

RETIREMENT PLAN

FOR

CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 349th Meeting of the Retirement Allowance Committee was held on Monday, January 16, 1978, in the Board Room, Room 734, Merchandise Mart, and the following were in attendance:

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

Messrs. Heatter, Hegarty, Kasner, Mullen and Wool were also present. Mr. Edward Hamilton and Mr. William Giese, of Continental Bank, were also present. Mr. James Hastings, the Plan's Attorney, was also present.

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

Mr. Hamilton began his presentation by describing a Point to Point Measurement on Fund "E". Mr. Hamilton pointed out that Fund "E", for the period October 1, 1977 to December 31, 1977, outperformed both the S&P 500 and Dow Jones Industrial Indices.

Mr. Giese of Continental, the Fund's Fixed Security Manager, circulated a written report to each Committee Member relative to the Fixed Income Portion of the Fund, and pointed out rationale for sales recently made by Continental Bank. Mr. Giese continued his presentation by passing out to each Committee Member a tabulation of Annual and Cumulative Rates of Return on Fixed Income Securities since 1970.

A discussion then ensued between Mr. Touhy and Mr. Giese relative to guaranteed rates of returns as offered by insurance companies.

Mr. Hamilton then reported that, in accordance with the recommendation by Mr. R. Harrell of William Lowry and Associates, Inc., the contributions after deducting benefit payments received from the Authority will be divided as follows amongst the Investment Advisers:

Fixed Income	- Continental Bank	\$560,000
Equity	- E. W. Axe	600,000
Equity	- T. Rowe Price & Assoc.	600,000

The Chairman asked for approval of the Minutes of the 347th Meeting, held December 19, 1977 and 348th Special Meeting, held December 28, 1977.

On a motion by Mr. Touhy, seconded by Mr. Barley, the Minutes of the 347th and 348th Special Meeting, were unanimously approved.

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

The Secretary presented four (4) Survivorship Options for approval at this meeting. On a motion by Mr. Touhy, seconded by Mr. Langosch, the Committee unanimously approved the four (4) Survivorship Options submitted by the Secretary.

The Secretary submitted thirty-six (36) Applications for Retirement for approval. The Secretary indicated that amongst the thirty-six (36) applications were Mr. William J. Donahue's, Mr. Othas Richardson's and Mr. Hubert Stinson's, which were accompanied by letters from their departments requesting that each of their applications be made retroactive to January 1, 1978 due to the fact that the individuals did not understand the procedure for filing

for retirement.

The Secretary pointed out that amongst the thirty-six (36) applications was one for Mr. Robert Keag and indicated that Mr. Keag had more than four (4) years of military service during a period of emergency.

Mr. Touhy asked if it was within the Committee's powers to extend the additional service credit to Mr. Keag. The Secretary called on Mr. Hastings to respond to this question.

Mr. Hastings stated that the Plan currently provides a period of four (4) years for time spent in the armed forces during a period of emergency, or for compulsory military service. Mr. Hastings stated that the Committee must abide by the provisions of the Plan and any changes in the provisions are subject to negotiation. Mr. Hastings pointed out that in view of the Supreme Court ruling in the Alabama Power Company v. Davis, which does not limit the number of years credit for compulsory or period of emergency military service credit for retirement plan benefits, that it may well be that the Plan would be required to extend additional credit for compulsory or period of emergency military service if the Plan was contested in court. Mr. Brabec stated that he felt the Plan was generous in granting 4 years of credit as the Plumbers' Fund only grants 2 years of credit for compulsory or period of emergency military service credit for retirement plan benefits.

Mr. Hegarty asked Mr. Hastings what would happen if an employee contested the four (4) year provision through a grievance or law suit. Mr. Hastings responded by indicating that it might require that both the union and the Plan jointly defend its

position of abiding by the provisions of the Retirement Plan.

On a motion by Mr. Barley, seconded by Mr. Langosch, the Committee unanimously approved the thirty-six (36) applications, including the three (3) applications retroactive to January 1, 1978 for Messrs. William J. Donahue, Othas Richardson and Hubert K. Stinson and Mr. Robert Keag's application with four (4) years of service credit for time spent in the armed forces during a period of emergency or for compulsory military service.

The Secretary reported that during the month, twelve (12) employees on Total and Permanent Disability were examined by the Medical Department or their records reviewed.

The Secretary presented thirty-four (34) refunds, totaling \$172,687.39 for approval at this meeting. On a motion by Mr. Brabec, seconded by Mr. Touhy, the refunds to be paid on January 31, 1978, as per the attached statement, were unanimously approved.

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

The Secretary presented the Chicago Transit Authority bills, totaling \$30,113.04, and other bills totaling \$171,496.85. On a motion by Mr. Touhy, seconded by Mr. Langosch, the Committee unanimously approved payment of these bills.

The Secretary presented, for payment of January 31, 1978, Death Benefits numbering twenty-three (23) and amounting to \$58,000.00 for approval. On a motion by Mr. Brabec, seconded by Mr. Touhy, the Committee unanimously approved the Death Benefits

as per the attached list.

The Secretary responded to a question raised by Mr. Hegarty relative to the rationale for Ms. Lillie Willis beginning a second twenty-six week period under the Authority's Group Accident and Sickness Insurance instead of completing her first twenty-six weeks after a reoccurrence of an injury, by indicating that Ms. Willis returned to duty for one week before the reoccurrence and under the Authority's Group Accident and Sickness Insurance Plan, it requires that she begin a new twenty-six week period.

The Secretary reported that Mr. James B. Edwards is still not making contributions to Local 241 to be remitted to the Retirement Plan.

A discussion ensued between Committee Members concerning Mr. James B. Edwards. It was agreed that the Secretary would write a formal letter to Mr. Edwards informing him that unless he make contributions to the Retirement Plan, he would no longer be a participant. It was also agreed that Mr. Barley consult with his Attorney relative to the legal course of action which could be taken by Local 241 relative to this matter. The Secretary suggested that Local 241 contact Local 308 relative to setting up a bookkeeping system similar to Local 308's by which contributions are deducted directly from union official's pay.

The Secretary called the Committee's attention to the proposal as submitted by Becker Securities Corporation relative to services provided under the new Investment Adviser arrangement. The Secretary suggested that the Committee make a decision on which monitoring and evaluation services the Committee would like to continue. The Chairman recommended that this matter be taken up at

the next meeting of the Investment Subcommittee.

Mr. Barley asked when this Committee would meet. The Chairman responded by indicating that it would be in the near future.

The Secretary reported that the February meeting falls on Washington's Birthday and due to the fact that the Authority's General Office has been traditionally closed on that day, he recommended that the next meeting be held on February 21, 1978. On a motion by Mr. Touhy, seconded by Mr. Spears, the Committee unanimously agreed to change the next meeting date to Tuesday, February 21, 1978.

The Secretary reported that in January there will be a special mailing to retired employees advising that the coverage under the Plan of Medical Expense Benefits Complementary to Medicare has been expanded and will cover the new Medicare Deductible of \$144.00 for the first sixty (60) days of hospital confinement and up to \$36.00 per day, from the sixtieth (60th) through the ninetieth (90th) day. As a result of the increase in the benefits in this Plan, the monthly premium, effective January 31, 1978, will be increased from \$4.15 per month to \$4.60 per month.

The Secretary reported that Mr. Edward J. Springer, approved for Total and Permanent Disability, effective October 1, 1977, returned to duty on January 5, 1978, and that Mr. John W. James, approved for Total and Permanent Disability, effective September 1, 1976, returned to duty on January 12, 1978.

There being no further business, on a motion by Mr. Touhy, seconded by Mr. Brabec, the Committee unanimously agreed to adjourn at 11:58 A.M.

W. A. Ashley  
SECRETARY  
RETIREMENT ALLOWANCE COMMITTEE

Paul J. Kole  
CHAIRMAN  
RETIREMENT ALLOWANCE COMMITTEE

DATED FEB 21 1978