

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 344th Meeting of the Retirement Allowance Committee was held on Monday, September 19, 1977, in the Board Room, Room 734, Merchandise Mart, and the following were in attendance:

Mr. W. Ashley	Mr. E. Langosch
Mr. E. Barley, Sr.	Mr. S. Miller
Mr. S. Bianchi	Mr. J. Tiffy
Mr. P. Kole	Mr. J. Touhy

Mr. Wool, alternate for Mr. Brabec, and Mr. Hegarty, alternate for Mr. Spears, were also present. Mr. Hall, Mr. Heatter, Mr. Mullen and Mr. Harmon were also present. Messrs. E. Hamilton, W. Leszinske and S. Schuster of Continental Bank and Mr. James Hastings, the Plan Attorney were also present.

The Chairman called the Meeting to order at 10:36 A.M.

The Chairman stated that the Investment Subcommittee has been working with Continental relative to multiple Investment Advisers for the Retirement Fund's equities as proposed by Mr. R. Harrell of William Lowry Associates, Incorporated and he asked Mr. Schuster of Continental Bank to report progress to date.

Mr. Schuster indicated that both the Attorney for the Plan and the Attorney for Continental have drafted the Amendment to the Trust Agreement in order to give the Continental Bank, as Trustee, the authority to delegate investment management responsibilities to multiple Investment Advisers outside the Continental Bank.

Mr. Schuster further indicated that the Continental Bank has endorsed the approach as proposed by William Lowry and Associates, Incorporated. He reported that on September 15th and 16th, 1977 the

Continental Bank interviewed seven (7) Investment Advisers as recommended by William Lowry Associates, Incorporated with the Investment Subcommittee in attendance.

Mr. Schuster reported that as a result of the interviews and in accordance with William Lowry Associates, Incorporated, the Continental Bank has chosen the following Investment Advisers to manage equity investments and will allocate assets according to the following percentages, noting that Continental will retain management of Fund "E" which is currently approximately \$25 million dollars (book value):

Quality Growth Investment Style (27.5%)
Putnam Management Co. Inc.

Secondary Growth Investment Style (32.5%)
E. W. Axe & Co. Inc. (1/4 of 32.5%)
T. Rowe Price Associates
Price Index (3/4 of 32.5%)

Growth and Income (22.5%)
Capital Guardian Trust Company

Income (17.5%)
Delaware Investment Advisers, Inc.

Mr. Touhy asked who will make future decisions as to composition of the Fund. Mr. Kole responded by indicating that the Bank will work closely with William Lowry Associates, Incorporated in determining the Fund's composition and allocation of new contributions. Mr. Kole further indicated that Mr. Harréll recommended an Equity Debt Ratio of 70% - 30%, which was accepted by the Committee.

Mr. Miller indicated that after sitting through Investment Adviser interviews and the selection process, he was confident the

Continental Bank, with the assistance of William Lowry Associates, Incorporated, selected excellent Investment Advisers to manage the Retirement Fund.

The Chairman indicated that all Committee Members are invited to review all information and reports relative to Investment Adviser interviews and selection process, which are on file in the Secretary's Office.

The Secretary distributed a copy of the Amendment to the Trust Agreement to be approved by the Committee in order to implement the multiple Investment Adviser approach as recommended by William Lowry Associates, Incorporated and accepted by the Continental Bank.

The Secretary explained that the Committee must approve the Amendment to the Trust Agreement and instruct the Secretary to make a recommendation in the Committee's behalf to the Chicago Transit Board to permit the Authority and the Association to enter into an agreement to amend the Trust Agreement.

The Chairman called on Mr. James Hastings, the Plan Attorney, to explain the changes in the Trust Agreement. Mr. Hastings explained that the Amendment allows Continental Bank to utilize multiple Investment Advisers outside the Bank to manage the Retirement Fund. He indicated that the Amendment of the Trust Agreement provides that the Bank, as the Trustee, is fully responsible for the selection of Investment Advisers and management of the assets of the Retirement Fund and that the Committee is not involved in the selection of Investment Advisers. Mr. Hastings indicated that it is very important that the Bank be responsible for selection of Investment Advisers, as they are responsible for knowledge of investing and not the Committee.

Mr. Hastings further indicated that the Amendment provides the Committee with the protection that if Continental does not perform its' duties as Trustee, the Committee can select a new Trustee.

Mr. Hastings pointed out that the provision relative to the criteria utilized for the selection of Investment Advisers will have to be reviewed once again, otherwise the Trust Amendment was in good order.

Mr. Barley asked Mr. Schuster to address the Committee in behalf of Continental Bank relative to the new Amendment to the Trust Agreement.

Mr. Schuster indicated that the Amendment to the Trust Agreement is acceptable to the Continental Bank.

The Secretary indicated that it will be necessary for the Committee to instruct him to request the Chicago Transit Authority Board to pass an ordinance permitting the Authority and Locals 241 and 308 to enter into an agreement in order to effect the change in the Trust Agreement.

On a motion by Mr. Miller, seconded by Mr. Wool. the Committee unanimously instructed the Secretary to contact the Chicago Transit Authority Board in regard to the Committee's recommendation.

The Chairman indicated that the next step in implementing the multiple Investment Adviser approach to investments was the allocation of assets as recommended by William Lowry Associates, Incorporated. The Chairman indicated that this would be accomplished on September 27, 1977 and that it would not be necessary for the Investment Subcommittee to be in attendance, but recommended that both Messrs. Ashley and Heatter be in attendance as observers.

Mr. Leszinske of Continental Bank began his presentation by

distributing copies of Continental's Report on Fund "E" for the period June 30, 1977 to September 16, 1977, and a Report of Investment Changes on the changes in the equity and fixed income portfolios.

Mr. Leszinske pointed out that Fund "E" slightly underperformed the S & P 500 but outperformed the Dow Jones for the period on a Dollar Weighted Percent Change Basis.

Mr. Leszinske then reviewed a Report of Investment Changes, both in the equity and fixed income portfolios, pointing out rationale for some of Continental's investment decisions.

Mr. Leszinske continued his presentation by making certain comments related to the current and future economic environment, pointing out factors which attributed to the strength and weaknesses of the current and future economic situation.

Each Committee Member was given their personal written copy of Mr. Leszinske's reports. A copy of these reports are a part of the Committee's Records in the Secretary's Office.

Mr. Leszinske concluded his presentation at 11:50 A.M. and he, Messrs. Hamilton and Schuster left the meeting.

Mr. Hegarty asked the Secretary whether he received resumes from Messrs. Martin Burns and Richard Burke for consideration of Plan Attorney. The Chairman indicated that they were received but he has not had an opportunity to review them as of yet.

The Secretary read a letter from Mr. Wool indicating that Mr. James B. Edwards, union official of Local 241, has not been contributing 7% of his earnings paid by the union when conducting union business during his regular working hours. After discussion between the Committee Members, the Secretary asked Mr. Hastings to comment on

this situation. Mr. Hastings responded that in accordance with Section 3.9 of the Retirement Plan, it is mandatory that Mr. James B. Edwards make contributions to the Retirement Plan for monies earned while conducting union business during regular working hours.

After further discussion between the Committee Members, the Chairman instructed the Secretary's Office to work with Mr. Hall of Local 241 to ascertain the amount of time Mr. Edwards has spent conducting union business and the amount of contributions Mr. Edwards owes the Retirement Fund and report to the Committee.

The Secretary pointed out that it has been the responsibility of the Locals to send a certified listing of all time that a union official has spent conducting union business, deduct 7% of earnings for pension contributions, and forward them to the Secretary's Office for deposit and credit on each union official's behalf. Mr. Barley indicated that this was not being done, but would implement a procedure to correct this situation once he receives a letter from the Secretary requesting him to do so. Mr. Hegarty indicated that Local 308 has been deducting 7% pension contributions directly from union officials earnings and submitting the contributions to the Retirement Plan on a routine basis.

The Chairman asked for the approval of the Minutes of the 343rd Meeting held August 15, 1977. On a motion by Mr. Tiffy, seconded by Mr. Touhy, the Minutes of the 343rd Meeting were unanimously approved.

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

The Secretary presented twelve (12) Survivorship Options for approval at this meeting. On a motion by Mr. Hegarty, seconded by Mr. Touhy, the Committee unanimously approved the twelve (12) Survivorship Options submitted by the Secretary.

The Secretary advised the Committee that there were twenty-one (21) Applications for Retirement. The Secretary pointed out that among the twenty-one Applications for Retirement was one for Mr. Virgil L. Tyler, which was recommended to be made a retroactive disability retirement to September 1, 1977 due to the fact that he did not meet the qualifications to return to duty as a Ticket Agent. The Secretary also advised the Committee that the Transportation Department submitted a request for Mr. James B. Williams to be made a retroactive disability retirement to August 1, 1977. On a motion by Mr. Barley, seconded by Mr. Hegarty, the Committee approved twenty-two (22) applications, which included Mr. Virgil L. Tyler's retroactive disability retirement to September 1, 1977, and Mr. James B. Williams' retroactive disability retirement to August 1, 1977.

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 sixty-seven (67) refunds totaling \$298,908.36, for approval at this meeting. On a motion by Mr. Barley, seconded by Mr. Wool, the refunds to be paid on September 30, 1977, as per the attached statement, were unanimously approved.

The Secretary read a report of deposits, disbursements and investments during the month of August, as per the attached statement.

The Secretary presented the Chicago Transit Authority bills totaling \$14,227.14; and other bills, totaling \$152,745.68. On a motion by Mr. Tiffy, seconded by Mr. Touhy, the committee unanimously approved payment of these bills.

The Secretary presented, for the payment of September 30, 1977, Death Benefits numbering twenty-nine (29) and amounting to \$44,500.00 for approval. On a motion by Mr. Hegarty, seconded by Mr. Langosch, the Committee unanimously approved the Death Benefits, as per the attached list.

The Secretary distributed a copy of the Amended Rule 21 as prepared by Mr. James Hastings relative to reimbursement of the Retirement Fund of any employee who is reinstated. The Secretary read the Rule, as follows, to the Committee:

"If an employee is reinstated within the provisions of Paragraph 3.7 (3) of the Plan, after having received a refund of his contributions and wishes to take advantage of Paragraph 15.2 (1) of the Plan, he shall repay to the Fund the amount of the refund within ninety (90) days of his return to work. Unless and until such refund is actually repaid to the Fund within the ninety (90) day period, the employee's rights under the Plan shall only be as a new employee from the date of return to work."

After discussion between some of the Committee Members, on a motion by Mr. Touhy, seconded by Mr. Barley, the Committee unanimously approved the amendment of Rule 21.

The Secretary reported that the Pension Section has been holding Mr. Whitted Hart, Jr.'s Disability Retirement Allowance Benefit Checks since November 30, 1975. The Secretary indicated that his office has been in and out of contact with Mr. Hart since November of 1975, requesting him to come in to be examined by the Committee's physician. To date, Mr. Hart has failed to comply with the Secretary's requests. The Secretary recommended that, as a result of Mr. Hart's failure to comply with Section 12.4 of the Plan, which states:

"No employee shall be entitled to receive a disability retirement under the Plan when he declines to permit a physician selected by the Committee to examine or re-examine him or materially hinders an investigation ordered by the Committee."

Mr. Hart be removed from the Disability Retirement Rolls and that all Benefit Checks be redeposited into the Fund until such time when Mr. Hart can establish eligibility for Disability Retirement Benefits. On a motion by Mr. Tiffy, seconded by Mr. Miller, the Committee unanimously approved the removal of Mr. Whitted Hart, Jr. from the Disability Rolls for failure to comply with Section 12.4 of the Plan, and the decision that all Disability Benefit Checks be redeposited into the Fund.


The Secretary indicated that his office has not received the letter from Local 241 relative to the elimination of the monthly Union Card Receipts mailed to retired employees. Mr. Barley indicated he will mail the letter in the near future.

The Secretary reported that the Labor Relations Department informed his office that Mr. William Green has until September 23, 1977 to reimburse the Retirement Fund of all withdrawn contributions and earned interest. Mr. Wool indicated that Mr. Green was making arrangements to reimburse the Fund through the Credit Union.

The Secretary indicated that he has a letter from Mr. Hastings relative to Military Service Credit Compulsory or Period-of-Emergency but would hold it in abeyance until the next meeting since some of the Committee Members had business appointments.

The Secretary reported that Mr. Theodore Sutkowski, Disability Retirement No. D-1947, declined a position as Ticket Agent, and in accordance with Section 12.1 of the Retirement Plan, is removed from the Disability Rolls effective September 1, 1977.

There being no further business, on a motion by Mr. Hegarty, seconded by Mr. Bianchi, the Committee unanimously agreed to adjourn at 1:10 P.M.


SECRETARY
RETIREMENT ALLOWANCE COMMITTEE


CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED OCT 17 1977