

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 330th Meeting of the Retirement Allowance Committee was held on Monday, October 18, 1976, in the Board Room, Room 734, Merchandise Mart and the following were in attendance:

Mr. W. A. Ashley	Mr. J. F. Tiffy
Mr. E. Barley, Sr.	Mr. J. E. Touhy
Mr. J. E. Hastings	Mr. W. C. Spears
Mr. E. Langosch	

Mr. Brown, alternate for Mr. Kole, was present. Neither Mr. Blaa, Mr. Brabec, nor their alternates were present. Messrs. E. Hamilton, W. Leszinske, and S. Schuster of Continental Bank; Messrs. H. Hegarty, D. Lemm and C. Heatter, Superintendent of Pensions, were also present.

The Chairman called the meeting to order at 9:08 A.M.

The Chairman asked for approval of the Minutes of the 329th Meeting, held September 20, 1976.

On a motion by Mr. Brown, seconded by Mr. Touhy, the Minutes of the 329th Meeting held September 20, 1976 were unanimously approved.

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

The Secretary presented eight (8) Survivorship Options for approval at this meeting. On a motion by Mr. Touhy, seconded by Mr. Brown, the Committee unanimously

approved the eight (8) Survivorship Options submitted by the Secretary.

The Secretary advised that eight (8) Applications for Retirement were submitted for approval at this meeting. On a motion by Mr. Touhy, seconded by Mr. Brown, the Committee unanimously approved the eight (8) applications submitted by the Secretary.

The Secretary reported during the month, ten (10) employees on Total and Permanent Disability were examined by the Medical Department or their records reviewed.

The Secretary presented forty-seven (47) refunds totaling \$192,662.52 for approval at this meeting. On a motion by Mr. Tiffy, seconded by Mr. Touhy, the refunds to be paid October 31, 1976, as per the attached statement, were unanimously approved.

The Secretary read a report of deposits, disbursements and investments during the month of September.

Mr. Touhy asked the Chairman if he was receiving a letter from the Trustee confirming the time and date on which Employee and Employer Contributions are deposited. The Chairman responded negatively. The Secretary indicated that the Chairman's request was that a letter be sent from the Secretary's Office confirming to the Chairman the time and date on which Employee and Employer Contributions are deposited with the Trustee. The Secretary further indicated that a letter was sent to the Authority's Treasury Department requesting this information and to date, the Secretary's

Office has not received a response. The Secretary recommended that this item be held in abeyance until next meeting to verify the wording of the original request.

The Secretary presented the Chicago Transit Authority bills totaling \$28,811.42 and miscellaneous bills totaling \$86,386.54. On a motion by Mr. Brown, seconded by Mr. Touhy, the Committee unanimously approved payment of these bills.

The Secretary reported that for the payment of October 31, 1976, Death Benefits numbering thirty-five (35) and amounting to \$66,000.00 were submitted for approval. On a motion by Mr. Touhy, seconded by Mr. Brown, the Committee unanimously approved payment for Death Benefits as per the attached list.

The Secretary pointed out that in the pass-out material were copies of the Actuarial Tables as are used for the computation of the Survivorship Options A and B. The Tables were requested by Mr. Touhy at the 329th Retirement Allowance Committee Meeting held on September 20, 1976.

The Secretary reported that Mr. Herbert N. Profit, Jr., approved for Total and Permanent Disability on October 1, 1976, returned to duty on October 6, 1976 and his application withdrawn.

The Secretary advised the Committee that Mr. W. Spears requested that the Pension File for Mr. W. Drake and Mr. D. Russell be put on the agenda for discussion purposes. Mr. Spears indicated that the discussion involving Mr. Drake was not necessary at this meeting since the arbitration of this

man was not settled as of this date. Mr. Spears asked the Committee if it would be possible for Mr. Daryl Russell, who is to be reinstated as of this date, to pay accumulated pension contributions and earned interest in installments until the entire amount is reimbursed to the Fund. Mr. Brown indicated that this was done in the past as a special case only and it involved extra administrative cost to set up the installment arrangement. After general discussion by all members of the Committee, the Secretary asked Mr. Hastings, whether or not the Committee can make such arrangements. Mr. Hastings indicated that this matter must be researched and an Opinion would be submitted at a future meeting. The Secretary then made a motion that Mr. Daryl Russell is required to meet the condition of reinstatement by reimbursing the Retirement Fund the full amount of accumulated contributions and earned interest within 60 days after the date of reinstatement. The motion was seconded by Mr. Spears and the Committee unanimously agreed to the motion with a stipulation that the Secretary is to obtain a Legal Opinion on the matter of reimbursing contributions and earned interest after date of reinstatement.

The Secretary referred to the article titled, "Panelists Give Ideas on Improving Selection of Money Managers" and recommended that all Committee Members read the article.

Beginning at 9:49 A.M., a presentation was made by Mr. W. Leszinske of Continental Bank relative to the Equity Portfolio Performance for the period June 30, 1976 to September 30, 1976.

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Mr. Leszinske referred to a point-to-point analysis of equities for the period June 30, 1976 to September 30, 1976 based on Market Value indicating the Equity Portfolio increased from \$119,212,636.00 to \$120,361,523.00. He stated the Dollar Weighted Percent Change for all Equities was +0.96 as compared to the S&P 500 at +0.92 and the Dow Jones Industrials -1.26. He stated that the Fund for this period has outperformed the S&P 500 and Dow Jones Industrials.

Mr. Leszinske then presented each Committee Member with their personal copy of a report concerning the current and future economic environment, pointing out factors which have attributed to the strength of the economy and areas of concern which may affect the economy in the future.

A copy of Mr. Leszinske's written report is part of the Committee's records in the Secretary's Office.

A presentation was then made by Mr. S. Schuster of Continental Bank explaining a new concept the Continental Bank will be using in the management of \$25,000,000.00 portion of the Equity Portfolio known as, "Portfolio Management by Economic Diversification."

Mr. Schuster explained the details of this new concept and indicated that for the period 1967 through 1975 if a fund was managed under this concept, it would have realized a +8.3% Rate of Return as compared to the Retirement Fund for Chicago Transit Authority Employees Rate of Return of +2.9% and the Beckers Securities Corporation Median Fund Rate of Return at +2.5%.

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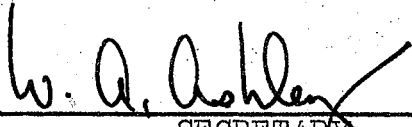
\$25,000,000.00 managed according to the new concept, and the remaining amount of the Equity Portfolio managed according to Continental's Traditional Philosophy.

Mr. Schuster indicated that in the Economic Diversification Portfolio the number of different types of stocks will increase to somewhere in the area of 100 as compared to 45 stocks in the portfolio managed under the Traditional Philosophy.


Mr. Schuster further stated that he should be able to give the first report on the Economic Diversified Portfolio by year end.

Mr. Schuster of Continental Bank concluded his presentation at 10:24 A.M.

There being no further business, on a motion by Mr. Tiffy, seconded by Mr. Touhy, the Committee unanimously agreed to adjourn at 10:24 A.M.



SECRETARY
RETIREMENT ALLOWANCE COMMITTEE



CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED: NOV 15 1976