

RETIREMENT PLAN  
FOR  
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 371st Meeting of the Retirement Allowance Committee was held on Monday, October 15, 1979, in the Board Room, Room 734, Merchandise Mart. 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. E. Langosch	

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

Messrs. J. Edwards, C. Hall, C. Heatter, and H. Hegarty were also present. Ms. C. Alsip and Mr. W. Leszinske of Continental Bank were also present. Messrs. M. Fredyl and P. Norton of Callan and Associates, Inc. were also present. Mr. R. Burke, the Plan Attorney, was also present.

In the absence of the Chairman, the Secretary called the meeting to order at 10:32 A.M.

Mr. Ashley indicated that Mr. Weatherspoon would be delayed and recommended that a Chairman Pro Tempore be elected until Mr. Weatherspoon arrived.

On a motion by Mr. Goldman, seconded by Mr. Edwards, the Committee unanimously elected Mr. Kole, Chairman Pro Tempore.

Mr. Leszinske referred the Committee to a letter dated October 11, 1979, titled "September Market Summary" and reviewed the contents of the letter.

Mr. Leszinske indicated that during September, Continental Bank sold some securities to accumulate additional cash reserves to take advantage of any further rises in interest rates.

He indicated that the Fund's holdings of GNMA mortgage pass-through securities were sold due to a change in the Federal Housing Administration mortgage rate which should increase the supply of new GNMA's coming to market, depressing the prices of GNMA's currently outstanding.

The Secretary's Office indicated that after reviewing the recent sales it appears that most bonds are held with the expectation of realizing capital gains and interest income with no expectation of holding a bond to maturity.

Mr. Leszinske responded in the affirmative.

The Secretary's Office indicated that there was a review of the sales of bonds and there had been a realized loss of over \$500,000 and, in order for the portfolio to recoup the losses, Continental Bank would have to invest in fixed income securities yielding over 9.5% and hold the bonds to maturity.

Mr. Leszinske responded by indicating that a thorough analysis of investment decisions are made prior to the actual execution. He also indicated that interest rates on short terms have substantially increased in October and this would cause a further reduction in bond values and the result will be a larger realized loss.

Mr. Leszinske referred the Committee to a page titled "Change in Interest Rates" and reviewed the changes in interest rates since early July. (See Exhibit I - Page 4)

Mr. Leszinske concluded his presentation at 10:40 A.M.

Mr. M. Fredyl of Callan and Associates, Inc. reviewed a report for the period ended June 30, 1979.

Mr. Fredyl reviewed the Fund's Investment Objective, Actuarial Objective, Year-to-Date Performance, Relative Performance, Diversification, and Equity Portfolio Turnover. Mr. Fredyl also reviewed an Investment Analysis as presented in the Callan Associates, Inc.'s report for the quarter ended June 30, 1979. A copy of this report was given to each Committee Member and a copy is kept in the files of the Secretary of the Retirement Allowance Committee.

The Secretary's Office asked the affect of the recent down turn in the stock market on the Retirement Fund.

Exhibit I

Change In Interest Rates

Mid-1979

<u>Rate</u>	<u>Early July</u>	<u>October</u>
90 - Day Certificate of Deposits	9.85%	13.75%
90 - Commercial Paper	9.60	13.50
90 - Day Treasury Bills	9.10	10.81
Federal Reserve Discount	9.50	12.00
Fed - Funds	10.25	13.50
Prime	11.50	14.50

Mr. Fredyl responded by indicating that it is very difficult to predict, but felt that on a long-term basis there will be positive developments.

Mr. Fredyl concluded his presentation at 10:55 A.M. and he and Messrs. Norton, Alsip and Leszinske left the meeting.

Mr. Weatherspoon arrived at 10:45 A.M.

The Chairman asked for the approval of the Minutes of the 370th Meeting, held September 17, 1979.

On a motion by Mr. Kole, seconded by Mr. Spears, the Committee unanimously approved the Minutes of the 370th Meeting, held September 17, 1979.

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

The Secretary submitted four (4) Survivorship Options for approval

The Secretary indicated that among the 3 Automatic A One-Half (1/2) Options was one for Mr. William F. Knabe. Mr. Knabe has been on disability retirement since July 1, 1979 and has requested to change his retirement to an early retirement and elect the Automatic A One-Half (1/2) Option. The Secretary indicated that this was acceptable due to the fact that Mr. Knabe was over age 55 at the time he took his disability retirement.

On a motion by Mr. Kole, seconded by Mr. Spears, the Committee unanimously approved the Survivorship Options, per the attached list, including Mr. Knabe's request to elect an Automatic A One-Half (1/2) Option.

The Secretary presented eleven (11) Applications for Retirement and one (1) early retirement for Mr. William Knabe who is currently on disability and requested to be transferred to an early retirement.

The Secretary also pointed out that among the twelve (12) applications is one for Mr. Donald Curtin, who has requested that his retirement be made retroactive to September 1, 1979 due to the fact he retired from his position as a member of the International Office of the Amalgamated Transit Union.

The Secretary also pointed out that among the twelve applications for retirement was one for Mr. John A. Dilworth which was requested to be made retroactive to July 1, 1979.

On a motion by Mr. O'Mahony, seconded by Mr. Kole, the Committee unanimously approved the twelve (12) Applications for Retirement, including Mr. William F. Knabe, who is to be added to the new applications approved at the meeting of October 15, 1979.

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 thirty (30) refunds, totaling \$174,651.22, for approval at this meeting.

Mr. Spears asked if Mr. D. J. Curtin was in fact Mr. Donald Curtin who retired effective September 1, 1979. The Secretary's Office responded in the affirmative indicating that Mr. Curtin remitted contributions that covered him through the end of December, 1979. As a result of Mr. Curtin retiring on September 1, 1979, it was necessary to refund Mr. Curtin the contributions made for the period September 1, 1979 to December 31, 1979.

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

The Secretary directed the Committee's attention to a booklet titled "Trustee Summary" prepared by Compensation and Capital, Inc. indicating the Total Book Value of the Cash and Investments of the Fund was \$303,454,249.65 as of September 30, 1979.

The Secretary also pointed out that the market value exceeds the cost of investments by over \$17 million as of September 30, 1979.

The Secretary submitted, for approval, two (2) bills from the Authority totaling \$34,371.38, and seven (7) other bills

totaling \$145,974.45.

On a motion by Mr. Kole, seconded by Mr. Spears, the Committee unanimously approved payment of the bills, as per the attached list.

The Secretary presented for approval twenty-four (24) Death Benefits totaling \$48,000.

On a motion by Mr. Kole, seconded by Mr. Spears, the Committee unanimously approved the Death Benefits to be paid September 30, 1979, as per the attached list.

The Secretary distributed a copy to each Committee Member of the procedure for the remittance of retirement contributions by employees occupying a position with the union. He recommended that each Committee Member review it and that the Committee will act on the procedure at the next meeting.

The Secretary reported to the Committee, as a matter of record, that on September 17, 1979 the Committee Members were polled by telephone, at the request of Mr. Weatherspoon, and it was agreed that Mr. Eugene S. Spataro's refund of contributions, in the amount of \$9,178.84, be paid on September 30, 1979.

The Committee acknowledged the action.

The Secretary advised the Committee that through the efforts of his office, the manner in which retirement checks are processed has improved. He indicated checks are now printed in



self-mailer envelopes and that it is no longer necessary to keep a Pitney-Bowes Mailing Machine. The Secretary requested permission to sell the machine as it is a part of the Retirement Fund's equipment. On a motion by Mr. Spears, seconded by Mr. O'Mahony, the Committee unanimously authorized the sale of the Pitney-Bowes Mailing Machine.

The Secretary reported that Mr. Leonard Tillman, D-2061, approved for T & P October 1, 1979 was found fit to return to work on September 27, 1979 and requested that placement be postponed until October 25, 1979. Mr. Tillman indicated that he wanted some vacation time prior to returning to work. Mr. Tillman's application for disability retirement was withdrawn.

The Secretary reported that Mr. James A. Reynolds, Social Security No. 350-36-0614, failed to reimburse the Retirement Fund within ninety (90) days of his reinstatement as provided for in Rule 21. The Secretary indicated that Mr. Reynolds' new pension seniority date is March 6, 1979.

The Secretary reported that Mr. Ezra H. Hemphill, D-2019, retired December 1, 1978, returned to duty on September 24, 1979.

Mr. Spears asked what happened to Mr. Dominic C. Pusateri's refund. The Secretary responded that it was approved for payment on July 31, 1979.

There being no further business, on a motion by  
Mr. Wool, seconded by Mr. Bianchi, the Committee unanimously  
agreed to adjourn at 11:22 A.M.,

William A. Ashley  
SECRETARY  
RETIREMENT ALLOWANCE COMMITTEE

Charles R. Hall  
CHAIRMAN *Ret. Ten.*  
RETIREMENT ALLOWANCE COMMITTEE

NOV 19 1979  
DATED \_\_\_\_\_

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