The 376th Meeting of the Retirement Allowance Committee was held on Monday, April 21, 1980, at the Continental Illinois National Bank and Trust Company, 30 No. LaSalle Street, 10th Floor, Conference Room "A", Chicago, Illinois. The following were in attendance:

Mr. W. Ashley          Mr. T. O'Mahony
Mr. S. Bianchi          Mr. W. Spears
Mr. J. Gallagher        Mr. J. Weatherspoon

Mr. A. Kasmer, alternate for Mr. E. Langosch, Mr. L. Morris, alternate for Mr. R. Goldman, Mr. J. DeFranco, alternate for Mr. P. J. Kole, and Mr. L. Wool, alternate for Mr. R. Kren, were also present. Mr. J. Edwards, Mr. H. Hegarty were also present. Mr. J. Bidwill and Mr. M. Brennan were also present.

Mr. M. Freydl of Callan Associates, Inc. was present.

Mr. R. Burke, the Plan Attorney, was present. Messrs. E. Hamilton and W. Leszinske of Continental Bank were also present.

The Chairman called the meeting to order at 10:42 A.M.

On a motion by Mr. Morris, seconded by Mr. Bianchi, the Committee unanimously approved the Minutes of the 375th Meeting, held March 17, 1980.

The Secretary made the announcements of deaths reported since the last meeting, as per the attached list.
The Secretary presented three (3) Survivorship Options for approval. On a motion by Mr. O'Mahony, seconded by Mr. Kasmer, the Committee unanimously approved the Survivorship Options, as per the attached list.

The Secretary presented twenty-three (23) Applications for Retirement for approval. The Secretary pointed out that among the applications were three (3) requesting retroactive beginning dates: Mr. Joseph Stwora and Mr. Peter Nicopoulos were not aware that their applications for April 1, 1980 retirement had to be filed by March 14, 1980, and Mr. Michael Hack did not file for March 1, 1980 Disability Retirement due to his belief that he would be placed in a job by then.

On a motion by Mr. O'Mahony, seconded by Mr. Wool, the Committee unanimously approved the Applications for Retirement as per the attached list, including the retroactive beginning date of April 1, 1980 for Mr. Joseph Stwora and Mr. Peter Nicopoulos and March 1, 1980 for Mr. Michael Hack.

The Secretary reported that twelve (12) employees receiving Disability Retirement Benefits, had been examined or had their records reviewed.

The Secretary presented twenty-seven (27) refunds totaling $136,930.02 for approval. On a motion by Mr. O'Mahony, seconded by Mr. Wool, the Committee unanimously approved the Refunds of Contributions to be paid April 30, 1980, as per the attached list.
The Secretary directed the Committee's attention to the booklet entitled, "Trustee Summary" prepared by Compensation and Capital, Inc. indicating that the Total Book Value of Cash and Investments was $332,981,448.62 as compared with the market value of $319,915,225.33.

The Secretary submitted for approval two (2) bills from the Authority totaling $45,605.00 and eight (8) other bills totaling $174,726.32. On a motion by Mr. O'Mahony, seconded by Mr. Kasmer, the Committee unanimously approved payment of the bills on April 30, 1980, as per the attached list.

The Secretary presented forty-one (41) Death Benefits totaling $67,700.00 for payment on April 30, 1980. On a motion by Mr. O'Mahony, seconded by Mr. Bianchi, the Committee unanimously approved the payment of the Death Benefits, as per the attached list.

The Secretary distributed copies of a proposed amended Rule No. 14 which reads as follows:

(See Page 4)
RULE NO. 14
AMENDED 4/21/80

The term "Compensation" as it appears in Section 3, Paragraph 3.9, may be computed in either one of the following two manners. The election of said manner is to be made by the Association for all of the Authority's employees who are members of the Association and who are performing full-time or part-time positions with the Association:

A. Either by using the last classification held by the employee at the rate currently in effect for that classification, multiplied by actual run time, plus shift differential, plus 5% to represent average overtime and other pay credits, or

B. The last classification held by the employee at the rate currently in effect for that classification, multiplied by eight hours at straight time, plus 5% to represent average overtime and other pay credits.

The election made by the Association for the Authority's employees who are members of said Association is binding on said employee members. The contributions to be made by the Association should be in accordance with a procedure adopted by the Retirement Allowance Committee, said procedure to be on file in the office of the Secretary.
The Secretary indicated that the two procedures for remittance of Contributions to the Retirement Plan by participants occupying positions in Local 241 and in Local 308 would be used as provided for in the amended Rule No. 14. (Copies of the two procedures are attached). He further indicated that these procedures had been discussed at several earlier meetings and that it was his recommendation that the amended Rule No. 14, as well as the two procedures, be approved by the Committee.

On a motion by Mr. Bianchi, seconded by Mr. Hegarty, the Committee unanimously approved amended Rule No. 14 and the use of the two procedures.

The Secretary presented the request by Mr. Hardy that his break in service with the Authority be bridged. The Secretary explained that Section 3, Paragraph 3.7, clearly defines creditable service as being continuous.

After discussion by the Committee, the Chairman directed the Secretary to correspond with Mr. Hardy and explain that there was no bridging of service permitted under the provisions of the Plan.

The Secretary then distributed a copy of Rule No. 24 for approval by the Committee. Mr. Richard Burke, the Plan Attorney, explained that under current legislation and case law, pension interests are considered marital property and subject to dis-
position by the courts in a divorce case. There followed a discussion of this rule after which on a motion by Mr. O'Mahony, seconded by Mr. Bianchi, the Committee unanimously approved Rule No. 24 which reads as follows:

RULE NO. 24
4/21/80

No instruction or direction in regard to the distribution and distributees of allowances, benefits and refunds under this Plan from any person or entity other than an employee who is entitled to receive benefits and to identify beneficiaries under this Plan shall be of any effect upon this Plan and the Committee except the Committee will honor a court order in regard to the distribution of allowances, benefits and refunds under this Plan and the identification of the distributees only under the following circumstances:

A. The order is entered in a proceeding and filed in the dissolution of marriage of an employee and the Committee is subject to the jurisdiction of the court;

B. The order does not provide for any distribution of allowances, benefits or refunds at any point in time prior to the time when the employee or his designated beneficiary, but for said order, would be entitled to receive said allowances, benefits and refunds;

C. The distributees under said order of allowances, benefits and refunds is limited to the employee, the employee's spouse and former spouse or former spouses, and the employee's decendants at law; and

D. The order describes, to the satisfaction of the Committee, the amount or percentage of distribution and the order of distributees of all allowances, benefits and refunds under this Plan, including the allowances, benefits and refunds applicable to the employee's service with the Authority both prior to and subsequent to the order of court.
The Secretary distributed a list of active employees who have continued to work past their sixty-fifth (65th) birthday for the Committee's information.

The Secretary then informed the Committee that Mr. Hybert Richardson, who had been approved for Disability Retirement on March 1, 1980, had returned to work on March 11, 1980. Further, he indicated that the Secretary's Office had made payment to Mr. Richardson for the ten (10) days of March prior to his returning to work.

The Secretary then informed the Committee that the Merchandise Mart had increased the rental fee of the office space for the Pension Section from $5.25 per square foot to $7.65 per square foot effective November 1, 1979.

Mr. Hamilton addressed the Committee indicating that Delaware Investment Company has requested an increase in their fee schedule as follows:

<table>
<thead>
<tr>
<th>Old Fee Schedule</th>
<th>New Fee Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>.5% up to $10 million</td>
<td>.5% up to $10 million</td>
</tr>
<tr>
<td>.375% over $10 million</td>
<td>.4% $10 million to $30 million</td>
</tr>
<tr>
<td></td>
<td>.3% over $30 million</td>
</tr>
</tbody>
</table>

He further stated that this was a slight increase. There followed a discussion by the Committee. On a motion by Mr. O'Mahony, seconded by Mr. Bianchi, the Committee unanimously approved the increase in fees for Delaware Investment Company.
Mr. Leszinske distributed his letter to the Committee, dated April 15, 1980, titled "March Market Summary."

Mr. Leszinske discussed the contents of his letter pointing out that the President had announced an anti-inflation package which included balancing the 1981 budget, an import fee on gasoline, control on availability of credit and restrictive monetary policies. He pointed out that early in March they had, in anticipation of the President's announcement, purchased long term Treasury Bonds. Due to their disappointment with the package they subsequently sold these bonds and suffered a loss on the exchange. This is outlined on the second page of his letter. He concluded by indicating that the fixed income account was being maintained with 50% invested in short term cash and equivalents. He concluded his talk at 11:11 A.M.

Mr. M. Freyd1 then presented his report, dated December 31, 1979, to the Committee. He began by discussing a handout of Callan's analysis of the Standard and Poor's 500 on a yield basis. He pointed out that the high yield stocks did poorly in the fourth quarter. Whereas the best performers were the low-yielding stocks ("Growth" Stocks). He mentioned that overall the Fund had a total return of 17.1% which was very good especially in view of the very broad diversification of the Fund.
During his discussion, he pointed out that the Continental Fixed Income Account had a return of 3.49% for the year which was a strong return given the weakness of the Bond Market during the year. Furthermore, he recommends that the Committee take a hard look towards investing more heavily in the Fixed Income Section where there appear to be some excellent opportunities. This may very well be the key decision of 1980. Mr. Freydl then indicated that the Real Estate rate of return was ranked low in his analysis. However, the accounting methods differ greatly among the sample and these figures are not necessarily an accurate measurement for comparison.

Mr. O'Mahony questioned as to where the Real Estate account was being handled. A discussion ensued in which Mr. Freydl pointed out that significant cash flows could distort these figures greatly and in which Mr. Leszinske stated that the actual rate of return figures were approximately 13.2% or 13.4% for the year and that this account had been used to receive the Contributions and flow them out to the various accounts.

Mr. Gallagher questioned what the overall percentage of the Fund invested in Fixed Income is, as opposed to equities and what Mr. Freydl's recommendation was for this ratio. It was pointed out that the current debt to equity ratio for investment in the Fund was 20% to 80% and that this was reviewed on a quarterly basis. Furthermore, given the changes in the bond
and stock markets this question will be given serious consideration.

Mr. Leszinske then announced that the Committee was invited upstairs for a luncheon at which time the Putnam Advisory Company would give their report.

On a motion by Mr. Kasmer, seconded by Mr. Wool, the Committee unanimously agreed to adjourn at 11:34 A.M.

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SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

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CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED ______________________