The 386th Meeting of the Retirement Allowance Committee was held Tuesday, February 17, 1981, in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

Mr. W. Ashley         Mr. C. Knox
Mr. S. Bianchi         Mr. P. Kole
Mr. R. Goldman         Mr. R. Kren
Mr. A. Kasmer          Mr. J. Weatherspoon

Mr. L. Wool, alternate for Mr. J. Gallagher, and Mr. J. Edwards, alternate for Mr. T. O'Mahony, were also present.

Messrs. C. Heatter, C. Hall, L. Morris, L. Brown and H. Hegarty were present. Messrs. M. Brennan, J. Bidwill, G. Nagle and Ms. C. Cox were present. Messrs. W. Leszinske, E. Hamilton and Ms. K. (Alsip) Ford of Continental Bank were present. Mr. R. Burke, the Plan Attorney, was also present.

The meeting was called to order at 10:34 A. M. by the Secretary, who informed the Committee that in the absence of the Chairman, a Chairman Pro Tempore must be appointed. On a motion by Mr. Weatherspoon, seconded by Mr. Bianchi, the Committee unanimously appointed Mr. R. Kren as Chairman Pro Tempore.

Mr. Leszinske presented to the Committee a letter, dated February 13, 1981, titled "January Market Summary." (A copy is attached to these minutes.)
Mr. Leszinske noted that during the month of January short rates on CD's and commercial paper dropped which caused a lower rate of return. He stated that the long term bond market showed the exact opposite with long rates on an upward trend.

Mr. Leszinske reviewed some of the recent statistics noting that business inventories for the third quarter decreased at an annual rate of about 16 billion dollars. He also noted that there was a similar kind of situation in the fourth quarter with inventories decreasing at a rate of about 6 billion dollars.

Mr. Leszinske stated that the unemployment picture seems brighter and during the month of January over three hundred thousand people had been added to the employment rolls.

Mr. Leszinske stated that as the changes by the new administration are implemented, there should be a decrease in longer termed interest rates, and a fairly strong bond market (lower interest rates and higher prices on bonds.)

Mr. Leszinske completed his report at 10:37 A. M. and presented Mr. Hamilton of Continental Bank.

Mr. Hamilton informed the Committee that there would be an annual review of investment managers during the months of March and April and asked that all Members and Alternate Members attend the meetings which would be followed by lunch. Mr. Hamilton stated that the Secretary's Office would be informed as to the time and
Messrs. Leszinske, Hamilton and Ms. Ford left the meeting at 10:38 A.M.

The Chairman asked for approval of the Minutes of the 385th Meeting, held January 19, 1981. On a motion by Mr. Goldman, seconded by Mr. Weatherspoon, the Committee unanimously approved the Minutes.

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

The Secretary presented five (5) Survivorship Options for approval, including one for Mr. A. Lathouwers, who is in the process of securing a doctor's statement. On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved the Survivorship Options, including the Option for Mr. A. Lathouwers pending appropriate evidence of good health.

The Secretary presented twenty-one (21) elections of the Pre-Retirement Surviving Spouse Option. On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options, as per the attached list.

The Secretary presented twenty (20) Applications for Retirement, including a retroactive Disability Retirement for Edward H. Dillingham, and a retroactive Early Retirement for Clifford L. Howard. Retroactivity on both employees was being requested because there was a problem of notification by the department. On a motion by
Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously
approved the retirements, including the retroactive Disability
Retirement of Edward H. Dillingham and a retroactive Early Retirement
of Clifford L. Howard.

The Secretary reported that eight (8) employees receiving
Disability Retirement Benefits had been examined or their records
reviewed.

The Secretary presented thirty-nine (39) refunds, totaling
$228,673.87 for approval. On a motion by Mr. Kole, seconded by
Mr. Weatherspoon, the Committee unanimously approved the Refunds of
Contributions to be paid February 28, 1981.

The Secretary presented the Report of Deposits, Disburse-
ments and Investments noting that as of January 31, 1981 the total cash
and investments was $409,106,901.60. The Secretary directed the Comm-
ittee's attention to that portion of the report which indicated no
deposit of contributions for employer or employee and explained that
the contributions which are normally deposited on the last day of the
month were received a few days early and had been included in last
month's report.

The Secretary presented for approval two (2) Chicago
Transit Authority bills, totaling $65,676.57, four (4) operating bills,
totaling $32,739.60 and five (5) remittances, totaling $213,909.16.
On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved payment of the bills and remittances totaling $312,325.33.

The Secretary submitted for approval thirty-five (35) Death Benefits, totaling $85,500.00, for payment February 28, 1981.

On a motion by Mr. Weatherspoon, seconded by Mr. Kole, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Secretary informed the Committee that Mr. Robert Seno's repayment of retirement contributions, in the amount of $13,205.46 had been received.

The Secretary informed the Committee that Mr. Donald Baber had revoked his Pre-Retirement Surviving Spouse Option which was effective February 1, 1981.

The Secretary presented the Direct Deposit of Pensioner's Check article which will appear in the next issue of the Transit News.

The Secretary presented the Pre-Retirement Surviving Spouse Option Booklet which is distributed annually.

The Secretary brought up the Fiduciary Insurance and asked Mr. Burke to respond.

Mr. Burke stated that he and Mr. Weatherspoon were still in the process of going over the documents and asked that the matter
be held in abeyance until next meeting. The Committee unanimously agreed to hold the matter in abeyance until the next meeting.

The Secretary brought up the question regarding the interpretation of disability and asked Mr. Burke to present his findings.

Mr. Burke stated that in his opinion, after reviewing Rule 1 of the Plan, in determining the date when an employee becomes disabled, the date should be the day that the employee, after receiving Disability Payments for twenty-six (26) weeks, is unable to return to his regular duties in the opinion of the Authority's physician. If, at that point in time, the employee becoming disabled for non-occupational illness or injury has completed ten (10) years of continuous service; or an employee disabled for occupational illness or injury has completed five (5) years of continuous service, then the employee is eligible to receive a Disability Allowance as provided in Section 12.1 of the Plan. Mr. Burke stated that Mr. Reyes, whose case had been brought before the Committee at the last meeting by Mr. O'Mahony, was qualified to receive Disability Benefits. Mr. Burke stated that he would send a letter to the Secretary's Office regarding his interpretation and ruling on eligibility for Disability Retirement Benefits.

The Secretary brought up the Lowry, Raclin, Harrell & Howerdd Recommendation of January 20, 1981 and presented a copy to each Committee Member. A discussion ensued between the Committee Members regarding the contents of the letter of recommendation.
There being no further business, on a motion by Mr. Kole, seconded by Mr. Wool, the Committee unanimously agreed to adjourn at 10:56 A.M.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED MARCH 16, 1981