RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 379th Meeting of the Retirement Allowance Committee
was held on Monday, July 21, 1980, in the Board Room, Room 734,
Merchandise Mart. The following were in attendance:

Mr. W. Ashley  Mr. R. Kren
Mr. J. Gallagher  Mr. T. O'Mahony
Mr. R. Goldman  Mr. W. Spears
Mr. P. Kole  Mr. J. Weatherspoon

Mr. W. Mansker, alternate for Mr. Bianchi, was present.
Neither Mr. Langosch, nor his alternate were present. Ms. C.
Glenn was present. Messrs. J. Bidwill, W. Collins, J. Edwards,
C. Hall, C. Heatter, C. Knox, L. Morris and L. Wool were present.
Mr. James Gordon, Attorney-at-Law, representing the Retirement
Fund in the Penn Central Litigation was present. Mr. Richard
Burke, the Retirement Plan Attorney, was present. Mr. Robert
Harrell of Lowry, Raclin, Harrell and Howerdd was present.
Mr. M. Fredyl of Callan and Associates, Inc. was present.
Mr. W. Leszinske, Ms. C. Alsip and Ms. D. Wilson of Continental
Bank were also present.

The Chairman called the meeting to order at 10:32 A.M.

Mr. Leszinske reviewed a letter titled "June Market
Summary" which is included at the end of these Minutes.
Mr. Heatter asked that a break even analysis be prepared when a bond is sold so that the Committee can see the benefits of selling a bond.

Mr. Leszinske indicated he would comply with this request in the future.

Mr. Heatter asked when the 3-1/2% Treasury Bond was purchased. Mr. Leszinske was not sure but indicated quite some time ago.

Mr. Kren asked why the 10-3/4% Treasury Note, due November 15, 1989, was sold. Mr. Leszinske responded by indicating that the Bank could extend the maturity and realize some gain.

Mr. Leszinske circulated a comparison of investment Rate of Returns between Treasury Bills and the CTA Fixed Income Portfolio which is included in these Minutes.

Mr. Heatter indicated that he had varying rates of returns and asked if the Bank would review his numbers. Mr. Leszinske indicated that the Bank would review Mr. Heatter's numbers.

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

Mr. James S. Gordon, the Attorney-at-Law representing the CTA in the Penn Central Litigation, was introduced by Mr. Ashley.

The Chairman asked everyone other than the Retirement Allowance Committee to leave the Board Room.

Mr. Gordon reviewed a memorandum, dated June 25, 1980,
describing the Penn Central Litigation and proposed settlement. The letter is included as part of these Minutes.

After general discussion by the Committee, Mr. Kren asked if this matter could be held in abeyance until next meeting. Mr. Weatherspoon indicated that he did not think that it was necessary to hold this matter in abeyance and the Committee could proceed with a vote.

Mr. Kole made a motion recommending approval of the settlement in the Penn Central Litigation as outlined in the letter from Mr. J. Gordon. Mr. O'Mahony seconded the motion.

Mr. Gallagher asked that it be noted that the Committee accepts the proposed settlement based on the recommendation of both Mr. Gordon and Mr. Burke, the Retirement Plan Attorney.

The Committee unanimously accepted the proposed settlement.

Mr. M. Fredyl of Callan and Associates, Inc. made a presentation. Mr. Fredyl reviewed the report for the period ended March 31, 1980 titled "Callan and Associates, Inc. Investment Measurement Service. A copy of the report is a part of these Minutes. Mr. Fredyl concluded his presentation at 12:22 P.M.

Mr. Heatter questioned the comparisons made by Callan and Associates, Inc. relative to their appropriateness. Mr. Heatter pointed out that there should not be such a great emphasis on a
quarter performance, rather the Committee should look at the one and two year period performance.

Mr. Harrell presented a revised copy of the Statement of Investment Policy for the Retirement Fund to conform with an active Debt/Equity Policy. Mr. Harrell indicated that this policy conforms with the policy as recommended at the last meeting. A copy of the policy was given to each Committee Member and was recommended that it would be reviewed prior to the next meeting at which time it could be adopted. A copy of the proposed Statement of Policy are a part of these Minutes.

Mr. Harrell indicated that the mechanized rule was based on the price to book of the S & P 400, which would be monitored quarterly. Mr. Harrell also indicated that the Fund will attempt to buy stock close to book value rather than twice book which will result in lower volatility of the fund.

Mr. O'Mahony asked if the Statement of Policy should include a sentence indicating that it will use the S & P 400 as the tool for determining the Debt-Equity Ratio.

Mr. Harrell indicated that Mr. O'Mahony had a good point and it should be added to the Statement of Policy.

Mr. Ashley pointed that the original Statement of Policy was adopted by the Committee on August 15, 1977.
Mr. Harrell advised the Committee that Mr. Ashley received a letter from the Putnam Advisory Company, Inc. relative to recommending investing some of the Retirement Fund's monies in short term Foreign Investments. Mr. Harrell indicated that he was negative on Putnam's recommendation due to the fact it was one way on exporting jobs and may result in the weakening of the dollar and an increase in inflation. He also indicated that the additional risk premium is not enough to offset the incremental gain in return.

Mr. Kole indicated that he would like to see the letter from Putnam.

Mr. Kole felt that this matter should be looked into more and would not want to close the door completely to foreign investments.

Mr. Spears made a motion to approve Mr. Harrell's recommendation not to invest in foreign securities at this time, with the understanding that the Committee would not completely close the doors to foreign investments. Mr. O'Mahony seconded the motion. The Committee approved Mr. Harrell's recommendation. Mr. Kole abstained from the vote.

A copy of the letter from the Putnam Advisory Company is part of these Minutes.
Mr. Gallagher questioned the amount of turnover in the sales of securities as reported in Compensation and Capital, Inc.'s report for the month of June.

Mr. Harrell responded by indicating that the turnover was not high and indicated he would prepare some information as to the amount of turnover in the CTA portfolio to that in other portfolios.

Mr. Harrell also indicated that there was no correlation between rate-of-return and turnover in a portfolio.

The Chairman asked for approval of the Minutes of the 378th Meeting, held Monday, June 16, 1980.

Mr. Spears indicated that in the Minutes Mr. Weatherspoon made a couple of motions and this did not appear to be correct.

The Secretary's Office indicated that in those cases the Chairman's alternate made motions and could not be recognized if the Chairman was present. Mr. Weatherspoon recommended that Mr. Goldman's name be used in place of his and that the Secretary call the individual out of order if he or she cannot be recognized.

On a motion by Mr. Kren, seconded by Mr. Kole, the Committee unanimously approved the Minutes of the 378th Meeting, held Monday, June 16, 1980, with the noted corrections.

The Secretary made the announcements of deaths reported since last meeting, as per the attached list. The Secretary
noted that there was one (1) Survivorship Option Death included in the list.

The Secretary presented ten (10) Survivorship Options for approval. On a motion by Mr. Spears, seconded by Mr. Kole, the Committee unanimously approved the Survivorship Options, as per the attached list.

The Secretary presented four (4) Pre-Retirement Surviving Spouse Options for approval.

On a motion by Mr. Kole, seconded by Mr. Spears, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options, as per the attached list.

The Secretary presented six (6) Applications for Retirement. The Secretary indicated that among the six (6) applications was a Disability Retirement Application for Ms. Debra Myles which was requested to be made retroactive to June 1, 1980 due to the fact that she was not aware that she had to apply by May 14, 1980 for a June 1, 1980 disability retirement.

On a motion by Mr. Kole, seconded by Mr. Spears, the Committee unanimously approved the six (6) Applications for Retirement including the retroactive June 1, 1980 Disability Retirement for Debra Myles.

The Secretary reported that five (5) employees receiving Disability Retirement Benefits had been examined or their records
reviewed.

The Secretary presented forty-six (46) refunds totaling $303,047.92 for approval.

On a motion by Mr. Kole, seconded by Mr. Spears, the Committee unanimously approved the Refund of Contributions to be paid on July 31, 1980.

The Secretary directed the Committee's attention to the book titled "Trustee Summary" prepared by Compensation and Capital, Inc. indicating the Total Book Value of Cash and Investments, as of June 30, 1980, was $347,843,009.42.

The Secretary submitted for approval one (1) bill from the Authority totaling $27,009.63, three (3) operating bills totaling $57,585.33 and four (4) remittances totaling $170,834.13.

Mr. O'Mahony asked about the bill for travel expense. The Secretary responded that it was for Mr. Heatter attending a conference sponsored by the Lowry, Raclin, Harrell and Howerdd Organization, the Financial Consultant of the Retirement Fund.

On a motion by Mr. Kole, seconded by Mr. Spears, the Committee unanimously approved payment of the bills and remittances to be paid on July 31, 1980, as per the attached list.

The Secretary presented twenty (20) Death Benefits totaling $40,500.00 for payment on July 31, 1980. On a motion by Mr. Kole, seconded by Mr. O'Mahony, the Committee unanimously
approved payment of the Death Benefits, as per the attached list.

Mr. Morris asked if the Secretary had any information relative to the legality of the 241-308 Arbitration Award.

Mr. Weatherspoon asked if the Arbitrator had the right to impose a one (1) year delay in participation for all new employees.

Mr. Burke responded by indicating that the Arbitration Award is binding on all parties.

He indicated that all the new provisions as stated in the award applied to all participants in the Plan, this included all non union as well as craft union employees.

Mr. Burke indicated that he has sent his Opinions relative to the Arbitration Award to Mr. Edward Egan of the Authority for review. He indicated that once reviewed by Mr. Egan, they will be presented to the Retirement Allowance Committee.

Mr. Morris asked if the money going into the Fund was not sufficient to pay for the new benefits of the Arbitration Award, who would be responsible.

Mr. Burke responded by indicating that the CTA as well as Locals 241 and 308.

Mr. Morris asked that the Actuary provide the Committee with an Opinion of the impact of the negotiations on the Fund and whether the Fund remains sound as a result of the Arbitration Award.
The Secretary reported that Mr. Harry Boris, Disability Retirement No. D-2086, who retired on May 1, 1980, returned to duty on May 13, 1980.

The Secretary reported that Mr. John Whitsell, Disability Retirement No. D-1972, who retired on November 1, 1977, returned to duty on May 27, 1980.

The Secretary reported that Mr. John Holiman, Disability Retirement No. D-2062, retired November 1, 1979 and returned to duty on June 25, 1980.

The Secretary reported that Mr. Russell Lipari, Disability Retirement No. 1983, retired on February 1, 1978 and returned to duty on June 15, 1980.

The Secretary reported that Mr. Hans Foit was found fit by the Worker's Compensation Unit to return to duty. However, due to the fact that he has a medical condition not related to Worker's Compensation, he was placed on Weekly Disability Insurance Benefits; and, if he is still disabled at the end of 26 weeks, Mr. Foit would be eligible for a non-occupational disability retirement.

The Secretary advised the Committee that Mr. Robert L. Vandiver, who received a refund of $8,419.08 in August of 1978 as a result of a discharge, was subsequently reinstated with full back pay and still desires to reimburse the Retirement Fund, will
receive a settlement within sixty (60) days. This was brought to
the Committee's attention due to the fact that there were some ad-
ministrative details to be worked out between the CTA and the
Internal Revenue Service prior to Mr. Vandiver obtaining enough
money to reimburse the Retirement Fund and the time element
involved would exceed the 90-day repayment period under Rule 21
of the Retirement Plan.

The Secretary advised the Committee that Mr. Ronald A.
Seno, who was discharged on September 12, 1979 and reinstated on
April 1, 1980, has failed to reimburse the Retirement Fund a total
of $13,205.46 in contributions and interest, as provided under
Rule 21 of the Retirement Plan, and as a result has a new Pension
Seniority Date of April 1, 1980.

The Secretary reported that in response to Mr. Paul
Kole's request as to the number of retired employees affected by
the changes as provided in the Arbitration Award, the following
is a breakdown:

<table>
<thead>
<tr>
<th>Amount</th>
<th>No. of Retired Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10 increase</td>
<td>1,084</td>
</tr>
<tr>
<td>$20 increase</td>
<td>2,193</td>
</tr>
<tr>
<td>$59.11 hospital supplement</td>
<td>250</td>
</tr>
<tr>
<td>$9.94 hospital supplement</td>
<td>3,190</td>
</tr>
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There being no further business, on a motion by Mr. Goldman, seconded by Mr. Kole, the Committee unanimously agreed to adjourn at 12:58 P.M.