

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 354th Meeting of the Retirement Allowance Committee was held on Monday, May 15, 1978, in the Board Room, Room 734, Merchandise Mart, and the following were in attendance:

Mr. W. Ashley	Mr. W. Spears
Mr. E. Barley, Sr.	Mr. J. Tiffy
Mr. S. Bianchi	Mr. J. Touhy

Mr. J. DeFranco, alternate for Mr. Kole, Mr. A. Kasmer, alternate for Mr. Langosch and Mr. F. Mullen, alternate for Mr. Miller, were also present. Neither Mr. Brabec nor his alternate were present. Messrs. Heatter, Hegarty and Sykora were also present. Messrs. E. Hamilton and W. Leszinske were also present. Mr. R. Harrell of William Lowry and Associates, Inc. was also present.

The Secretary called the meeting to order at 10:34 A.M.

The Secretary indicated that the Chairman would not be present due to a business appointment and that it would be necessary to elect a Chairman Pro Tempore.

On a motion by Mr. Mullen, seconded by Mr. Bianchi, the Committee unanimously elected Mr. Touhy the Chairman Pro Tempore.

Mr. Leszinske of Continental Bank began his presentation by circulating a written report to each Committee Member and reviewed the report relative to the Fixed Income Portion of the Fund.

He then referred the Committee to the end of the written report, which reported the rate of return for the first quarter of 1978 on Fund "E" and the Fixed Portfolio. They follow:

Fund "E"	-5.49%
Fixed Fund	+ .73%
Standard & Poors 500	-5.01%
Dow-Jones Ind. Average	-7.6%
Solomon Bros. Hi-Grade	0.0%

Mr. Spears asked Mr. Leszinske whether Continental was making loans to South Africa. Mr. Leszinske responded by indicating that Continental is not making any more loans to South Africa, but have not called in any outstanding loans.

Mr. Leszinske concluded his presentation at 10:44 A.M.

Mr. Harrell of William Lowry and Associates, Inc. began his presentation by circulating a Guaranteed Investment Contracts Evaluation Sheet to each Committee Member. He then gave a complete explanation on how his firm goes about the business of rating a Guaranteed Investment Contract and had each Committee Member participate in the rating procedure. Mr. Harrell rated Guaranteed Investment Contracts offered by three (3) Insurance Companies; Union Labor Life, Aetna, and Travelers using factors from Best and Company, the independent source used for rating Guaranteed Investment Contracts. Mr. Harrell's conclusion based on the rating is that The Travelers Insurance Company offered the best Guaranteed Investment Contract of the three (3) that were rated.

Mr. Touhy asked if new investment advisers would use Guaranteed Investment Contracts. Mr. Harrell indicated that the

new investment advisers would not use Guaranteed Investment Contracts as they have no Fixed Income Investments in their portfolio due to the fact they are strictly Equity Money Managers.

Mr. Harrell indicated that Guaranteed Investment Contracts have advantages as they are not volatile. Mr. Harrell indicated that Guaranteed Investment Contracts are an investment instrument usually purchased by small Retirement Funds.

Mr. Harrell continued his presentation by referring each Committee Member to a report titled, "An Investment Management Analysis of Comparative Risk and Return," dated May 15, 1978.

Mr. Harrell reported on the Portfolio Quality Rank, Relative Price/Earnings Multiple Rank, Equity Portfolio Yield Rank, Long-Term Comparative Performance Analysis, Intermediate-Term Comparative Analysis and Short-Term Comparative Analysis for each investment adviser (E. W. Axe & Co., Inc., Capital Guardian Trust Company, Decatur Income Fund, Inc., three (3) T. Rowe Price Associate Funds, Putnam Management Co., Inc. and Continental Illinois National Bank). Mr. Harrell recommended that Continental, as the Trustee, contact E. W. Axe & Company, Inc. and request that they align the Chicago Transit Fund's Quality Rank similarly to that of the E. W. Axe & Company, Inc.'s Commingled Fund and that the Capital Guardian Trust Company align the Chicago Transit Fund's Quality Rank and Price Earnings Multiple Rank similarly to that of Capital Guardian Trust Company's Commingled Fund.

Mr. Harrell continued his presentation by referring the Committee Members to the Fixed Income portion of the report, which indicated that Continental Bank in the first (1st) quarter of 1978 ranked in the sixth (6th) Decile (top 60%) of all professionally managed Fixed Income Portfolios and for the five (5) years thru December of 1977, on an annualized basis, ranked in the third (3rd) Decile (top 30%) of all professionally managed Fixed Income Portfolios.

Mr. Harrell concluded his presentation at 11:15 A.M. Messrs. Hamilton and Leszinske left the meeting.

The Chairman asked for the approval of the Minutes of the 352nd Meeting, held April 17, 1978, and the 353rd Special Meeting, held April 24, 1978.

On a motion by Mr. Tiffy, seconded by Mr. DeFranco, the Committee unanimously approved the Minutes of the 352nd Meeting, held April 17, 1978, and the 353rd Special Meeting, held April 24, 1978.

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

The Secretary submitted three (3) Survivorship Options for approval. On a motion by Mr. Mullen, seconded by Mr. Bianchi, the Survivorship Options, as submitted, were unanimously approved by the Committee.

The Secretary submitted twenty-nine (29) Applications for Retirement for approval. On a motion by Mr. Spears, seconded by Mr. Barley, Sr. the Committee unanimously approved the twenty-nine (29) Applications for Retirement as submitted.

The Secretary reported that during the month, eight (8) employees on Total and Permanent Disability were examined by the Medical Department or their records reviewed.

The Secretary presented twenty-one (21) refunds, totaling \$80,782.47 for approval at this meeting. On a motion by Mr. Tiffy, seconded by Mr. Barley, the refunds to be paid on May 31, 1978, as per the attached statement, were unanimously approved.

The Secretary presented a report of Deposits, Disbursements, and Investments for the month of April. The Secretary reported that the automated report would be forthcoming as Compensation and Capital, Inc.'s computer had been down and, therefore, no report could be prepared in time for the meeting.

The Secretary presented the Chicago Transit Authority bills, totaling \$14,463.76 and other bills totaling \$108, 217.34 for approval. On a motion by Mr. Tiffy, seconded by Mr. Bianchi, the Committee unanimously approved payment of these bills.

The Secretary presented, for payment on May 31, 1978, Death Benefits numbering thirty-three (33) and amounting to \$67,500.00 for approval.

On a motion by Mr. Mullen, seconded by Mr. Tiffy, the Committee unanimously approved the Death Benefits, as per the attached list.

The Secretary informed the Committee that Mr. Hall has given him a commitment to meet relative to Mr. James B. Edwards' contributions to the Retirement Fund after the upcoming election of union officers.

Mr. Touhy asked when the sub-committee to elect the new Plan Attorney would meet. The Secretary indicated that due to Labor Negotiations and the upcoming Union Officer election, the sub-committee has not been able to meet. The Secretary indicated that Mr. Kole was presently out of town and suggested that this matter be deferred until Mr. Kole returns. Mr. Spears asked when Mr. Kole was scheduled to return. The Secretary responded by indicating in a week.

The Secretary referred each Committee Member to the letters that were mailed and are to be mailed out to the pensioners relative to the new contract provisions.

The Secretary reported that Mr. Henry Waller, D-1782, who has been on Disability Retirement since October 1, 1973, was approved for Light Duty. The Secretary reported that on May 11, 1978, Mr. Waller declined a position as a Ticket Agent due to the fact that his physician indicated that he could not perform the job. The Secretary informed the Committee that his office will withhold Mr. Waller's Disability Retirement Benefits until additional medical evidence is furnished by Mr. Waller.

There being no further business, on a motion by Mr. Kasmer, seconded by Mr. Tiffy, the Committee unanimously agreed to adjourn at 11:45 A.M.

W. A. Ashley

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

Paul J. Cole

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

JUN 26 1978

DATED _____