

RETIREMENT PLAN

FOR

CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 350th Meeting of the Retirement Allowance Committee was held on Tuesday, February 21, 1978, 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. E. Brabec	Mr. J. Touhy
Mr. P. Kole	

Mr. A. Kasmer, alternate for Mr. E. Langosch, was also present. Messrs. Heatter, Hegarty, Wool and Sykora were also present. Mr. R. Harrell of William Lowry and Associates, Inc. and Mr. W. Leszinske of Continental Bank were also present. Mr. James Hastings, the Plan's Attorney was also present.

The Chairman called the meeting to order at 10:31 A.M..

Mr. W. Leszinske of Continental Bank began his presentation by pointing out that Fund "E", for the calendar year 1977, outperformed both the S&P 500 Index and the Dow Jones Industrials.

He then circulated a report to each Committee Member and reviewed the report relative to the Fixed Income Portion of the Fund.

Mr. Leszinske reported that new contributions were allocated as follows:

30%	Fixed Income	-	Continental
35%	Equity	-	Axe Houghton
35%	Equity	-	T. Rowe Price

Mr. Leszinske concluded his presentation at 10:45 A.M..

A presentation was made by Mr. R. Harrell of William Lowry Associates, Inc. relative to a new Report Format to be presented at future meetings reporting the performance of Investment Advisers. He also reviewed the Quality Rank, Relative Price Earnings/Multiple Rank and Yield Rank of each Investment Adviser. In addition, he reviewed the performance of Continental's Trust Fund "E" for the quarters ending June, 1977, September, 1977, December, 1977 and the performance of Continental's Equity Fund No. 1 for the five (5) years ending December, 1977. He also presented a comparison of Continental's Fixed Income Portfolio to certain indices and to Investment Advisers with superior and inferior performance.

Mr. Touhy asked if Mr. Harrell had contacted Union Labor Life Insurance Company relative to Guaranteed Contracts. Mr. Harrell responded in the affirmative and indicated his secretary requested performance information from the firm but never received the requested information.

A discussion then ensued between Committee Members and Mr. Harrell relative to Guaranteed Insurance Contracts.

Mr. Brabec indicated that the Continental Bank's Fixed Income Portfolio has outperformed Guaranteed Insurance Contracts over certain periods. Mr. Brabec indicated that he would send Mr. Touhy information which reports the top performers in the Guaranteed Insurance Contract Industry.

Mr. Touhy asked if Mr. Harrell could evaluate three (3)

firms including Union Labor Life Insurance Company relative to performance and consideration for placement of Retirement Fund monies. Mr. Harrell indicated he would do so.

Mr. Harrell presented the titles of two (2) books to the Committee, "Stocks, Bonds, Bills and Inflation: The Past (1926-1976) And The Future (1977-2000)" by Roger G. Ibbotson and "A Half Century of Returns on Stocks & Bonds" by Lawrence Fisher and James H. Lorie, and suggested that each Committee Member review these books which support the philosophy as presented by William Lowry and Associates, Inc. The Chairman asked the Secretary's Office to order the aforementioned books through the Library.

Each Committee Member was given their personal copy of William Lowry and Associates, Inc.'s Report. A copy of each report is part of the Committee's Records in the Secretary's Office.

Mr. Harrell concluded his presentation at 11:31 A.M.. Mr. Leszinske left the Meeting.

The Chairman asked for the approval of the Minutes of the 349th Meeting, held January 16, 1978.

On a motion by Mr. Touhy, seconded by Mr. Barley, the Minutes of the 349th Meeting were unanimously approved.

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

The Secretary presented eight (8) Survivorship Options for approval at this meeting. On a motion by Mr. Touhy, seconded

by Mr. Brabec, the Committee unanimously approved the eight (8) Survivorship Options submitted by the Secretary.

The Secretary advised that there were thirty-three (33) Applications for Retirement submitted for approval. The Secretary indicated that amongst the thirty-three (33) applications was one for Mr. Harry J. Kucharski, which was accompanied by a letter from the Personnel Department requesting that this application be made retroactive to February 1, 1978 due to the fact that Mr. Kucharski did not understand the procedure for filing for retirement.

On a motion by Mr. Tiffy, seconded by Mr. Touhy, the Committee unanimously approved the thirty-three (33) Applications for Retirement submitted for approval, including the one for Mr. Harry J. Kucharski to be made retroactive to February 1, 1978.

The Secretary reported that during the month, eleven (11) employees on Total and Permanent Disability were examined by the Medical Department or their records reviewed.

Mr. Touhy asked why Ms. Lorraine McEvelly has not been placed on Disability Retirement. The Secretary indicated that she was found unfit for storeroom clerk, by the Medical Department, but found fit for other duties. The Secretary indicated that this was a Labor Relations Department matter not a Retirement Plan matter.

The Secretary presented forty-five (45) refunds, totaling \$223,321.72 for approval at this meeting. On a motion by Mr. Brabec, seconded by Mr. Spears, the refunds to be paid on February 28, 1978, as per the attached statement, were unanimously approved.

The Secretary read a report of deposits, disbursements and investments during the month of January, 1978, as per the attached statement.

The Chairman requested that the Secretary's Office request that Mr. Hamilton contact the new Investment Advisers to insure that they realize they have full discretion in management of Retirement Fund monies as of January 1, 1978. The Secretary responded by indicating his office would do so.

The Secretary presented the Chicago Transit Authority bills, totaling \$12,571.44, and other bills, totaling \$121,438.27, for approval.

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

The Secretary presented, for the payment of February 28, 1978, Death Benefits numbering thirty-three (33) and amounting to \$69,000.00 for approval. On a motion by Mr. Tiffy, seconded by Mr. Brabec, the Committee unanimously approved the Death Benefits, as per the attached list.

The Secretary informed the Committee that since Mr. Hall has been involved with 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. Mr. Barley indicated that he received a commitment from Mr. Edwards to begin making contributions to the Retirement Fund.

The Secretary reported that Mr. Charles J. Fronczak,

approved for Total and Permanent Disability, effective February 1, 1977, returned to duty on January 17, 1978.

The Secretary presented the interest factor to be used for the Plan Year January 1, 1977 to December 31, 1977 to be applied to contributions up to December 31, 1976. The Secretary advised that the gross income for the Plan Year ending December 31, 1977, including interest earned and net gains and losses of sales of securities, was \$3,337,310.07. The net income for the aforementioned Plan Year, after deducting \$442,778.22 for expenses during the Plan Year, was \$2,894,531.85. Using the formula set forth in Paragraph 15.6 of the Plan, the interest earned based on the net income, was 1.28%.

On a motion by Mr. Bianchi, seconded by Mr. Touhy, the Committee unanimously approved the setting of the interest rate at .64% on employee contributions for Plan Year ending December 31, 1977 in accordance with the maximum amount to be applied to total contributions up to December 31, 1976.

The Secretary reported that Mr. Aaron Milton, D-1973, approved for Total and Permanent Disability, effective December 1, 1977, returned to duty January 16, 1978.

There being no further business, on a motion by Mr. Touhy, seconded by Mr. Wool, the Committee unanimously agreed to adjourn at 12:43 P.M..

W. A. Ashley
SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

Earl Banley Sr.
CHAIRMAN *Pro Tempore.*
RETIREMENT ALLOWANCE COMMITTEE

DATED: MAR 20 1978