The 385th Meeting of the Retirement Allowance Committee was held Monday, January 19, 1981, in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

Mr. W. Ashley
Mr. S. Bianchi
Mr. L. Brown
Mr. R. Goldman
Mr. C. Knox

Mr. P. Kole
Mr. T. O'Mahony
Mr. J. Weatherspoon
Mr. L. Wool

Messrs. J. Edwards, C. Hall, H. Hegarty and L. Morris were present. Messrs. C. Heatter, 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 also present. Mr. R. Burke, the Plan Attorney, was also present.

The meeting was called to order at 10:34 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. Kole as Chairman Pro Tempore.

Mr. Leszinske presented to the Committee a letter, dated January 15, 1981, titled "December Market Summary." (A copy is attached to these minutes.)
Mr. Leszinske informed the Committee that this had been one of the most volatile months in the history of the Bond Market. He noted that at the beginning of the month the Commercial Paper Rates were approximately 16-1/4%, at mid-month it had increased approximately 325 basis points (i.e., 19-1/2%), and by the end of the month it had decreased to a rate of approximately 16%. Mr. Leszinske also noted that the U. S. Treasury Bonds suffered the same type of impact.

Mr. Leszinske stated that during the first three to six months of 1981, there would be a downward trend in the rates.

Mr. Leszinske completed his presentation at 10:39 A.M. and he, Mr. Hamilton and Ms. (Alsip) Ford left the meeting.

The Chairman asked for approval of the Minutes of the 384th Meeting, held December 15, 1981. On a motion by Mr. Weatherspoon, seconded by Mr. Knox, 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 ten (10) Survivorship Options for approval, including an Automatic Option for Anthony Grabski for whom the Secretary's Office is awaiting an up to date medical report. However, the file has been reviewed by the Medical Department staff and the employee was found in good health; also, an Automatic Option A-1/2 for Edward C. Petersen whose application is in the mail. The Secretary informed the Committee that if there are any errors or changes in the application,
he would bring it to their attention; and, an Automatic Option B-2/3 for Andrew Bedoe who rescinded his original application for a Normal Form of Retirement. On a motion by Mr. Knox, seconded by Mr. O'Mahony, the Committee unanimously approved the Survivorship Options, including the Automatic Options for Anthony Grabski, Edward C. Petersen and Andrew Bedoe.

The Secretary presented six (6) elections of the Pre-Retirement Surviving Spouse Option. On a motion by Mr. Weatherspoon, seconded by Mr. Knox, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options, as per the attached list.

The Secretary presented eighteen (18) Applications for Retirement, including a Disability Retirement for Edward O'Rourke who is on Leave of Absence with Local 241, is seriously ill and completed twenty-six weeks of Weekly Disability Benefits and requesting that retirement be made retroactive to January 1, 1981; a Disability Retirement for Paula Turner, who did not understand when application should be filed, to be made retroactive to January 1, 1981; and, an Early Retirement for Walter Barbour, who also did not understand when application should be filed, to be made retroactive to January 1, 1981. On a motion by Mr. Goldman, seconded by Mr. Weatherspoon, the Committee unanimously approved the retirements, including the retroactive Disability Retirements of Edward O'Rourke and Paula Turner and the retroactive Early Retirement of Walter Barbour.

The Secretary reported that four (4) employees receiving Dis-
ability Retirement Benefits had been examined or their records reviewed.

The Secretary presented thirty-seven (37) refunds, totaling $238,816.68 for approval. On a motion by Mr. Knox, seconded by Mr. Weatherspoon, the Committee unanimously approved the Refunds of Contributions to be paid January 31, 1981.

The Secretary presented the Report of Deposits, Disbursements and Investments noting that as of December 31, 1980 the total cash and investments was $404,884,779.00, the annual total portfolio performance rate was 26.01%, and the market value was $466,109,427.06.

Mr. O'Mahony questioned the difference in the $404 million dollar and the $406 million dollar figures. The Secretary responded that apparently it was an error and it would be checked with the proper individual for clarification.

The Secretary presented for approval four (4) operating bills, totaling $5,708.80, and four (4) remittances, totaling $215,328.34. On a motion by Mr. Weatherspoon, seconded by Mr. O'Mahony, the Committee unanimously approved payment of the bills and remittances totaling $221,037.14.

The Secretary submitted for approval thirty-four (34) Death Benefits, totaling $81,500.00 for payment January 31, 1981. On a motion by Mr. Weatherspoon, seconded by Mr. Knox, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Secretary reported that Mr. Robert Seno's repayment of retirement contributions had not been received by the deadline date of
January 16, 1981. However, he had been notified by the credit union that a check was enroute. Mr. Hegarty stated that he had also been informed that a check was in the mail. The Secretary informed the Committee that due to the circumstances, he recommended that no action be taken at this time and, if there was any change in the situation, he would inform the Committee.

The Secretary directed the Committee's attention to the Fiduciary Liability Insurance Coverage policy and Mr. Burke's letter, dated January 16, 1981. The Secretary asked Mr. Burke to explain the verbage of the policy and its modifications.

Mr. Burke stated that he had been in contact with the Rollins Burdick Hunter Company and indicated that the coverage could be purchased on either a one or three year basis. Mr. Burke recommended that it be purchased for a one year period with a 5 million dollar limit.

Mr. Weatherspoon asked if all members of the Committee would be covered under the policy. Mr. Burke responded that all members and alternate members would be covered. He also stated that the amount of coverage could be increased, however, the premium would be larger.

Mr. Weatherspoon asked the Secretary the cost of the premium. The Secretary stated that the cost for a one year policy was $12,451.00, and the cost for a three year prepaid policy was $32,619.99. The Secretary also informed the Committee that in agreement with the Authority, the premium cost would be shared equally between the Retirement Plan and the
Authority.

A discussion ensued between Committee Members and Mr. Burke regarding the individuals being covered and terminology within the policy, during which Mr. Burke explained why certain individuals were being included in the coverage and the terminology in question.

On a recommendation by Mr. Weatherspoon, the Committee unanimously agreed to hold this matter in abeyance until the next meeting.

The Secretary brought to the Committee's attention the fact that Washington's Birthday would be celebrated on Monday, February 16, 1981 and recommended that the next monthly meeting be held Tuesday, February 17, 1981. On a motion by Mr. Weatherspoon, seconded by Mr. Wool, the Committee unanimously agreed that the next monthly meeting be held Tuesday, February 17, 1981.

The Secretary informed the Committee of a service through which a Fixed Income Analysis Report and Equity Analysis Report could be purchased and explained the reasons for recommending the purchase. He stated that the initial cost would be $15,000.00 and there would be a $5,000.00 annual charge thereafter. After discussion by the Committee Members, on a motion by Mr. O'Mahony, seconded by Mr. Bianchi, the Committee unanimously agreed to the purchase of the Fixed Income Analysis Report and Equity Analysis Report.

Mr. O'Mahony brought up the question of an employee who had less than 10 years of service at the time he became disabled. Inasmuch as the employee was receiving sick pay benefits and during the course of
receiving the twenty-six weeks of disability payments, reached the required years of service, would the employee qualify under Section 12 of the Retirement Plan for Disability Retirement. After general discussion of the application of Section 12, Rule No. 1, and Section 3, Paragraph 3.7, it was generally agreed to hold the question of qualification in abeyance to permit Mr. Burke to research the question and recommend any changes in the present procedure that might be necessary.

Mr. Heatter informed the Committee that a letter regarding the new insurance rates was being sent to all retired employees.

There being no further business, on a motion by Messrs. Goldman and Weatherspoon, seconded by Mr. Knox, the Committee unanimously agreed to adjourn at 11:49 A.M.