RETIREMENT PLAN

FOR

CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 375th Meeting of the Retirement Allowance Committee
was held on Monday, March 17, 1980, at the Continental Illinois
National Bank and Trust Company, 30 North LaSalle Street,
10th Floor, Conference Room "A", Chicago, Illinois. The following
were in attendance:

Mr. W. Ashley    Mr. P. Kole
Mr. W. Bianchi   Mr. R. Kren
Mr. R. Goldman   Mr. E. Langosch

Mr. J. Edwards, alternate for Mr. T. O'Mahony, and Mr.
Mr. Hegarty, alternate for Mr. W. Spears, were present. Neither
Mr. Weatherspoon nor his alternate were present. Alternates,
Mr. W. Mansker, Mr. C. E. Heather and Mr. L. Morris were also
present. Mr. J. Bidwill and Mr. M. Brennan were also present.

Mr. Robert Kirby of Capital Guardian Trust Company was also
present. Mr. Robert Harrell of Lowry, Raclin, Harrell and Howerdd
was also present. Messrs. Edward Hamilton and William Leszinske of
Continental Bank were also present.

In the absence of the Chairman, the Secretary called the
meeting to order at 10:43 A.M.

Mr. Ashley advised the Committee that Mr. Weatherspoon would
not be in attendance at this meeting and it would be necessary to
elect a Chairman Pro Tempore.

On a motion by Mr. Ashley, seconded by Mr. Langosch, the Committee unanimously elected Mr. Bianchi as Chairman Pro Tempore.

Mr. Leszinske distributed his letter to the Committee, dated March 12, 1980, titled "February Market Summary."

Mr. Leszinske indicated that having held half the portfolio's assets in cash equivalents through the market's sell off, that Continental decided to take advantage of the sharply higher yields available in mid-February to begin reinvesting a portion of the fund's reserves in long term bonds. Desiring to stay in very high grade securities in the still cloudy environment, the Continental limited the purchase to U. S. Treasury Bonds.

<table>
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<tr>
<th>Bought</th>
<th>Yield to Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,000,000 U. S. Treasury Bonds (11-3/4% Due 2/15/2010)</td>
<td>99.345</td>
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Mr. Leszinske reviewed the remaining portions of his letter; a copy of the letter was circulated to each Committee Member.

Mr. Robert Kirby of Capital Guardian Trust Company circulated a copy of the Investment Company of America's Report for the month of February. Mr. Kirby reviewed the current investment philosophy of Capital Guardian Trust Company and key economic factors which, in his opinion, will directly affect the securities market.
Specifically, Mr. Kirby indicated that the major impact of increase in oil prices is over and will see spot market declines in prices. He indicated that oil inventories have increased substantially.

He indicated that the consumer has played out living off the balance sheet and that high interests are resulting in a reduction in installment credit. He indicated that he foresees an average to mild recession with unemployment reaching a level in the area of 8%. Mr. Kirby indicated that the first half of 1980 will be a settling down period with little incentive for commitment to equity securities as a result of a possible return on investment at 13% to 14% as compared to Bonds at 15% and compared to the return on Short Term Investments at 15% to 17%. Mr. Kirby indicated that Capital Guardian is currently in a watershed mode in view of short term interest rates and lack of definite economic direction from the current administration.

Mr. Heatter advised that he had noticed variations in investment characteristics and performance between the Investment Company of America's Mutual Fund Performance and the CTA Separate Fund which is to emulate performance of the Mutual Fund. Mr. Kirby stated that one reason is that the mutual fund is run by Capital Research Company and the separate account is run by Capital Guardian Trust Company and although the firms work closely together that
security changes in the separate account may not mirror that of the mutual fund. He further indicated that the mutual fund has a larger amount of money than the CTA Account as well as a larger number of securities. Mr. Kirby indicated that the CTA Account may not mirror the mutual fund on a quarterly basis, but over a long term period provide the same performance if not exceed that of the mutual fund.

Mr. Harrell of Lowry, Raclin, Harrell and Howerdd circulated and reviewed a report for the quarter ending December 31, 1979. Mr. Harrell reviewed his report which provides for each investment advisor a comparison of investment characteristics and performance between the CTA Separate Account to that of the Commingled Fund of each investment advisor. Mr. Harrell reviewed the Equity Quality Rank, Price/Earnings Multiple Rank, Portfolio Yield Rank, Long Term, Intermediate Term and Short Term Performance Analysis for each of the investment advisors. In addition, Mr. Harrell reviewed the intrinsic values of the securities in both the CTA Separate Account as well as the Mutual Fund of each investment advisor. Mr. Harrell pointed out that E. W. Axe's Mutual Fund Performance for the two year period ending 1979 outperformed the CTA Separate Account, and the year ending December, 1979 the CTA Account outperformed E. W. Axe's Mutual Fund. Mr. Harrell attributed the two year performance variance to the 1978
start up period and Axe's failure to follow the investment guidelines. Mr. Harrell stated that Capital Guardian Trust Company's Separate Account continues to have some difficulty in emulating the Mutual Fund Performance which may be explained by the management of the Funds by two separate companies. He indicated that he would review this situation with Mr. Kirby and consider the possibility of buying shares in the Investment Company of America's Mutual Fund. Mr. Harrell pointed out that there were variances in the performance of the T. Rowe Price Associates, Inc.'s Funds and the Putnam Investor's Fund, which he attributed to the 1978 start up period.

Mr. Heatter asked if we should be monitoring the commitment that each mutual fund has to equities and compare that to the commitment that each separate account has to equities.

Mr. Harrell indicated that this would be something to be monitored only if there was a variance of over 5% for a long period of time.

Mr. Harrell advised that he would be available at some time in the future to make a presentation to the new Committee Members to inform them of the steps taken to set up the investment management of the Retirement Fund.

Mr. Harrell concluded his presentation at 11:50 A.M.

The Chairman asked for approval of the Minutes of the 374th
Meeting, held February 19, 1980.

On a motion by Mr. Goldman, seconded by Mr. Kole, the Committee unanimously approved the Minutes of the 374th Meeting, held February 19, 1980.

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

The Secretary presented three (3) Survivorship Options for approval. On a motion by Mr. Kole, seconded by Mr. Langosch, the Committee unanimously approved the Survivorship Options, per the attached list.

The Secretary presented twenty (20) Applications for Retirement for approval. The Secretary pointed out that among the applications was one for Mr. Gaspare Stabile, which was recommended by the Manager of Maintenance to be made retroactive to October 1, 1979 due to the fact that the Maintenance Department failed to advise the man that he was eligible for a Disability Retirement after completing 26 weeks of Worker's Compensation Benefits.

On a motion by Mr. Kole, seconded by Mr. Hegarty, the Committee unanimously approved the Applications for Retirement including a retroactive October 1, 1979 Disability Retirement for Mr. Gaspare Stabile.
The Secretary reported that five (5) employees on Disability Retirement had been examined or had their records reviewed.

The Secretary presented forty-three (43) refunds, totaling $280,203.33 for approval. On a motion by Mr. Kole, seconded by Mr. Edwards, the Committee unanimously approved the refunds to be paid on March 31, 1980, as per the attached list.

The Secretary reported that the Report of the Secretary of Deposits, Disbursements and Investments for the month of February did not arrive in time for the meeting. The Secretary reported that a copy of each report will be mailed to each Committee Member as soon as it arrives.

The Secretary presented eleven (11) bills, totaling $345,134.45, for payment on March 31, 1980.

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

The Secretary presented twenty-five (25) Death Benefits, totaling $53,300.00, to be paid on March 31, 1980, for approval.

On a motion by Mr. Kole, seconded by Mr. Hegarty, the Committee unanimously approved the Death Benefits, as per the attached list.
The Secretary advised the Committee that at the request of Mr. Edwards, the Secretary's Office negotiated with E. W. Axe, Inc. which resulted in reducing a proposed 17.9% increase in fees to a 15.75% increase in fees.

The Secretary presented the following information which compared the old fee schedule to the new fee schedule of E. W. Axe, Inc. (See Page 9)

Mr. Kole asked for the schedule of fees which was presented giving E. W. Axe, Inc. a 17.9% increase in fees, the Secretary indicated that his office would provide Mr. Kole with that information.

On a motion by Mr. Edwards, seconded by Mr. Kole, the Committee unanimously approved the new fee schedule for E. W. Axe, Inc. starting April 1, 1980.

The Secretary recommended that the Procedures for Retirement Contributions by Employees Occupying a Position with the Union be approved. The Secretary presented a procedure for Local 241 and a procedure for Local 308, which conforms with the Committee's instructions. Mr. Edwards recommended that this procedure be held in abeyance until Mr. Weatherspoon was in attendance. The Committee agreed to hold this matter in abeyance.
COMPARISON E. W. AXE, INC. OLD FEE SCHEDULE

TO PROPOSE FEE SCHEDULE FOR 1980

BASED ON MARKET VALUE OF SEPARATE FUND ON 12-31-79 of $29,596,257

OLD FEE SCHEDULE

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NEW FEE SCHEDULE

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PERCENTAGE INCREASE
15.75% increase in fees.

FEE/MARKET VALUE
:4098 of 1%
The Secretary advised the Committee that there were no bids on the Pitney-Bowes Mailing Machine and he will arrange to have the machine placed in storage.

The Secretary presented the George A. Hardy matter to the Committee, at the request of Mr. Weatherspoon. Mr. Edwards requested that this matter be held in abeyance until Mr. Weatherspoon was present. The Committee agreed.

The Secretary advised the Committee that Mr. Robert Lawson, who was reinstated on November 18, 1979 has failed to reimburse the Retirement Fund Contributions and Interest within 90 days of reinstatement as provided in Rule 21. The Secretary advised the Committee that Mr. Lawson's seniority date for pension purposes will be November 28, 1979.

The Secretary pointed out that in the pass out material was a corrected time-weighted performance number for 1979. The new total-fund time-weighted rate of return was 16.77%.

The Secretary also pointed out that in the pass out material was an "Economic Outlook and Investment Policy" from E. W. Axe & Co., Inc. and an article relative to a Bill introduced by Thompson, Erlenborn on Reporting, Disclosure, Fiduciary, Administrative Rules for Public Pension Plans.
There being no further business, on a motion by Mr. Goldman, seconded by Mr. Edwards, the Committee unanimously agreed to adjourn at 12:15 P.M.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED