send a letter relative to this matter to Division 241.

The Secretary presented forty-two (42) refunds, totaling \$219,680.11, for approval at this meeting. On a motion by Mr. Miller, seconded by Mr. Spears, the refunds to be paid August 31, 1977, as per the attached statement were unanimously approved.

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

The Secretary presented the Chicago Transit Authority bills, totaling \$13,737.71; and other bills, totaling \$110,419.35. On a motion by Mr. Wool, seconded by Mr. Touhy, the Committee unanimously approved payment of these bills.

The Secretary presented for the payment of August 31, 1977, Death Benefits numbering twenty-seven (27) and amounting to \$56,500.00 were submitted for approval. On a motion by Mr. Barley, seconded by Mr. Touhy, the Committee unanimously approved the Death Benefits, as per the attached list.

The Secretary read an Opinion from Mr. Hastings relative to the reimbursement to the Retirement Fund of Contributions and earned interest by employees reinstated by the Authority. Mr. Hastings stated in his opinion that he believes that, "It is within the rule making power of the Committee (Paragraph 5.6) to adopt a rule allowing the reinstated employee 30 or 60 days to make the refund specified by Paragraph 15.2, since loss of interest or dividends on the amount of the refund for such a short period would not be significant and because repayment on the day of reinstatement could be a hardship."

The Secretary called the Committee's attention to the Amended Rule 21 as proposed by Mr. Hastings and recommended it be adopted. Each Committee Member was given a copy of Mr. Hastings' Opinion and proposed Amended Rule 21.

Mr. Spears presented the Secretary with a letter written by Mr. Pete Dowd, Attorney-at-Law, which presented an Opinion on this matter. The Secretary read the letter to the Committee.

After discussion between Committee Members, it was the general consensus that Mr. Hastings' proposal was acceptable provided that additional wording be added in order to clarify status of an employee who was reinstated and given ninety (90) days to reimburse the Fund and becomes disabled within the ninety (90) days prior to reimbursing the Retirement Fund. The Secretary was instructed to contact Mr. Hastings for the additional wording. It was the Committee's consensus that an employee who does not meet his obligation

to reimburse the Fund prior to becoming disabled would be considered a new employee.

On a motion by Mr. Touhy, seconded by Mr. Barley, the Committee approved the amendment of Rule 21 with the understanding that additional wording be added clarifying the status of an employee who became disabled in the ninety (90) day reimbursement period prior to reimbursing the Fund.

The Secretary reported that he requested resumes from both Messrs. Richard Burke and Martin Burns for consideration as candidates for the position of the Retirement Plan's Attorney.

The Secretary referred the Committee to a report from Callan Associates, Incorporated for the second (2nd) quarter, ending June 30, 1977, which was included in the pass-out material. He recommended that it be reviewed by each Committee Member.

There being no further business, on a motion by Mr. Touhy, seconded by Mr. Tiffy, the Committee unanimously agreed to adjourn at 12:01 P.M.



SECRETARY
RETIREMENT ALLOWANCE COMMITTEE



CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED SEP. 19. 1977