

RETIREMENT PLAN

FOR

CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 369th Meeting of the Retirement Allowance Committee was held on Monday, August 20, 1979, in the Engineering Conference Room, Room 7-155, Merchandise Mart. The following were in attendance:

Mr. S. Bianchi	Mr. T. O'Mahony
Mr. R. Goldman	Mr. W. Spears
Mr. S. Miller	Mr. J. Weatherspoon

Mr. J. DeFranco, alternate for Mr. P. Kole, Mr. C. Heatter, alternate for Mr. W. Ashley and Mr. L. Wool, alternate for Mr. E. Brabec, were also present. Neither Mr. E. Langosch nor his alternate were present.

Messrs. M. Brennan, C. Hall, H. Hegarty and T. Hill were also present. Mr. E. Hamilton of Continental Bank, Mr. R. Harrell of Lowry, Raclin, Harrell and Howerdd, Inc., and Mr. R. Burke, the Plan Attorney, were also present.

The Chairman called the meeting to order at 10:40 A.M.

Mr. Heatter stated that since Mr. Ashley was on vacation, the Committee must elect a Secretary Pro Tempore for this meeting.

On a motion by Mr. Weatherspoon, seconded by Mr. Miller, the Committee unanimously elected Mr. Heatter as

Secretary Pro Tempore.

Mr. Heater stated that due to a Managers' Meeting, called by Mr. Eugene Barnes, Chairman of the Transit Board, the Committee was unable to use the Board Room for this meeting.

The Chairman recommended that the report by the Trustee and Lowry, Raclin, Harrell and Howerdd, Inc. be reserved until last due to the fact that several Committee Members were required to be in attendance at the Managers' Meeting called by the Chairman of the Board.

The Chairman asked for approval of the Minutes of the 368th Meeting, held July 16, 1979.

On a motion by Mr. Bianchi, seconded by Mr. Spears, the Committee unanimously approved the Minutes of the 368th Meeting, held July 16, 1979.

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

The Secretary submitted three (3) Survivorship Options for approval. He indicated that among the three (3) Automatic A-1/2 Options was one for Mr. R. J. Ruzich, retro-active to August 1, 1979. The Secretary's Office had received Mr. Ruzich's Application for Early Retirement with Survivorship Option, along with a memorandum from Mr. F. King, Manager of Human Resources, requesting that Mr. Ruzich's retirement be

made retroactive to August 1, 1979. The delay had been caused by Mr. Ruzich's absence from duty due to illness.

On a motion by Mr. Bianchi, seconded by Mr. Spears, the Committee unanimously approved the Survivorship Option elections as per the attached list.

Mr. O'Mahony questioned the length of time between the filing of a Survivorship Option election and the date of retirement.

The Secretary responded that there was no fixed time frame, only that the election must be received no later than the 14th day of the month preceding the month of retirement.

The Secretary presented fourteen (14) Applications for Retirement, including Mr. Ruzich's retroactive application for August 1, 1979.

On a motion by Mr. Miller, seconded by Mr. O'Mahony, the Committee unanimously approved the fourteen (14) Applications for Retirement, as per the attached list, including Mr. R. Ruzich's retroactive early retirement of August 1, 1979.

The Secretary reported that during the month, four (4) employees on Total and Permanent Disability were examined by the Medical Department or their records reviewed.

The Secretary presented forty-three (43) refunds, totaling \$234,115.10, for approval at this meeting.

On a motion by Mr. Spears, seconded by Mr. Wool, the refunds to be paid August 31, 1979, as per the attached statement, were unanimously approved.

The Secretary directed the Committee's attention to the booklet "Summary for the Board" compiled by Compensation and Capital, Inc., Page 2, indicating Total Cash and Investments of the Fund to be valued at \$293,470,850.86, as of July 31, 1979.

The Secretary further pointed out that as shown on Page 4 of the report, the actual year-to-date performance was 10.01%, which annualized out to 17.77%. Also, as indicated on Page 5, the portfolio market value exceeded cost of investments by \$6.1 million.

The Secretary submitted seven (7) bills for approval totaling \$150,020.85.

Mr. O'Mahony questioned why Federal Withholding Taxes were being paid. The Secretary responded by indicating that employees retiring from the Authority are subject to income tax after they have received, in retirement allowance benefits, the amount they contributed to the Retirement Fund during their active employment. The employee, upon request, can have Federal Income Taxes withheld from their monthly retirement allowance benefit and deposited in their behalf for income tax obligations.

On a motion by Mr. Miller, seconded by Mr. Bianchi, the Committee unanimously approved the bills, as per the attached list.

The Secretary presented for approval, twenty-seven (27) Death Benefits totaling \$72,000.00.

On a motion by Mr. Spears, seconded by Mr. DeFranco, the Committee unanimously approved the Death Benefits to be paid August 31, 1979, as per the attached list.

The Secretary advised the Committee that he had met with Mr. C. Hall concerning the remittance of contributions from Local 241. Since there was a question as to the manner in which part-time union officials should make remittance to the Fund, the Secretary recommended that this matter be held in abeyance until the procedure is amended and reviewed by the Plan Attorney.

The Secretary reported that the Annual Report of the Retirement Plan for Chicago Transit Authority Employees would be available for distribution in approximately two (2) weeks.

In response to Mr. Spears previous question, the Secretary reported that T. Duncan, a former employee, had been paid his refund of contributions on September 30, 1978.

The Secretary reported that Mr. Joe W. Lucas, who had been receiving a Disability Retirement was found fit to return

to duty on July 10, 1979. On July 19, 1979, Mr. Lucas was contacted by the Placement Department and refused to return to be interviewed. In accordance with Section 12 of the Retirement Plan, Mr. Lucas will be taken off the Disability Retirement Rolls, effective July 19, 1979.

The Secretary indicated that among the Committee's Meeting Material was an article concerning the investment manager's at Honeywell Corporation, which was similar to the Chicago Transit Authority's.

The Chairman recommended that all those who could, remain after the meeting for the reports of the Trustee and Lowry, Raclin, Harrell and Howerdd, Inc.

The Secretary recommended that the Committee adjourn in order that the Managers could attend the special meeting called by the Chairman of the Chicago Transit Board and indicated that Mr. Hamilton of Continental Bank and Mr. Harrell of Lowry, Raclin, Harrell and Howerdd, Inc. would make presentations relative to the Fund's Investments immediately following adjournment for all remaining Committee Members.

On a motion by Mr. Bianchi, seconded by Mr. O'Mahony, the Committee unanimously agreed to adjourn at 11:00 A.M.

The following is a summary of Messrs. Hamilton and

Harrell's reports which followed the regular Retirement Allowance Meeting.

Mr. Hamilton of Continental Bank directed the attention of those present to the letter dated July 20, 1979 (should be August 20, 1979) titled "July Market Summary" which predicts a general slowing down of the economy resulting in improved profit prospects for the portfolio.

The details of Mr. Hamilton's report are found in Continental Bank's letter to the Retirement Allowance Committee, dated July 20, 1979. Each Committee Member was given a copy of the letter, and a copy is retained in the Secretary of the Retirement Allowance Committee's Office.

Mr. R. Harrell of Lowry, Raclin, Harrell and Howerdd, Inc. began his report with a brief discussion of actuarial cost-methods for self-funding pension plans.

Mr. Harrell reviewed the following characteristics: Equity Portfolio Quality Rank, Equity Portfolio Price Earnings Multiple Rank and Portfolio Rank, and Long Term, Intermediate Term and Short Term Performance for investment advisors, E. W. Axe & Co., Inc., Capital Guardian Trust Co., Decatur Income Fund, Inc., T. Rowe Price Associates, Putnam Management Co., Inc. and Continental Bank.

Mr. Harrell indicated that E. W. Axe & Co., Inc. has brought the performance of this Fund's account in line with that of their Mutual Fund Account and that Capital Guardian Trust may appear to be varying as a result of some computational problems in the data accumulation.

Mr. Heater questioned whether or not it was advisable for E. W. Axe & Co., Inc. to have over \$11 million in short term investments and what should be done about it.

Mr. Harrell responded that the Committee could draft a letter requesting a change but that their Mutual Fund was similarly invested and, therefore, this was in accordance with the existing instructions to emulate the Mutual Fund.

Mr. Harrell completed his report by pointing out that for the period December 31, 1977 to June 30, 1979 if investments were made directly in the Mutual Funds of each of the Authority's Investment Advisors, the money invested would have increased by an additional 3.69 million dollars.

However, the figures did not reflect certain factors concerning the initial period or start-up of the Separate Funds, which would cause such a discrepancy such as the sale of poor stocks.

The details of Mr. Harrell's report are found in the

William Whitehead Lowry Report for the quarter ending June 30, 1979. Each Committee Member was given a copy of the report and a copy is retained in the Secretary of the Retirement Allowance Committee's Office.

There being no further discussion, the report ended at 11:40 A.M.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED _____