The 387th Meeting of the Retirement Allowance Committee was held Monday, March 16, 1981, at the Continental Bank, 10th Floor, Conference Room "A". The following were in attendance:

Mr. W. Ashley          Mr. C. Knox
Mr. S. Bianchi         Mr. R. Kren
Mr. J. Gallagher       Mr. T. O'Mahony
Mr. R. Goldman         Mr. J. Weatherspoon
Mr. A. Kasmer

Mr. J. DeFranco, alternate for Mr. P. Kole, was also present.

Messrs. C. Heatter, C. Hall, L. Brown, J. Edwards, H. Hegarty and L. Morris were present. Messrs. M. Brennan, J. Bidwill, G. Nagle and Ms. C. Cox were present. Messrs. W. Leszinske, E. Hamilton and Ms. K. Ford of Continental Bank were present. Mr. R. Burke, the Plan Attorney, was present.

The Chairman called the meeting to order at 10:39 A.M.

Mr. Leszinske presented to the Committee a letter, dated March 12, 1981, titled "February Market Summary." (A copy is attached to these minutes).

Mr. Leszinske noted that interest rate movements continued to be volatile and during the month of February there was a decline in short-term rates with long-term rates either remaining flat or rising slightly.
Mr. Leszinske also presented Continental Bank's predictions regarding the economic outlook. He stated that the GNP (the measure of overall economic activity) would be up a modest 1% for 1981. He further estimated that the CPI would be up approximately 11 or $11-1/2\%$ for the year. Mr. Leszinske stated that consumer spending will pick up fairly dramatically after the second quarter. Mr. Leszinske noted that there will be an increase in the cost of food and gasoline, which will eat up any increment that the average individual might receive in wage increases.

The Chairman asked for approval of the Minutes of the 386th Meeting, held February 17, 1981.

Mr. Knox asked that the Minutes of the previous meeting be read as he had a question. After a discussion between Messrs. Gallagher, Weatherspoon and Knox, it was agreed that Mr. Knox pose his question rather than have the Minutes read.

Mr. Knox asked if the reason there had been no deposit of contributions shown in the last report was because a double deposit had been made the previous month. The Secretary stated that this was correct.

On a motion by Mr. Weatherspoon, seconded by Mr. Bianchi, the Committee unanimously approved the Minutes of the 386th Meeting, held February 17, 1981.
The Secretary made the announcements of deaths reported since the last meeting, as per the attached list.

The Secretary presented seven (7) Survivorship Options for approval. On a motion by Mr. Weatherspoon, seconded by Mr. Knox, 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. Kren, seconded by Mr. O'Mahony, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options, as per the attached list.

The Secretary presented nineteen (19) Applications for Retirement, including a retroactive Disability Retirement for Alejandro Reyes and, a retroactive Disability Retirement for Robert McNeil. The Secretary informed the Committee that retroactivity was being requested for Mr. McNeil pending receipt of a medical statement. However, due to this individual's inability to leave his home there was no doubt of his being deemed disabled. Therefore, a request for his retroactive Disability Retirement was being made at this time. On a question by Mr. Weatherspoon, the Secretary explained that the request for Mr. Reyes' retroactive Disability Retirement was based on a Legal Opinion handed down by the Plan Attorney following an inquiry by Mr. O'Mahony. (A copy of the Legal Opinion is attached to these minutes). On a motion by Mr. Knox, seconded by Mr. Kren, the Comm-
committee unanimously approved the retirements, including the retro-active Disability Retirement of Mr. Alejandro Reyes and Mr. Robert McNeil.

The Secretary reported that eight (8) employees, who are receiving Disability Retirement Benefits, files were in the process of being reviewed and updated medical information requested.

The Secretary presented twenty-three (23) refunds, totaling $153,257.14 for approval. On a motion by Mr. Weatherspoon, seconded by Mr. Knox, the Committee unanimously approved the Refunds of Contributions to be paid March 31, 1981.

The Secretary presented the Report of Deposits, Disbursements and Investments noting that the total cash and investments, as of February 28, 1981, was $415,310,545.60. The Secretary noted that there was a discrepancy in the figures previously reported. After having a report regarding the figures passed out to those present, the Secretary asked Mr. Nagle, the Financial Analyst, to explain the discrepancy. Mr. Nagle explained that the Bookkeeping Section at Continental Bank had used the wrong entitlement date in regard to the corporate spin-off rights of Southland Royalty Corporation stock purchased by E. W. Axe & Company. This error caused an increase in market value and credited the Fund with $1,352,500.00 to which it was not entitled. Mr. Nagle further explained that Southland Royalty Corpora-
tion had gone through a corporate spin-off reorganization and E. W.
Axe & Company purchased stock without rights to the spin-off shares.
This was brought to the attention of the Committee to ensure that the
report was presented as clearly and accurately as possible.

Mr. Kren asked if it would be possible to secure a written
statement from Continental regarding the discrepancy. Messrs.
Hamilton and Ashley agreed that a detailed letter explaining the
situation surrounding the discrepancy be distributed to all Comm-
ittee Members by the next meeting. On a motion by Mr. Bianchi,
seconded by Mr. Weatherspoon, the Committee approved the report by
the Secretary.

The Secretary presented for approval three (3) operating
bills, totaling $2,454.36 and five (5) remittances, totaling
$217,690.58. Mr. Kren questioned the expenditure for file out guides
and asked what the item was. The Secretary explained that file out
guides were special cards used in the new filing system in the Pen-
sion Section and increased the productivity and efficiency in that
unit. On a motion by Mr. Weatherspoon, seconded by Mr. Kren, the
Committee unanimously approved payment of the bills and remittances
totaling $220,144.94.

The Secretary submitted for approval twenty-six (26) Death
Benefits, totaling $79,500.00, for payment March 31, 1981. On a
motion by Mr. Knox, seconded by Mr. Weatherspoon, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Secretary informed the Committee that for the record he was reporting that Mr. A. Lathouwers had submitted a statement from his physician and was determined to be in good health by the Medical Department. He indicated that at the last meeting Mr. Lathouwers' Survivorship Option had been approved pending the receipt of the doctor's statement. On a motion by Mr. Weatherspoon, seconded by Mr. Bianchi, the Committee unanimously approved the Survivorship Option on Mr. A. Lathouwers, which was submitted at the meeting of February 17, 1981.

Mr. Knox brought up a previous request to have the pages numbered or divided in some fashion in the monthly report from Compensation and Capital Incorporated. A discussion ensued between Committee Members after which Mr. Gallagher recommended that the staff again research the possibility of having the pages either numbered or tabbed and report back to the Committee.

The Secretary suggested that the matter of Fiduciary Insurance be held in abeyance until the next meeting.

Upon being recognized by the Chairman, Mr. Morris raised the question concerning the benefit payments (either Weekly Disability
or Worker's Compensation Temporary Total Disability) withheld from the first seven days wages which are paid to an employee thereby reducing the amount of wages subject to the retirement contribution deduction. A brief discussion ensued among the Committee Members and the Chairman suggested that the Plan Attorney investigate this matter and advise the Committee as soon as possible. On a motion by Mr. O'Mahony, seconded by Mr. Weatherspoon, the Committee unanimously approved to have the Plan Attorney investigate this matter and report back to the Committee.

Mr. O'Mahony indicated that among the fifty largest equity holders in the Retirement Plan was Wheelabrator Frye, Inc. who owned Pullman Standard, Inc. and was in the process of closing the plant in the Chicago Metropolitan Area. He raised the question of whether the Committee could voice their disapproval by voting the stock. A discussion ensued between the Committee Members during which Mr. Leszinske of Continental Bank pointed out that rarely did issues such as this come before the annual meeting for vote. Mr. Leszinske stated that normally the shareholder's votes are limited to whether or not to retain the current management of the corporation.

Mr. Hamilton indicated that they would determine the date of the annual meeting and inform the Secretary's Office. Mr. O'Mahony suggested that the Committee request that Putnam Advisory, Inc., the
purchasers of this particular stock, contact the current management of Wheelabrator Frye and obtain as much detailed information as possible regarding the circumstances surrounding the closing of the Pullman Standard Manufacturing Plant.

As a point of information, the Secretary presented a letter from the CTA Retirement Club expressing their appreciation for the implementation of the new direct deposit of pension checks.

The Secretary called the Committee's attention to the proposed Bank Account Agreement with Continental Bank, copies of which had been sent to the Committee Members prior to the meeting. A discussion ensued between the Committee Members and the Plan Attorney concerning the purpose and implementation of the agreement. During the discussion, it was determined that the Alternate Members of the Committee had not received a copy of the agreement and upon a suggestion by the Chairman, the Committee agreed to delay further discussion of this matter until the next meeting.

Mr. Leszinske then informed the Committee that the Annual Meeting of Wheelabrator Frye, Inc. would be held May 6, 1981, which would provide time for further discussion at the next Committee Meeting to be held in April.

Mr. Hamilton reminded the Members and Alternates that immediately following the Committee Meeting, reports would be given
by E. W. Axe & Company, Delaware Investment Advisors and Putnam Advisory Company after which there would be a luncheon.

There being no further business, on a motion by Mr. Bianchi, seconded by Mr. Weatherspoon, the Committee unanimously agreed to adjourn at 11:53 A.M.