The 397th Meeting of the Retirement Allowance Committee was held on Monday, January 18, 1982, in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

Mr. W. Ashley
Mr. S. Bianchi
Mr. E. Flowers

Mr. J. Gallagher
Mr. P. Kole
Mr. J. Weatherspoon

Mr. L. Brown, alternate for Mr. A. Kasmer, was present.
Mr. L. Morris, alternate for Mr. I. Thomas, was present.
Mr. A. Kemp, alternate for Mr. C. Hall, was present. Mr. W. Mansker, alternate for Mr. R. Kren, was present. Messrs. R. Goldman, H. Hegarty, C. Knox and L. Wool were present. Messrs. R. Fleming, D. Lemm, G. Nagle and Ms. C. Cox were present. Messrs. E. Hamilton, W. Leszinske and Ms. K. Ford of Continental Bank were present.
Mr. J. Baratka of The Wyatt Company was present. Mr. R. Burke, the Plan Attorney was present. Mr. B. Scholz, Pensioner, was also present.

The Secretary introduced Mr. Elwood Flowers, the new President of Local Union 308, who would be replacing Mr. C. Knox as a Committee Member, to all present.

The Chairman called the meeting to order at 10:53 A.M.

Mr. Leszinske presented to the Committee a letter, dated January 14, 1982, titled "December Market Summary." (A copy is attached to these minutes).

Mr. Leszinske noted that both short and long rates had increased during the month, which was a dramatic change from
the previous two months. He also noted that the unemployment rate rose during the month at a much sharper rate than expected.

Mr. Leszinske stated that there would be a continual fluctuation in the rates until the economy strengthened and leveled off, possibly around the second quarter of 1982.

Mr. Hamilton brought to the Committee's attention the matter of the Pension Realty Income Trust A and informed them that the Trustee was in receipt of the subscription agreement from Lowry, Raclin, Harrell and Howerdd. Mr. Hamilton informed the Committee that executed copies were being sent to the Secretary and Plan Attorney.

The Chairman asked for the approval of the Minutes of the 396th Meeting, held December 21, 1981. On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved the Minutes of the 396th Meeting, held December 21, 1981.

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

The Secretary presented four (4) Survivorship Options for approval. On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved the Survivorship Options.

The Secretary presented four (4) Pre-Retirement Surviving Spouse Options for approval. On a motion by Mr. Kole, seconded by Mr. Kemp, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options.

The Secretary presented twenty-three (23) Applications for Retirement, including the newly signed application from Mr. Rocco Zazzara whose original application had been submitted as being "executed under protest." The Secretary reminded the Committee that
Mr. Zazzara's application was being submitted as retroactive to January 1, 1982, which had been approved at the last meeting. On a motion by Mr. Kole, seconded by Mr. Bianchi, the Committee unanimously approved the twenty-three (23) applications.

The Secretary informed the Committee that four (4) employees who are receiving Disability Retirement Benefits were examined or had their files reviewed.

The Secretary presented forty-five (45) refunds, totaling $402,392.67 for approval. On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved the refunds of contributions. Mr. Kole asked if the number of refunds was not larger than usual. The Secretary responded in the affirmative noting that there were several refunds included for "discontinued" Security Personnel. Upon the Chairman's request, the Secretary explained the Committee's actions in the adoption of Rule 26 which allowed the "discontinued" Security Personnel to apply for a refund of their retirement contributions with the stipulation that if returned to duty they would repay the refund.

The Secretary presented the Report of Deposits, Disbursements and Investments noting that the cash and investments as of December 31, 1981 was $477,094,857.10. The Secretary noted that the total portfolio showed a negative return due to what was happening in the market.

The Secretary presented fifteen bills for approval, totaling $338,229.90. The Secretary also asked for approval of a payment to Datair, Inc., in the amount of $38,415.00, for Phases II and III of the data processing system. The Secretary noted that this payment had erroneously been excluded from the payment last month. On a
motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved payment of the bills, including the payment to Datair, Inc.

The Secretary submitted for approval twenty (20) Death Benefits, totaling $52,000.00 for payment January 31, 1982. The Secretary also presented a $1,000.00 Death Benefit which was being sent to Albania via wire transfer to the Beneficiary of T. H. Spiros. On a motion by Mr. Kole, seconded by Mr. Kemp, the Committee unanimously approved payment of the Death Benefits, including the wire transfer to the Beneficiary of T. H. Spiros, as per the attached list.

The Secretary noted as a matter of record that as per Section 15, Paragraph 15.6, of the Plan, commencing December 31, 1981, the interest rate computation on retirement contributions would be 3% per annum. This rate would be applied to all contributions made up to and including 1980.

The Secretary informed the Committee that Luther A. Wakefield whose application for retirement was approved at the December 21, 1981 Meeting, had withdrawn the application.

The Secretary also informed the Committee that the Pensions Section had been relocated to 2660 North Clark Street and notification of the move was being sent to all retired employees. The Chairman asked whether the relocation had posed any problems. A brief discussion ensued between the Chairman, the Secretary and Mr. Fleming, after which the Chairman asked that a report from the Pensions Section be brought to the Committee at the next meeting. The Chairman also suggested that a Sub-committee be formed, if necessary, to
evaluate the situation and offer solutions in order to continue the current level of standards in the operations of the Pensions Section.

The Secretary suggested that the rental bill for the new location be carefully scrutinized in order to ensure that the Pensions Section was not being overcharged for the space.

The Secretary informed the Committee that Herbert K. Slack, who retired on Disability Retirement on December 1, 1980, returned to duty on January 11, 1982.

The Secretary noted that since Monday, February 15, 1982, was a holiday it would be necessary for the Committee to approve the rescheduling of the monthly meeting to Tuesday, February 16, 1982. On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved the rescheduling of the Retirement Allowance Committee Meeting to Tuesday, February 16, 1982.

The Secretary presented to the Committee Members a letter from Mr. J. Baratka of The Wyatt Company and asked Mr. Baratka to explain its contents. The Chairman asked for a brief recess in order that the Committee could read Mr. Baratka's letter.

Upon resumption of the meeting, the Chairman stated that since the Pension Fund is part of negotiated items between Labor and Management he hoped that the Committee Members would not allow the other positions which they held to influence their actions with regard to doing what is best for the Fund. The Chairman also asked that future requests of the Actuary for any type of additional report be made through the Chairman's and Secretary's Office.

Mr. Baratka explained that the purpose of the first two
pages of the letter was an explanation of the term "overfunded" which had been used in recent months. He further stated that the source of the term comes from the comparison of the assets as of the beginning of the year to the accrued benefits at that time. He noted that this calculation is done according to a statement from the Financial Accounting Standards Board which sets forth the guidelines for accounting. Mr. Baratka stated that he feels that the Plan is well funded and the participants have the security of knowing that their pensions do not rely on the well being of the Authority at this point. He also noted that the future contributions would meet the Fund's obligations based on current assumptions and funding schedule. Mr. Kole asked if the actuarial assumptions were a part of the negotiation process or came under the Committee's jurisdiction. Mr. Burke stated that it was his understanding that historically it had not been a part of the negotiating process. The Secretary stated that many years ago the Committee set the assumptions, with the advice of the Actuary, and noted that it might be well to make some changes at the present time if the Actuary felt it was timely. The Chairman asked if there was a written document regarding the adoption of the assumptions. The Secretary responded that he would check the records but to his knowledge there was no formal written adoption with the Actuary. The Chairman asked Mr. Baratka if it was customary for a Fund to adopt the assumptions formally. Mr. Baratka stated that usually it is done by discussion, however, some Funds do have written documents. After discussion, the Chairman asked that the Secretary and Actuary prepare a report with recommendations for presentation at the next meeting. The Secretary
noted that the report could not be made until the information on the 1982 evaluation was available. Mr. Kole made a motion that the Actuary make formal recommendations at the time when the 1982 evaluation was available and report back to the Committee. Mr. Weatherspoon seconded the motion and the Committee unanimously agreed.

Mr. Baratka turned the Committee's attention to the calculations for retirement based on 25 and 30 years of service which he had been asked to prepare and explained the report to the Committee.

The Secretary informed the Committee that he would be retiring on March 1, 1982. The Chairman stated that the Committee and Retirement Fund owed the Secretary a debt of gratitude which it could never repay for the dedication he had given over the years. The Chairman further stated that because of the Secretary's experience and expertise in the administration of the Fund, he was asking the Committee to approve the execution of a retainer contract by which Mr. Ashley could continue to work with the Fund on a consultant basis. The Chairman asked the Plan Attorney to explain to the Committee a contract which he had asked be written for presentation. The Plan Attorney read and explained the retainer contract to the Committee. On a motion by Mr. Weatherspoon, seconded by Mr. Bianchi, the Committee unanimously approved the execution by the Chairman of the retainer contract which would avail the Committee of Mr. Ashley's services as a consultant from March 1, 1982 to December 31, 1985. Mr. Ashley abstained from the vote on the consultant contract.
The Chairman also brought to the Committee's attention the fact that the Plan Attorney was presently being paid on a hourly basis and noted that placing him on a retainer contract would be more beneficial to the Plan. After an explanation of the terms of the contract for the Plan Attorney, Mr. Weatherspoon made a motion for the approval of the execution of the contract by the Chairman, Mr. Bianchi seconded the motion and the Committee unanimously approved. (A copy of both retainer contracts are attached to these minutes).

The Plan Attorney responded to a question raised at the last meeting regarding Mr. Robert Flood. Mr. Flood had been receiving the Hospitalization Premium Benefit under the Plan, but was not entitled to it due to his prior service as an Evanston Bus Company employee. Prior to the last contract, this premium was paid by the Authority and during the transition, due to an administrative error, Mr. Flood continued to receive this premium offset benefit. The Plan Attorney stated that it was his opinion that since the overpayment resulted from an oversight in administration and the fact that it might work a hardship on Mr. Flood to repay these monies, the Committee use its powers granted under Section 5.6(1) of the Plan. The Chairman asked if the Committee would be setting any kind of precedent in waiving the repayment by Mr. Flood. The Plan Attorney stated that there would be, but this is the only incident of its type that he is aware of. On a motion by Mr. Kole, seconded by Mr. Weatherspoon, the Committee unanimously approved the waiving of the repayment of premium offset benefits by Mr. Flood.
On a motion by Mr. Weatherspoon, seconded by Mr. Kole, the Committee unanimously agreed to adjourn at 12:07 A. M.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED