The 381st Meeting of the Retirement Allowance Committee was held on Monday, September 15, 1980, 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. R. Kren
Mr. E. Langosch
Mr. T. O'Mahony
Mr. J. Weatherspoon

Mr. L. Morris, alternate for Mr. R. Goldman, was present. Messrs. Brennan, Edwards, Hall, Heatter, Hegarty and Kasmer were present. Mr. W. Leszinske and Ms. K. Alsip of Continental Bank were also present. Mr. R. Harrell of Lowry, Raclin, Harrell and Howerdd was present. Messrs. L. Golembo and R. Moseson of Merrill Lynch, Pierce, Fenner & Smith, Inc. were present. Mr. R. Burke, the Retirement Plan Attorney, was present.

The Chairman called the meeting to order at 10:35 A.M.

The Secretary informed the Committee that all meetings will be taped recorded in the future due to the volume of
material presented. The Secretary asked if there were any objections from the Committee Members. There were none.

The Secretary introduced Messrs. L. Golembo and R. Moseson of Merrill Lynch, Pierce, Fenner and Smith, Inc.

Messrs. Golembo and Moseson made a presentation on the performance measurement services offered by Merrill Lynch. Enclosed with these minutes is a pamphlet giving an overview of services offered by Merrill Lynch.

Mr. Gallagher requested that Mr. R. Harrell of Lowry, Raclin, Harrell and Howerdd give his opinion of need for the services of Merrill Lynch. Mr. Harrell indicated that it was his opinion that we did not need the services of Merrill Lynch. A discussion ensued between Committee Members concerning Merrill Lynch and the services offered by Lowry, Raclin, Harrell and Howerdd.

Mr. Kole indicated that the Committee up to this time wanted a second performance monitoring service so the Committee would be exposed to other organizations' investment performance information. He also indicated that the second service would work more closely with the staff and perhaps if a difference of opinion is offered have Mr. Harrell point out or give reasons for differences in opinions. Mr. Heatter indicated that they have a service which takes a close look at the bond portfolio
and may help the staff get a better grasp on the performance of the bond portfolio relative to other alternatives.

Mr. Kole made a motion that the Committee replace Callan Associates, Inc. with Merrill Lynch. Mr. Kole indicated that we would look to Merrill Lynch for the investment performance numbers and not a service to be used in formulation of policy. Merrill Lynch would provide the Committee with more comfort in the direction we have taken using the information provided by Mr. Harrell.

Mr. Kole indicated that we would pay for the services by cash as a result of commission studies done on the cost savings to the Fund.

Mr. Kren asked when we would begin the services of Merrill Lynch and if the Committee could see a copy of the contract. The Secretary stated that we would begin the services of Merrill Lynch starting January 1, 1981 and would obtain a contract from Merrill Lynch for the Committee's review. After the motion was seconded by Mr. O'Mahony, the Committee approved the hiring of Merrill Lynch and the termination of Callan and Associates, Inc. as of January 1, 1981. Mr. Gallagher voted against the motion.

The Secretary indicated that representatives from
Union Labor Life Insurance Company were in attendance to make a presentation on Guaranteed Investment Contracts.

Messrs. Shannon Luckey and Howard Howebuts made a presentation to the Committee on Union Labor Life Guaranteed Investment Contracts. A copy of the Proposal and Annual Report is included at the end of these minutes.

Discussion ensued between the representatives of Union Labor Life Insurance Company and Committee Members. Union Labor Life completed their presentation at 12:15 P.M.

Mr. O'Mahony made a motion for the Committee to purchase a five million dollar Guaranteed Investment Contract from Union Labor Life Insurance Company. Mr. Knox asked that the Committee defer a decision on the Guaranteed Investment Contract as Local 308 has some other people they have been talking to relative to the Guaranteed Investment Contract. Mr. Knox indicated that Local 308 may want to have these people make a presentation on Guaranteed Investment Contracts.

Members of Locals 241 and 308 voiced their concerns about investing in a manner that will benefit the local community. They also voiced their desire to invest in a union oriented company.
Mr. O'Mahony indicated that it was his feeling that the Guaranteed Investment Contract will be a vehicle whereby the Fund is further diversified. He also indicated that in his opinion the investment would strengthen both the local and national economy.

Mr. Gallagher stated that everything else being equal with respect to the investment, that he would be in favor of investing in a Guaranteed Investment Contract.

Discussion ensued between Committee Members relative to Guaranteed Investment Contracts.

Mr. R. Burke stated that if the Committee thought that Guaranteed Investment Contracts were to be considered, that the Committee obtain bids from more than one company using criteria for selection: whether it be best investment return, diversification or whatever, and that the Committee document the selection based on those criteria.

Mr. Hall indicated that there were no other union companies that offer these investments and that Local 241 would like to invest in this company.

Mr. Langosch indicated that as far as the Machinist Union's point of view, he would like to table the proposal until the next meeting. He indicated that he knew for a fact
that none of the International Machinist Union Pension monies were invested in this Fund. He indicated that this proposal should be thoroughly reviewed before a decision is made to invest in the Fund.

Mr. O'Mahony withdrew his motion to consider investment in Union Labor Life at this time.

Mr. Langosch made a motion to table this matter until next meeting, Mr. Gallagher seconded the motion, and the Committee unanimously approved the motion.

The Chairman and Mr. E. Langosch left the meeting at 12:34 P.M.

Due to the Chairman's departure, Mr. Kasmer made a motion to elect Mr. C. Hall Chairman Pro Tempore. Mr. Kren seconded the motion, and the Committee unanimously agreed to elect Mr. Hall Chairman Pro Tempore.

Mr. Leszinske passed out a letter, dated September 12, 1980, titled "August Market Summary." He indicated there were no changes in the Fixed Income during August. A copy of the letter is part of these minutes.

Mr. Harrell made a presentation relative to the investment policy, actuarial assumptions, plan termination liability and the purpose of the two Index Funds.
Mr. Harrell reviewed the mechanics of the amendment of the Policy Statement.

Discussion ensued between Committee Members relative to the amendment to the Investment Policy.

On a motion by Mr. Kole, seconded by Mr. Hall, the majority of each voting unit adopted the amendment to the Statement of Investment Policy. A copy of the amended policy is included as part of these minutes. Messrs. Gallagher, Kasmer and Knox voted against the motion.

Mr. Harrell responded to the question of turnover. He indicated that there is no correlation between rates of return and turnover. He indicated that a manager may have high turnover as long as the net rate of return is good. The only concern the Committee should have is if there is a high turnover rate and a low investment rate of return.

Mr. O'Mahony asked if the amended policy affected only new money. Mr. Harrell indicated that it affects the entire composition of the Fund and the Debt/Equity Ratio will be adjusted with new contributions.

Mr. Harrell made a presentation on Guaranteed Investment Contracts. A copy of a study Mr. Harrell developed is part of these minutes.
Mr. Gallagher left the meeting at 1:35 P.M.

The Chairman asked for approval of the Minutes of the 380th Meeting, held Monday, August 18, 1980. On a motion by Mr. Kole, seconded by Mr. Bianchi, the Committee unanimously approved the Minutes.

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. O'Mahony, seconded by Mr. Kole, the Committee unanimously approved the Survivorship Options.

The Secretary presented seven (7) elections of the Pre-Retirement Surviving Spouse Options. On a motion by Mr. Bianchi, seconded by Mr. Kole, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options, as per the attached list.

The Secretary presented nineteen (19) Applications for Retirement. He indicated that among these was an application for Disability Retirement to be made retroactive to August 1, 1979 for Mr. Chris Jackson. Mr. Jackson was injured on duty and Gallagher-Bassett incorrectly computed this gentleman's service, thus, not advising the Secretary's Office that he had completed twenty-six weeks of Worker's Compensation benefits.
Gallagher-Bassett originally computed Mr. Jackson's service as being less than five years, thus, not being eligible for Disability Retirement benefits. Further, he indicated that there was an application for Disability Retirement for Donald Quinn to be made retroactive to September 1, 1980. He indicated that Mr. Quinn's department failed to notify him in time to file for a September 1, 1980 retirement.

The Secretary indicated that among the nineteen applications for Disability Retirement was one for George J. Kaderabek to be made retroactive to June 1, 1980. The Secretary indicated that there was a delay in reporting from Gallagher-Bassett.

On a motion by Mr. Bianchi, seconded by Mr. Kole, the Committee unanimously approved the retirements including the three retroactive Disability Retirements.

The Secretary reported that four (4) employees receiving Disability Retirement benefits had been examined or their records reviewed.

Mr. O'Mahony requested that Mr. Arthur Schoenke be re-examined as he has been trying to return to work. The Secretary indicated that he would have Mr. Schoenke called in for re-examination.
The Secretary presented twenty-three (23) refunds totaling $190,849.18 for approval. On a motion by Mr. Kole, seconded by Mr. Bianchi, the Committee unanimously approved the Refunds of Contributions to be paid September 30, 1980.

The Secretary directed the Committee's attention to the book titled "Trustee Summary" prepared by Compensation and Capital, Inc. indicating Total Book Value of Cash and Investments as of August 31, 1980 to be $361,999,890.59.

The Secretary submitted for approval one bill from the Authority totaling $23,482.81, one operating bill totaling $24,617.87 and four remittances totaling $195,128.79.

On a motion by Mr. Kole, seconded by Mr. O'Mahony, the Committee unanimously approved payment of the bills and remittances totaling $243,229.47.

The Secretary submitted for approval twenty-four (24) Death Benefits for payment on September 30, 1980. On a motion by Mr. Kole, seconded by Mr. Kasmer, the Committee unanimously approved payment of the Death Benefits as per the attached list.

The Secretary reported on the following individuals: Sherman Martin, D-2096, retired August 1, 1980, returned to duty August 3, 1980; Dewey Hill, D-2083, retired May 1, 1980, returned to duty September 2, 1980; and, Debra A. Myles, D-2079,
retired June 1, 1980, returned to duty September 2, 1980.

The Secretary reported that Mr. Jerry L. Blount's ninety (90) days under Rule 21 of the Retirement Plan for reimbursing the retirement fund after being reinstated ended on August 20, 1980.

The Secretary indicated that his office recommends a sixty (60) day extension in order that his office may follow the two-notice procedure established by the Committee. This would ensure that an employee understands his rights under the Retirement Plan as a result of reinstatement. The Committee agreed that a letter should be sent to Mr. Blount.

The Secretary indicated that his office received a letter from Labor Relations indicating that Mr. Vandiver did not want to reimburse the Pension Fund and understood that his Pension Seniority Date would be November 7, 1979.

Mr. Hegarty asked if the Secretary's Office received a check from a credit union reimbursing Mr. Seno's contributions as a result of his reinstatement. The Secretary indicated that his office did not and, further, the credit union would make a check payable to the man, who in turn reimburses the Retirement Fund. Mr. Hegarty indicated he would look into this matter.

The Secretary indicated that his office was in need
of three (3) calculators, two replacements and one statistical calculator.

On a motion by Mr. Kren, seconded by Mr. Bianchi, the Committee authorized the Secretary's Office to obtain the price of three (3) calculators for presentation at the next meeting.

There being no further business, on a motion by Mr. Kole, seconded by Mr. Bianchi, the Committee unanimously agreed to adjourn at 1:55 P.M.