

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 347th Meeting of the Retirement Allowance Committee was held on Monday, December 19, 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. P. Kole	Mr. J. Tiffy
Mr. E. Langosch	Mr. J. Touhy

Mr. Wool, alternate for Mr. Brabec, was also present.

Neither Mr. Bianchi nor his alternate were present. Messrs. Heatter, Hegarty, Kasner and Mullen were also present. Mr. Edmund Burke of Becker Securities Corporation and Messrs. Edward Hamilton and William Leszinske were also present. Mr. James Hastings, the Plan's Attorney, was also present.

The Chairman called the meeting to order at 10:33 A.M.

The Chairman asked for the approval of the Minutes of the 346th Meeting, held November 21, 1977.

On a motion by Mr. Touhy, seconded by Mr. Miller, the Minutes of the 346th Meeting were unanimously approved.

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

The Secretary informed the Committee that Mr. Joseph Hebda made application for a Survivorship Option for a January 1, 1978 retirement, which was accompanied by a physician's statement indicating that Mr. Hebda was not in good health. The physician's statement stated that, "On June 16, 1977, Joseph Hebda complained of

precordial pain, severe with radiation to left arm and neck. He was hospitalized from June 16, 1977 to July 6, 1977. Diagnoses:

1. Acute Myocardial Infarction
2. Arteriosclerotic Heart Disease.

The aforementioned physician's statement was reviewed by the Committee's physician, who indicated that Mr. Hebda is house confined and unable to report to the Medical Department for an examination, since suffering a heart attack in June, 1977, and that it appears that Mr. Hebda is not in good health and cannot be considered in good health as required by Rule 18 of the Retirement Plan.

The Secretary stated that in accordance with Rule 18 of the Retirement Plan, as a result of Mr. Hebda not submitting evidence of good health, Mr. Hebda's Survivorship Option was not submitted with other Options for approval.

Mr. Touhy indicated that he did not agree with Rule 18 and felt that it should be amended. A discussion then ensued between Committee Members relative to looking at the Plan for provisions to be updated with emphasis on updating the Survivorship Option provision of the Plan. The Chairman appointed a special subcommittee consisting of Messrs. Barley, Spears, Bianchi and Wool to explore the Plan for provisions to be updated with emphasis on updating the Survivorship Option.

On a motion by Mr. Miller, seconded by Mr. Wool, the Committee unanimously rejected the Survivorship Option for Mr. Joseph Hebda as a result of not complying with Rule 18 of the Retirement Plan.

The Secretary presented thirteen (13) Survivorship Options for approval at this meeting. On a motion by Mr. Tiffy, seconded by Mr. Spears, the Committee unanimously approved the thirteen (13) Survivorship Options submitted by the Secretary.

The Secretary advised that there were one hundred twenty-two (122) Applications for Retirement submitted for approval. The Secretary indicated that amongst the one hundred twenty-two (122) applications was one for Mr. Voldemars Pudzis, which was accompanied by a letter from the Maintenance Department requesting that this application be made retroactive to December 1, 1977, due to the fact that Mr. Pudzis did not understand the procedure for filing for retirement.

On a motion by Mr. Miller, seconded by Mr. Touhy, the Committee unanimously approved the one hundred twenty-two (122) Applications for Retirement submitted for approval, including the one for Mr. Voldemars Pudzis to be made retroactive to December 1, 1977.

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 twenty-nine (29) refunds, totaling \$134,545.89 for approval at this meeting. On a motion by Mr. Touhy, seconded by Mr. Miller, the refunds to be paid on December 31, 1977, as per the attached statement, were unanimously approved.

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

The Secretary presented the Chicago Transit Authority bills, totaling \$14,447.83, and other bills, totaling \$111,997.40.

On a motion by Mr. Tiffy, seconded by Mr. Touhy, the Committee unanimously approved payment of these bills.

The Secretary presented for the payment of December 31, 1977, Death Benefits numbering twenty-five (25) and amounting to \$63,000 for approval. On a motion by Mr. Tiffy, seconded by Mr. Touhy, the Committee unanimously approved the Death Benefits, as per the attached list.

The Secretary reported that at the request of Mr. Hegarty, his office contacted the Transportation Department relative to making Ms. Lillie M. Willis a retroactive Disability Retirement. The Transportation Department responded by sending a letter to the Secretary's Office requesting that Ms. Willis be made retroactive to November 1, 1977. Mr. Hegarty indicated that there still is a question relative to the rationale for Ms. Willis going on twenty-six weeks a second time instead of completing her first twenty-six weeks after a reoccurrence of an injury. The Secretary responded by indicating he would have to review the file and report back to the Committee at the next meeting. On a motion by Mr. Spears, seconded by Mr. Touhy, the Committee unanimously approved Ms. Lillie M. Willis to be made retroactive to November 1, 1977.

The Secretary called each Committee Members' attention to the insert that was in each Committee Members' pass-out material. The insert is to be circulated to all retirees informing them of the new check to be utilized, effective with the January 31, 1978 Retirement Allowance Benefit Payment.

Mr. Hastings made a report on the United States Supreme Court ruling in Alabama Power Company v. Davis, P-4 Pension and Profit Sharing 135,299, which does not limit the number of years credit for compulsory or period-of-emergency military service credit for retirement benefits.

A discussion ensued between Mr. Hastings and Committee Members relative to amending the Retirement Plan.

Mr. Hastings advised the Committee that the Plan currently provides up to four (4) years of credit towards retirement for any-time for compulsory or period-of-emergency military service credit. Mr. Hastings indicated that in his opinion there may not be many situations where compulsory or period-of-emergency military service credit would exceed four (4) years and due to that fact, if such a case arises that it be presented to the Committee at that time.

The Secretary informed the Committee that since Mr. Hall has been involved with the Labor Negotiations he has been unable to meet with Mr. Heatter regarding Mr. James B. Edwards' contributions to the Retirement Fund. The Secretary reported that this will be held in abeyance until Mr. Hall meets with Mr. Heatter.

The Secretary reported that the subcommittee to appoint the Retirement Plan Attorney has been unable to meet as a result of the Labor Negotiations and this matter will be held in abeyance until the subcommittee has an opportunity to meet.

The Secretary advised the Committee that it will be necessary to appoint a Chairman for the Plan Year 1978. The Secretary indicated that past practice was that a Chairman would be elected for two (2) years consecutively and the Chairman of the

Committee would be alternated every two (2) years between a management and union representative. A discussion then ensued between Committee Members and it was agreed that the present incumbent would remain as Chairman, but the position of Chairman would be a point of discussion for the subcommittee to explore the Plan for provisions to be updated.

The Secretary reported that Virgil L. Tyler, approved for Total and Permanent Disability, effective September 1, 1977, returned to duty on December 7, 1977.

Mr. Leszinske began his presentation by circulating a Point to Point Measurement on Fund "E". Mr. Leszinske pointed out that Fund "E", for the period of September 30, 1977 to December 15, 1977, outperformed both the S&P 500 Index and Dow Jones Industrials.

He then referred the Committee to a written report which was passed out to each Committee Member relative to the Fixed Income Portion of the Fund, and pointed out the rationale for purchases recently made by Continental Bank.

Each Committee Member was given his personal copy of Continental's Reports. A copy of each report is part of the Committee's Records in the Secretary's Office.

Mr. Hamilton reported to the Committee that the one discrepancy, as pointed out by Callan Associates, Inc., was actually to the Fund's advantage but has subsequently been corrected.

Mr. Spears asked if the Secretary's Office was going to make arrangements to hear a presentation from Union Labor Life Insurance Company relative to guaranteed insurance contracts. The Chairman recommended that due to the fact that Continental has

accepted Mr. Robert Harrell of William Lowry & Associates, Inc. as the Committee's professional investment consultant, the Committee should hear a presentation from William Lowry & Associates, Inc. relative to guaranteed insurance contracts concept and how it is viewed in relation to other investment alternatives.

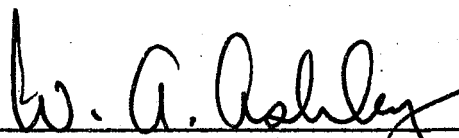
The Committee agreed with the Chairman's approach to the guaranteed insurance contract concept.

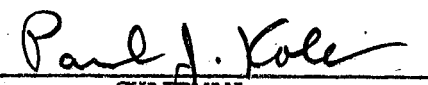
A presentation was then made by Mr. Edmund Burke of Becker Securities Corporation, relative to the Fund's Performance for the quarter ended September 30, 1977.

Mr. Burke continued his presentation by indicating to the Committee the services Becker Securities Corporation can provide under the new arrangement with the five new Investment Advisers.

The Secretary recommended that Mr. Burke summarize his presentation and applicable fees for services.

There being no further business, on a motion by Mr. Touhy, seconded by Mr. Wool, the Committee unanimously agreed to adjourn at 12:26 P.M.


SECRETARY
RETIREMENT ALLOWANCE COMMITTEE


CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED JAN 16 1978