

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 366th Meeting of the Retirement Allowance Committee was held on Monday, May 21, 1979, in the Board Room, Room 734, Merchandise Mart, and the following were in attendance:

Mr. W. Ashley	Mr. S. Miller
Mr. S. Bianchi	Mr. T. O'Mahony
Mr. R. Goldman	Mr. W. Spears
Mr. P. Kole	Mr. J. Weatherspoon

Mr. L. Wool, alternate for Mr. Brabec, was also present. Neither Mr. Langosch, nor his alternate, was present. Messrs. J. Edwards, L. Morris and F. Mullen were also present. Messrs. E. Hamilton and W. Leszinske of Continental Bank were also present. Mr. R. Burke, the Plan Attorney, was also present. Mr. R. Harrell, of Lowry, Raclin, Harrell and Howerdd, was also present.

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

Mr. William Leszinske of Continental Bank referred the Committee to and reviewed a report titled "April Market Summary" and a Point to Point Report on Fund "E".

Mr. Leszinske concluded his presentation at 10:38 A.M.

Mr. Robert Harrell, of Lowry, Raclin, Harrell and Howerdd, Inc., reviewed slides of various factors relative to the securities market and the type of investment results that can be expected in the future.

Mr. Harrell circulated a report titled "An Investment Management Analysis of Comparative Risk and Return" for the quarter ending March 31, 1979.

Mr. Harrell reviewed the following investment characteristics; Equity Portfolio Quality Rank, Equity Portfolio Price/Earnings Multiple Rank and Portfolio Rank, and reviewed the Long, Intermediate and Short Term Performance for the following investment advisors: E. W. Axe & Co., Inc., Capital Guardian Trust Company, Decatur Income Fund, Inc., T. Rowe Price Associates, Putnam Management Co., Inc. and Continental Illinois National Bank.

Mr. Harrell pointed out that in the first quarter of 1979 all the CTA Separate Funds have outperformed the Mutual Funds that the investment advisors are emulating.

Mr. Harrell pointed out that E. W. Axe & Co., Inc., CTA Separate Fund's Relative Price/Earnings Multiple Rank continues to vary from that of the Price/Earnings Multiple Rank of the Axe Houghton Stock Fund.

Mr. Harrell continued his report by reviewing the Fixed Income General Investment Fund managed by the Continental Bank. He pointed out that for the year ending March 1979, the CTA's Fixed Income Fund ranked in the top 20% of all professionally managed fixed income funds. Mr. Harrell commented that this was good performance.

Mr. Harrell reviewed a report titled "Actual Schedule of Funds Available for Investment with Time Weighted Rate of Return Analysis." This report depicted the value of \$100.00 for the quarter ended March 31, 1979 under the management of the investment advisors.

Mr. Kole indicated that the Committee should consider March 31, 1978 as the beginning date due to the fact that prior to this date most of the investment advisors were in the process of selling securities that were held by Continental Bank and the investment advisors were aligning there portfolios to emulate the Commingled Mutual Funds.

Mr. Harrell indicated that this was a good point.

Mr. Harrell presented a report titled "Parallel Portfolios" which depicted the variance in dollars between investment advisors' CTA Separate Funds and the investment advisors' Mutual Funds.

Mr. Harrell indicated that certain investment advisors can manage the CTA Fund in a manner to emulate and outperformed the investment advisors' Mutual Funds for short term periods, but have a difficult time emulating over longer periods of time.

Mr. Harrell indicated that new contributions will be directed into the investment advisors' Mutual Funds in an effort to insure the performance results of the commingled funds. Mr. Harrell indicated the Committee will then be able to watch the CTA Separate Funds and the Mutual Funds and determine whether or not all monies should be invested in the investment advisors' commingled fund.

Mr. Harrell completed his report at 11:12 A.M.

Mr. Hamilton left the meeting at 11:12 A.M.

The Chairman asked for approval of the Minutes of the 365th Meeting, held April 16, 1979.

On a motion by Mr. Miller, seconded by Mr. Bianchi, the Committee unanimously approved the Minutes of the 365th Meeting, held April 16, 1979.

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

The Secretary submitted five (5) Survivorship Options for approval. On a motion by Mr. Kole, seconded by Mr. Bianchi, the Survivorship Options were approved as submitted.

The Secretary advised that there were twenty (20) Applications for Retirement submitted for approval.

On a motion by Mr. Kole, seconded by Mr. Spears, the Committee unanimously approved the twenty (20) Applications for Retirement.

The Secretary reported that during the month, six (6) employees on Total and Permanent Disability were examined by the Medical Department or their records reviewed.

The Secretary presented forty-two (42) refunds, totaling \$174,804.82, for approval at this meeting.

On a motion by Mr. Kole, seconded by Mr. Wool, the refunds to be paid May 31, 1979, as per the attached statement, were unanimously approved.

The Secretary presented a Report of Deposits, Disbursements and Investments for the month of April 1979.

The Secretary presented the Chicago Transit Authority Bills, totaling \$22,117.61, and other bills, totaling \$149,873.95, for approval.

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

The Secretary presented for payment on May 31, 1979, Death Benefits numbering forty (40) and amounting to \$71,750.00. On a motion by Mr. Kole, seconded by Mr. Wool, the Committee unanimously approved the Death Benefits, as per the attached list.

The Secretary reported that Mr. Charles E. Johnson, D-1952, refused a position as a Ticket Agent. Mr. Johnson was removed from the Disability Retirement Rolls on March 6, 1979.

The Secretary reported that on September 31, 1978 a check for a refund of contributions was mailed to Mr. Jerry Williams, beneficiary of Ms. Darlene Williams, deceased, and the original check was cashed by an individual with the same name living in the same building, different address. The Secretary reported that on April 30, 1979 the Fund paid the beneficiary the monies due him as a result of our employee's, Darlene Williams, death and that Continental Bank reimbursed the Retirement Fund for the original check on April 27, 1979.

The Secretary requested that Mr. Richard Burke, the Plan Attorney, present the matter of Mr. John Goelz to the Committee.

Mr. Burke stated that on June 30, 1978, Mr. John E. Goelz received a refund of contributions from the Retirement Fund in the amount of \$11,659.14. On April 27, 1979, Mr. Goelz's attorney contacted his office and requested that the Retirement Allowance Committee rescind his election to receive a refund under the Plan and permit him to receive a disability allowance. Mr. Goelz's position was that at the time he made his election, it was not explained to him that he qualified for a disability allowance.

Mr. Goelz's attorney was advised that Mr. Goelz was presented a copy of the Retirement Plan, which contains, in Section 12, provisions in regard to a disability allowance and furthermore the CTA employee who interviewed Mr. Goelz and witnessed his election indicated that Mr. Goelz received an explanation that he was eligible to apply for disability pension benefits.

Mr. Goelz's attorney stated that Mr. Goelz was not in a position to reimburse the Retirement Fund for the refund, but was willing to offset disability benefits against the retirement benefit.

Mr. Goelz's attorney requested that this matter be brought to the attention of the Retirement Allowance Committee. After discussion between Committee Members and Mr. Burke, relative to the Goelz matter, Mr. O'Mahony made a motion to deny Mr. Goelz's request, Mr. Bianchi seconded the motion and the Retirement Allowance Committee unanimously denied the request.

The Secretary referred the Committee to the pamphlet titled "Condensed Financial Statements - Retirement Plan for Chicago Transit Authority Employees" and advised the Committee that a copy was circulated to each employee of the Authority.

The Secretary circulated a copy of a procedure titled "Retirement Contributions by Those Occupying Full and Part Time Positions with the Association or its International Office of Any Other Bargaining Agent." The Secretary indicated that this was prepared due to the fact Local 241 is not remitting the correct amount of contributions for union officials conducting union business during scheduled work hours. The Secretary circulated a tabulation illustrating the variance in contributions for the month

of March 1979. The Secretary instructed each Committee Member to review the procedure and provide his office with comments before next meeting as it will be recommended to be adopted at the next meeting.

The Secretary presented a letter from Callan Associates, Inc. advising the Committee of an increase in fees for services effective for work in the June Quarter. He noted the fee would be increased from \$36,000 in directed brokerage to \$54,000 in directed brokerage. He recommended that the Committee review the letter for next meeting and that this matter be held in abeyance until next meeting.

On a motion by Mr. Spears, seconded by Mr. Miller, the Committee unanimously agreed to hold the Callan matter in abeyance until next meeting.

Mr. O'Mahony indicated that he received a number of inquiries relative to the amount of interest that was applied on employee contributions and requested that an article be written to give an explanation of the interest factor. A discussion ensued by Committee Members and it was a concensus of opinion that the interest was a point that was subject to negotiations and that by circulating a written explanation of the interest factor it would result in additional adverse publicity to the Committee and that the Committee will not prepare an explanation for distribution to all employees.

The Secretary referred the Committee's attention to the pass out material to a letter that will be sent to all retired employees who are not having either Local 241 or 308 union dues

deducted from the Retirement Allowance Benefit Checks. This is being sent to retired employees in response to a request by Mr. Charles Hall of Local 241. The Secretary indicated that if there were no objections he would proceed and send the letters.

The Secretary advised the Committee that the Pensions Section's Office has moved from the eighth floor, Room 805-A, to the seventh floor, Room 7-107. He referred the Committee to a second letter which will be circulated to all retired employees advising them of the change in location and other information related to the administration of the Retirement Plan.

There being no further business, on a motion by Mr. Wool, seconded by Mr. Kole, the Committee unanimously agreed to adjourn at 12:15 P.M.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED _____