The 395th Meeting of the Retirement Allowance Committee was held on Monday, November 16, 1981, in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

Mr. W. Ashley  
Mr. S. Bianchi  
Mr. J. Gallagher  
Mr. C. Knox  
Mr. P. Kole  
Mr. I. Thomas  
Mr. J. Weatherspoon

Mr. L. Brown, alternate for Mr. A. Kasmer, was present. Mr. A. Kemp, alternate for Mr. C. Hall, was present. Mr. L. Wool, alternate for Mr. R. Kren, was present. Mr. R. Goldman was present. Messrs. M. Brennan, R. Carson, G. Nagle and Ms. C. Cox were present. Messrs. W. Leszinske, E. Hamilton and Ms. K. Ford of Continental Bank were present. Mr. J. Baratka of The Wyatt Company was present. Messrs. J. Shelley and A. Makstenieks of the Datacenter Department were present. Mr. J. Bidwill was present. Ms. N. Finley was present. Mr. B. Scholz, Pensioner, was present. Mr. R. Burke, the Plan Attorney was also present.

The Chairman called the meeting to order at 11:35 A.M.

Mr. Leszinske presented to the Committee a letter, dated November 13, 1981, titled "October Market Summary." (A copy is attached to these minutes).

Mr. Leszinske noted that there was a very dramatic rally in the bond market causing interest rates to drop. He informed the Committee that at the end of September there was approximately 55 million dollars in fixed income securities and since that time...
the Fund's assets had increased about 17 to 18 per cent; or, the Fund made about 10 million dollars. Mr. Leszinske also informed the Committee that the program, which granted the Trustee permission to loan Fund Securities to other individuals and began around September 1, 1981, had generated income to the Fund in the amount of about 40 to 45 thousand dollars. He also noted that as of last week there were about 61 million dollars in securities out on loan.

Mr. Hamilton informed the Committee that a portion of the employer contributions owed by the Authority had been received in the amount of $3,226,865.26. The Chairman asked if the employee contributions were being received on a timely basis. Mr. Hamilton responded that they were. Mr. Hamilton also informed the Committee that the change in the checking account was working quite well and asked Mr. Nagle to expound on the subject. Mr. Nagle stated that during the month of September the Fund earned an additional $5,400 in interest and in October earned $4,900.

The Chairman asked for approval of the Minutes of the 394th Meeting, held October 19, 1981. The Secretary informed the Committee that the Minutes of the Special Meeting, held November 5, 1981, were also available for approval. The Chairman asked that approval of the Minutes of the Special Meeting be held in abeyance until the next meeting. On a motion by Mr. Kole, seconded by Mr. Kemp, the Committee unanimously approved the Minutes of the 394th Meeting, held October 5, 1981.

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

The Secretary presented fourteen (14) Survivorship Options
for approval. On a motion by Mr. Kole, seconded by Mr. Knox, the Committee unanimously approved the Survivorship Options.

The Secretary presented five (5) Pre-Retirement Surviving Spouse Options for approval. On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options.

The Secretary presented nine (9) Applications for Retirement. The Secretary informed the Committee that there was one (1) application submitted by the Transportation Department for Emma J. Richardson to be made retroactive to November 1, 1981. On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved the Applications for Retirement including the retroactive application for Emma J. Richardson.

The Secretary reported that six (6) employees who are receiving Disability Retirement Benefits were examined or their files were reviewed.

The Secretary presented twenty-seven (27) refunds, totaling $250,055.41. On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved the refunds of contributions to be paid November 30, 1981.

The Secretary presented the Report of Deposits, Disbursements and Investments noting that as of October 31, 1981 the total cash and investments was $464,340,560.67.

Mr. Knox asked if these figures included payment of any monies by the Authority for retirement contributions. The Secretary responded that it did not. The Chairman asked for the amount of the balance owed by the Authority. Mr. Nagle responded that after deducting the afore-
mentioned payment, the Authority now owed the Fund $18 million.

The Secretary presented one (1) Chicago Transit Authority bill, totaling $30,468.30, three (3) Operating Bills, totaling $17,757.20 and eight (8) Remittances, totaling $214,456.14. The Chairman asked the Plan Attorney to comment on the monies owed the Authority by the Fund. The Secretary noted that the monies to the Authority was still being withheld, per the Chairman's instructions. On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved payment of the bills and remittances in the amount of $262,681.64.

The Secretary submitted for approval forty-three (43) Death Benefits, totaling $88,500 for payment November 30, 1981. On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Secretary brought to the Committee's attention the subject of Phases II and III of the computer system and asked Mr. Brennan to provide a report on the Datair Proposal. Mr. Brennan stated that the system in question would enhance the Pension Section's ability to handle all computations in an upkeep manner. Mr. Brennan also noted that after thorough investigation, he found the price to be within reason, was unable to find any negatives and would definitely recommend the purchase of the system. The Secretary recommended that the Committee instruct the Plan Attorney to set up a contract with Datair that would be agreeable to all concerned. Mr. Brennan informed the Committee that a payment of $38,415 must be made before the work on the system could begin, an
additional 25% would be due after the system was set up for examination by the Committee and the final 25% is due when the system was in the working stage. The Secretary asked Mr. Shelley of the Datacenter Department to make comments regarding the system.

Mr. Shelley stated that he was satisfied with the system as presented. However, he felt that it is imperative that a replacement for Mr. Brennan be found. Further, he stated the replacement should have the knowledge to operate the system, if possible.

Mr. Kole made a motion that the Committee proceed with the purchase of the system and direct the Plan Attorney to prepare the necessary contracts for the implementation of the system. Mr. Weatherspoon seconded the motion and the Committee unanimously approved.

On behalf of the Committee, the Chairman expressed gratitude to Mr. Brennan for his dedicated service to the Plan and wished him well in his future endeavors. Mr. Brennan thanked the Committee for their accolades and support.

The Chairman informed the Committee that the research subcommittee had met, would be talking to each candidate for the Director of Pensions position and would report back to the Committee their recommendations.

The Chairman brought to the Committee's attention the matter of the Security Department employees whose services had been discontinued and asked Mr. Burke to elaborate on this subject as well as the employer contributions owed by the Authority. Mr. Burke presented a draft of a Rule pursuant to the authorization given by the Committee at the last meeting. Mr. Burke read and explained the
contents of the Rule by which the aforementioned employees could withdraw a portion of or all of their retirement contributions. He also noted that he had conferred with Mr. Adelman, the attorney representing some of the discontinued employees, who found the document acceptable. On a motion by Mr. Brown, seconded by Mr. Kemp, the Committee unanimously agreed to adopt the Rule. (A copy of which is attached to these minutes). The Secretary recommended that a special retirement contributions refund form and letter to the employees be developed. Mr. Burke stated that this would be in order.

Mr. Burke informed the Committee that the petition for reconsideration had been filed regarding the reimbursement of contributions to the Fund by the Authority. He stated that the Authority had responded to the petition and a response on behalf of the Plan would be given the last of this week. He further stated that a complaint had been prepared asking the Federal Court to take jurisdiction of the matter in case the judge refused to reconsider the case.

Mr. Brown asked if the Authority would continue making payments toward the monies owed the Plan. Mr. Kole responded that this would depend on how monies were received by the Authority.

Mr. Kole asked how notification would be made to the "discontinued" Security Department employees. The Secretary recommended that contact be made with the Labor Department, Local No. 241, and Mr. Adelman. Mr. Thomas asked how long it would take for an employee to receive a withdrawal after making application. A discussion ensued between Committee Members and Mr. Burke during which it was
suggested that a deadline for making application be set for December 14, 1981 in order that individuals involved could receive monies for the upcoming Christmas Holidays. On a motion by Mr. Kole, seconded by Mr. Kemp, the Committee unanimously agreed that a special payment be set up prior to the regular meeting of December 21, 1981 for individuals applying for withdrawal under the Special Refund of Contributions Rule.

As a point of information to the Committee, the Secretary informed the Committee that Earl F. Rogers had cancelled his Option (B) 1/2 and Roy C. Williams, who retired on Disability Retirement July 1, 1981, had returned to duty on October 16, 1981.

On a motion by Mr. Weatherspoon, seconded by Mr. Knox, the Committee unanimously agreed to adjourn at 12:27 P.M.

---

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED _______________________________