

A G E N D A

FOR THE 461ST RETIREMENT MEETING OF MAY 18, 1987

1. Meeting will be called to order at 9:30 A.M., Lake House Room, 14th floor, Holiday Inn Mart Plaza.
2. Approval of the Minutes of the 460th Meeting held April 20, 1987.
3. Presentation of the Deployment Optimizer Asset Allocation Model -- The Boston Co.
4. Announcement of deaths reported since the last Meeting.
5. Presentation of Survivorship Options.
6. Announcement of Pre-Retirement Surviving Spouse Allowances.
7. Presentation of new retirement applications for approval.
8. Employees on Disability Retirement re-examined.
9. Presentation of Refunds of Contributions to be paid May 31, 1987.
10. Presentation of Bills and Remittances.
11. Death Benefits for approval.
12. Report by Secretary of Deposits, Disbursements and Investments.
  - a.) Report on payment on the Certificate of Indebtedness for 1981 Employer Contributions.
13. Unfinished Business.
  - a.) Carl McCormack -- question of qualification for disability benefits -- status report by Plan Attorney.
  - b.) Richard Hargewood -- approval to file suit.
14. New Business.
  - a.) Charles Allison - D-2378 - returned to duty 04-01-87.
  - b.) John Lowery - D-2333 - returned to duty 04-01-87.
  - c.) Joseph Slaughter - D-2395 - returned to duty 04-01-87.
  - d.) Ralph Sullivan - D-2227 - returned to duty 04-29-87.

14. New Business (cont'd.)

- e.) Nathan Young - D-2376 - returned to duty 04-08-87.
- f.) Harry D. Reese - revoked his application for retirement which was approved at the Retirement Allowance Committee meeting of 04-20-87 and was to have become effective on 05-01-87.
- g.) Thirteen month period to repay refund of contributions and interest expires -- recommendation that the following be granted a 30 day grace period.

Name & Badge No.	13 Month Period Expires	Entered Service Date	Amount Due
Michael Brown #35904	05-24-87	02-27-84	\$ 9,716.24
Norris J. Franklin #23358	05-26-87	08-23-74	\$ 8,722.35
N. W. Moore #21389	05-21-87	08-13-71	\$12,975.98

- h.) Discussion of the selection of the Plan Actuary and Plan Auditor.
- i.) Rescheduling of the June 15, 1987 Retirement Allowance Committee Meeting.

15. Adjournment.

RETIREMENT PLAN  
FOR  
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 461st Meeting of the Retirement Allowance Committee was held Monday, May 18, 1987, at 9:30 A.M., in the Lake House Room, 14th Floor, Holiday Inn Mart Plaza. The following were in attendance:

Ms. W. Black	Mr. G. Nagle
Mr. W. Clark	Mr. D. Perk
Mr. E. Flowers	Ms. V. Wendorf
Mr. E. Gresham	

Mr. L. Brown sat in Mr. A. Kasmer's stead. Mr. H. Williams sat in Mr. I. Thomas' stead. Neither Ms. J. Hughes nor her alternate was present. Messrs. H. Hegarty and W. Buetow were present. Mr. J. Mullen, Ms. P. Williams, and Ms. C. Cox were present. Mr. R. Burke, the Plan Attorney, was present. Ms. S. Luthy of the Harris Trust and Savings Bank was present. Mr. J. Baratka of The Wyatt Company was present. Messrs. N. Joachimi and J. Prime of the Wellesley Group were present. Messrs. E. Peters, K. Kenly and R. Crowell of The Boston Company were present. Mr. B. Scholz, pensioner representative, was also present.

The Chairman called the Meeting to order at 9:55 A.M.

On the call for approval of the Minutes of the 460th Meeting held Monday, April 20, 1987, Mr. Clark made a motion for approval, Mr. Flowers seconded the motion, and the Committee unanimously approved.

Messrs. K. Kenly, R. Crowell, and E. Peters of The Boston Company made a presentation on their Systematic Asset Allocation approach which can be used as an overlay strategy to manage the total Fund's asset allocation. They further explained that asset class valuations are identified by use of the Deployment Optimizer which utilizes objective inputs and has a demonstrated superior track record. Finally, they reviewed how this approach is implemented by means of the use of futures contracts.

The Chairman called for a lunch break at 12:30 P.M.

The Chairman reconvened the Meeting at 1:20 P.M.

The Secretary made the Announcement of Deaths since the last meeting, as per the attached list.

The Secretary presented eleven (11) Survivorship Options for approval; including an option for James Cunningham pending receipt of a physician's statement; an option for Robert Tausch pending receipt of a physician's statement and department head's signature; and an option for Alfred Jackson pending receipt of a favorable disposition from the Chicago Transit Authority Medical Department. On a motion by Ms. Black, seconded by Messrs. Perk and Williams, the Committee unanimously approved the Survivorship Options including those pending further action as noted above.

The Secretary informed the Committee that there were no Pre-Retirement Surviving Spouse Allowances to report at this meeting.

The Secretary reported that there were thirty-three (33) Retirement Applications being presented for approval including an application for a June 1, 1987 disability retirement for Jesse D. Mayfield pending receipt of a favorable disposition from the Chicago Transit Authority Medical Department; and an application for a June 1, 1987 disability retirement for Willy C. Turner pending receipt of a favorable disposition from the Chicago Transit Authority Medical Department. On a motion by Mr. Brown, seconded by Ms. Black, the Committee unanimously approved the retirement applications as presented.

The Secretary informed the Committee that twenty (20) employees who are presently receiving Disability Retirement Benefits were examined or had their file reviewed.

The Secretary presented eight (8) Refunds of Contributions, totaling \$23,904.76, for approval. On a motion by Mr. Brown, seconded by Ms. Black, the Committee unanimously approved the Refunds of Contributions to be paid May 31, 1987.

The Secretary presented for approval one (1) Chicago Transit Authority bill, totaling \$52,637.73; seventeen (17) Operating Bills, totaling \$208,084.89; ten (10) Remittances, totaling \$434,403.13; and the 1st month, 2nd Quarter 1987 FIT Deposit, totaling \$153,984.51. On a motion by Mr. Brown, seconded by Ms. Black, the Committee unanimously approved payment of the Bills and Remittances totaling \$849,110.26.

The Secretary presented for approval twenty (20) Death Benefits, totaling \$60,000.00. On a motion by Mr. Brown, seconded by Ms. Black, the Committee unanimously approved payment

of the Death Benefits, as per the attached list.

The Secretary turned the Committee's attention to the Report on Deposits, Disbursements and Investments and noted that there were several corrections in the report and provided the correct numbers.

Mr. J. Mullen then presented a report on the Certificate of Indebtedness noting that the monthly principal payment on the note, in the amount of \$705,829.38, had been received on April 30, 1987 leaving a balance of \$7,646,635.07.

Upon the request by the Chairman for an updated report on the case of Carl McCormack, the Plan Attorney noted that the medical report from the University of Illinois where Mr. McCormack had been instructed by the Committee to go for a third medical opinion had not been received as yet. The Plan Attorney also noted that after further investigation of this case it was found that Mr. McCormack had not received 26 weeks of A&S benefits and had been awarded the right to apply for disability retirement through an agreement with the Authority's Labor Relations Department which does not comply with the requirements as outlined in the Plan. The Plan Attorney further stated that he had been in contact with Attorney Stanton regarding the possibility of Mr. McCormack receiving payment of the 26 weeks of A&S benefits through Workers' Compensation and Attorney Stanton stated that he would check into the matter with the proper individuals at the Authority to see if this can be done. A discussion ensued between Committee Members and the Plan Attorney during which the Plan Attorney stated that he would

continue to follow up on this case and report back to the Committee.

The case of Richard Hargewood was brought to the Committee's attention by the Secretary who noted that the matter had been deferred at the last meeting pending further information regarding the matter, which Mr. Flowers was going to attempt to obtain. However, Mr. Flowers noted that nothing had changed since the last meeting. The Secretary made a motion that the Plan Attorney be directed by the Committee to move ahead with filing a lawsuit against Mr. Hargewood to collect the funds in question, Ms. Black seconded the motion, and the Committee unanimously agreed.

The Secretary informed the Committee that Charles Allison, John Lowery, Joseph Slaughter, Ralph Sullivan, and Nathan Young, all of whom were on disability retirement, had returned to duty.

The Secretary informed the Committee that Harry D. Reese revoked his application for retirement which was approved at the April 1987 meeting and was to have become effective May 1, 1987.

The Secretary informed the Committee that the following employees' thirteen month repayment of contributions had expired and recommended that they be granted a 30-day grace period: Michael Brown, Norris J. Franklin, and N. W. Moore. On a motion by Mr. Perk, seconded by Mr. Brown, the Committee unanimously approved.

The Secretary informed the Committee that the

time for the appointment of the Plan Auditor and Plan Actuary was forthcoming soon and asked if the Committee wished to retain the firms that were presently providing these services or whether they wanted him to seek bids from other firms. A discussion ensued between Committee Members after which the Secretary was directed to put together information on the fee structures of The Wyatt Company and Arthur Young for the Committee's consideration.

The Secretary informed the Committee that due to a conflict in Mr. Clark's schedule on Monday, June 15, 1987 he was recommending that the regular monthly meeting be rescheduled to another day and suggested Wednesday, June 17, 1987. After a brief discussion between Committee Members, the Secretary made a motion that the regular monthly Retirement Allowance Committee Meeting scheduled for Monday, June 15, 1987 be rescheduled to Wednesday, June 17, 1987, Mr. Perk seconded the motion, and the Committee unanimously approved.

The Secretary then recapped for the Committee the investment manager selection process to date noting that the presentation process was complete for the Aggressive Growth and Growth subsectors. He provided all members with copies of his notes on the presentations which included a ranking of relative attractiveness of each manager by those Committee Members and Alternates present at each session. The Secretary noted that it was a consensus of those individuals who attended the Aggressive Growth presentations that the following firms be hired for that subsector:




Ariel Capital Management, Inc.  
Capital Supervisors, Inc.  
Friess Associates, Inc.

Mr. Clark made a motion that twenty (20) percent of the Fund's total equity holdings be distributed between the three managers named above and Twentieth Century Growth, which will continue to be retained, as follows: Twentieth Century Growth will continue to manage the funds it currently has under management. The balance of the twenty (20) percent will be divided equally between Ariel, Capital Supervisors and Friess with the stipulation that if Ariel cannot take their full share initially, then Friess and Capital Supervisors will split equally that portion that Ariel cannot take until such time as Ariel can manage it. As Ariel indicates it can take additional funds, equal shares will be transferred from Friess and Capital Supervisors, the Secretary seconded the motion, and the Committee unanimously approved. Mr. Mullen suggested that the present managers in these subsectors which are being replaced be informed that their services are no longer needed. Mr. Clark made a motion that written communication be sent to T. Rowe Price, New Horizons, and Fidelity Magellan terminating their services, Mr. Flowers seconded the motion, and the Committee unanimously approved. With respect to the Growth subsector, Mr. Perk made a motion that Atalanta/Sossnoff, Franklin Asset Management, and Oppenheimer Capital Corporation be hired to manage funds in the Growth subsector, and that Kemper, Putnam, and W. L. Morgan be informed that their services were being terminated, the Secretary seconded the motion, and the Committee unanimously approved.

There being no further business, on a motion by  
Ms. Black, seconded by Mr. Flowers, the Committee unanimously  
agreed to adjourn at 2:40 P.M.

  
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SECRETARY  
RETIREMENT ALLOWANCE COMMITTEE

  
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CHAIRMAN  
RETIREMENT ALLOWANCE COMMITTEE  
DATED   JUNE 17, 1987