

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 360th Meeting of the Retirement Allowance Committee was held on Monday, November 20, 1978, in the Board Room, Room 734, Merchandise Mart, and the following were in attendance:

Mr. W. Ashley	Mr. S. Miller
Mr. S. Bianchi	Mr. T. O'Mahony
Mr. R. Goldman	Mr. J. Weatherspoon
Mr. P. Kole	

Mr. L. Wool, alternate for Mr. E. Brabec, was present. Mr. A. Kasmer, alternate for Mr. E. Langosch, was present. Neither Mr. W. Spears nor his alternate was present. Messrs. J. Edwards, C. Hall, T. Hill, C. Heatter, F. Mullen, and L. Morris were also present. Messrs. E. Hamilton, J. Lentgis and W. Leszinske of Continental Bank were also present. Messrs. N. Harvey and A. Cleary of E. W. Axe & Company, Inc. were also present.

The Chairman called the meeting to order at 10:41 A.M.

The Chairman indicated that the Committee will conduct its regular business and then have Continental Bank, and E. W. Axe & Company, Inc. Investment Advisors present their reports.

The Chairman asked for the approval of the Minutes of the 359th Meeting, held October 16, 1978.

On a motion by Mr. Weatherspoon, seconded by Mr. Wool, the Committee unanimously approved the Minutes of the 359th Meeting, held October 16, 1978.

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

The Secretary submitted four (4) Survivorship Options for approval. On a motion by Mr. Miller, seconded by Mr. Weatherspoon, the Survivorship Options, as submitted, were unanimously approved.

The Secretary advised that there were eighteen (18) Retirement Applications submitted for approval. The Secretary pointed out that among the eighteen was one for Mr. Percy Virgil, who was subsequently found fit and offered a Mail Clerk's position, which Mr. Virgil refused. The Secretary recommended that this application not be approved as provided in Section 12 of the Retirement Plan which states, "An employee shall not be entitled to receive any disability allowance for any period for which he, although unable to return to his regular duties, refuses to accept other work offered by the Authority which, in the judgment of a physician duly selected by the Committee, he is capable of performing."

The Secretary also pointed out that among the eighteen (18) applications was one for Mr. David M. Curry. Mr. Curry was injured on duty November 25, 1977 and was off until August 5, 1978 when he was found fit as a bus operator. Mr. Curry attempted to return to duty in August and September but signed off sick. On October 12, 1978, he was found unfit as a bus operator and was recommended for non-operating work. Subsequently, on October 23, 1978, he was tested for a Ticket Agent's position, but Mr. Curry failed the test. The Secretary asked Mr. Richard Burke's opinion relative to this matter as there was a question as to whether or not Mr. Curry had to complete twenty-six weeks of the Authority's Group Insurance in order

to qualify for Disability Retirement. Mr. Burke responded to this matter, later in the meeting, indicating that in accordance with Rule No. 1 of the Retirement Plan for Chicago Transit Authority Employees, "The date the Committee's doctor certifies that an employee is unable to return to his regular duties after receiving benefits for a particular disability for twenty-six weeks under the Authority's Group Accident and Sickness Insurance, or from the Authority under the Workmen's Compensation Act, shall be the date governing the disability." Thusly, Mr. Curry would be eligible for Disability Retirement.

On a motion by Mr. Weatherspoon, seconded by Mr. Wool, the Committee unanimously approved the seventeen (17) Applications for Retirement, including Mr. David M. Curry's and withdrawing Mr. Percy Virgil's for the aforementioned reason.

The Secretary reported that during the month, nine (9) employees on Total and Permanent Disability were examined by the Medical Department or their records reviewed.

The Secretary presented fifty-seven (57) refunds, totaling \$388,461.60, for approval at this meeting.

On a motion by Mr. Weatherspoon, seconded by Mr. Wool, the refunds to be paid on November 30, 1978, as per the attached statement, were unanimously approved.

The Secretary presented a report of Deposits, Disbursements and Investments for the month of October.

The Secretary presented the Chicago Transit Authority bills, totaling \$29,457.02, and other bills, totaling \$124,828.48, for approval. On a motion by Mr. Wool, seconded by Mr. Weatherspoon,

the Committee unanimously approved payment of these bills.

The Secretary presented, for payment on November 30, 1978, Death Benefits numbering twenty-seven (27) and amounting to \$60,000.00. On a motion by Mr. Wool, seconded by Mr. O'Mahony, the Committee unanimously approved the Death Benefits, as per the attached list.

The Secretary indicated that on October 20, 1978 his office received a request from the Transportation Department to change Mr. John B. Hayes' retirement date from October 1, 1978 to November 1, 1978. The reason for the request was that by changing the date of retirement to November 1, 1978, Mr. Hayes could take advantage of the \$40.00 per month that the Authority pays toward a retired employee's hospitalization when the employee is age 62, 63, or 64 and has 30 or more years of service at the date of retirement. Mr. Hayes would be eligible on November 1, 1978 for the \$40.00 monthly benefit toward his insurance. The Transportation Department indicated that the change in retirement date was being requested due to the fact that the Superintendent of Kedzie Garage did not inform the General Office that Mr. Hayes desired to work an additional month in order to qualify for the \$40.00 to be paid toward his monthly insurance premium.

On a motion by Mr. Miller, seconded by Mr. Wool, the Committee unanimously approved Mr. John B. Hayes' retirement be changed from October 1, 1978 to November 1, 1978.

The Secretary reported that Geraldine Butler, approved for Total and Permanent Disability effective November 1, 1977, returned to duty on October 15, 1978.

The Secretary reported that Leonard E. Thomas, approved for Total and Permanent Disability effective January 1, 1978, returned to duty on October 18, 1978.

The Secretary reported that the Option Application B one-half (1/2) for William L. Hodgson, approved at the meeting of April 17, 1978, was withdrawn.

The Secretary advised the Committee that it was the Plan Attorney's recommendation to revise Rule 18 in order to conform with the changes as negotiated and agreed upon in the last contract. The following revised Rule 18 was passed out to the Committee Members:

RULE NO. 18

When a request for an optional form of payment is filed with the Retirement Allowance Committee at less than the six month waiting period prior to the effective date of retirement, as provided in Paragraph 13.2 of the Plan the employee shall be required to submit, pursuant to Paragraph 13.2, evidence of good health with his option application.

This requirement may be satisfied by a detailed medical report from the employee's attending physician, unless at the discretion of the Secretary of the Retirement Allowance Committee, a physical examination and report by the Committee's doctor is ordered.

Any request for an optional form of payment which was filed with the Retirement Allowance Committee prior to March 1, 1978, shall become applicable at the effective date of the employee's retirement subject to this Rule No. 18.

Notwithstanding the foregoing, an employee --- without providing evidence of the employee's good health --- may designate at any time prior to the effective date of his retirement whether benefits shall be payable on the normal form (i.e., for the remainder of the employee's lifetime only) or under "Option A" with one-half to spouse. No application for normal or early retirement shall be approved by the Committee unless the desired manner of payment shall have been designated in writing, on a properly executed form provided for that purpose and filed with the Committee.

After general discussion, on a motion by Mr. Wool, seconded by Mr. Bianchi, the Committee unanimously approved the amendment of Rule 18.

Mr. O'Mahony indicated his concern about employees who were receiving a pension benefit from one governmental agency and then working and receiving a second pension from another governmental agency. Mr. O'Mahony asked for clarification of the reciprocity between governmental units as far as pension credit.

The Secretary responded by indicating that an employee can be receiving pension benefits from another governmental agency and then be hired as an employee of the Chicago Transit Authority, qualify for a pension and retire from the Authority. The individual will only be allowed credit toward the Chicago Transit Authority for only the time spent at the Authority, the individual's credit with another governmental agency does not provide any credit toward a pension at the Authority.

The regular business of the Committee was completed and the Chairman asked Mr. Leszinske of Continental Bank to make his report.

Mr. Leszinske circulated a Point to Point Measurement on Fund "E" to each Committee Member and a report on the Fixed Income Portion of the Fund and reviewed the reports. He indicated that Continental is holding a large amount of money in short term investments receiving over 7% as the rate of return until an investment decision is made.

Mr. Hamilton reported that the Continental Bank has recently mailed the investment guidelines to the five (5) new investment advisors for their signature and once they are all returned a copy will be sent to the Secretary's Office.

Mr. Hamilton indicated that the A. G. Becker Securities Corporation's directed commission balance will be satisfied in the near future and then commissions will be directed to Callan Associates, Inc. until their balance is satisfied.

Mr. Leszinske introduced Messrs. Norman Harvey and Austin Cleary of E. W. Axe & Company, Inc., one of the new investment advisors of the Retirement Fund.

Mr. Norman Harvey of E. W. Axe & Company, Inc. questioned the prohibited transaction as stated in the Investment Guidelines and Objectives that common stock pays no current dividend, including convertibles of no current dividend common stocks. Mr. Harvey indicated that on occasion E. W. Axe & Company, Inc. may purchase a no current dividend stock.

The Secretary responded by indicating his office will contact Mr. Robert Harrell, the Fund's Investment Consultant, and advise Continental whether this prohibited transaction can be eliminated.

Mr. Harvey explained the Investment Philosophy of E. W. Axe & Company, Inc. and gave insight into their performance since they were hired and some of the existing economic factors.

Mr. Harvey reviewed a Portfolio Appraisal, dated November 16, 1978, relative to performance and types of securities in the Chicago Transit Authority's Portfolio.

Mr. Harvey reviewed a report titled, "Economic Outlook," dated October 11, 1978.

The Secretary indicated that both of the Fund's Financial Consultants have pointed out that E. W. Axe & Company, Inc. was not emulating the Secondary Growth Style of investing.

Mr. Harvey responded by indicating that E. W. Axe & Company, Inc. is a very cautious investor and due to a delay in clarification of some legal questions in regard to ERISA legislation there was a delay in aligning the Chicago Transit Authority's portfolio with that of E. W. Axe & Company, Inc.'s Commingled Fund. Mr. Harvey indicated that the third (3rd) quarter should show that the Chicago Transit Authority's Portfolio is emulating the Axe Commingled Fund.

The Chairman asked if the Axe Commingled Fund and the Chicago Transit Authority Portfolio had the same amount of short term investments. Mr. Harvey responded in the affirmative.

Mr. T. O'Mahony asked if the Secretary prepared a draft of the Statement of Financial Position of the Retirement Fund. Mr. Bianchi responded by indicating that he had copies of the proposed statement and that they would be circulated to Committee Members for review.

He recommended that the statement be discussed at the next Retirement Allowance Committee Meeting.

There being no further business, on a motion by Mr. Wool,
seconded by Mr. Bianchi, the Committee unanimously agreed to adjourn
at 11:55 A.M.

W. A. Ashley
SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

Paul J. Cole
CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED DEC 18 1978