

A G E N D A

FOR THE 462ND RETIREMENT MEETING OF JUNE 17, 1987

1. Meeting will be called to order at 9:30 A.M., Steamboat Room, 14th floor, Holiday Inn Mart Plaza.
2. Approval of the Minutes of the 461st Meeting held May 18, 1987.
3. Report by Trustee.
4. First Quarter report by Performance Analytics.
5. First Quarter report by Wellesley Group and discussion of the equity manager restructuring process.
6. Announcement of deaths reported since the last Meeting.
7. Presentation of Survivorship Options.
8. Announcement of Pre-Retirement Surviving Spouse Allowances.
9. Presentation of new retirement applications for approval.
 - a.) Riley Ford - retroactive to 06-01-87
10. Employees on Disability Retirement re-examined.
11. Presentation of Refunds of Contributions to be paid June 30, 1987.
12. Presentation of Bills and Remittances.
13. Death Benefits for approval.
14. Report by Secretary of Deposits, Disbursements and Investments.
 - a.) Report on payment on the Certificate of Indebtedness for 1981 Employer Contributions.
 - b.) Report on results of telephone poll regarding hiring of money managers.
15. Unfinished Business.
 - a.) Carl McCormack -- question of qualification for disability benefits -- status report by Plan Attorney.
 - b.) Discussion of the selection of the Plan Actuary and Plan Auditor.

16. New Business.

- a.) Leo A. Stern revoked his B-All Survivorship Option which was approved at the Retirement Allowance Committee meeting of 02-23-87 and which was to have become effective on 11-01-87.
- b.) Discussion of consultant contract with William A. Ashley.

17. Adjournment.

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 462nd Meeting of the Retirement Allowance Committee was held Wednesday, June 17, 1987, in the Steamboat Room, 14th Floor, Holiday Inn Mart Plaza. The following were in attendance:

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

Mr. L. Brown sat in Mr. A. Kasmer's stead. Mr. L. Morris sat in Mr. I. Thomas' stead. Messrs. H. Hegarty, H. Williams, W. Buetow and Mrs. A. Curtis were present. Mr. J. Mullen, Ms. P. Williams, and Ms. C. Cox were present. Ms. S. Luthy of the Harris Trust and Savings Bank was present. Mr. R. Burke, Plan Attorney, was present. Mr. R. Moseson of Performance Analytics, Inc. was present. Messrs. N. Joachimi and J. Prime of the Wellesley Group 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 461st Meeting held Monday, May 18, 1987, Mr. Clark made a motion for approval, Mr. Brown seconded the motion, and the Committee unanimously approved.

Ms. S. Luthy of the Harris Trust and Savings

Bank presented the Trustee Report noting the activity in the market for the last 30 days and year to date.

Mr. R. Moseson of Performance Analytics presented the first quarter 1987 investment performance report and answered questions posed by Committee Members.

Mr. J. Prime of the Wellesley Group gave a presentation on the first quarter 1987 investment performance report. Mr. N. Joachimi then recapped the investment manager search process which resulted in the hiring of 9 new equity managers and the retention of 3 existing equity managers. The Secretary suggested that the fee schedule for the new managers be discussed. Mr. Mullen of the Secretary's Office distributed a report on the fee schedules as presented by the new managers noting that some of the fees had been negotiated and others were not negotiable. In each case, however, a written representation indicating that the fee schedule was the lowest offered to public funds was retained. A discussion ensued between the Committee Members during which Mr. Clark made a motion to accept the fee schedules for the new equity managers as well as that of The Boston Company, the Secretary seconded the motion, and the Committee unanimously approved. (A copy of the approved fee schedule is attached to these minutes). It was further noted by the Secretary that the agreements will incorporate the Committee's Sullivan Principle South Africa policy. Additionally, the agreements would include language requiring the manager to stay full invested.

The Secretary turned the Committee's attention to the subject of the establishment of the target asset allocation percentages for each asset class and asked Mr. Joachimi to expound. Mr. Joachimi noted that the following asset allocation model was established:

	Target	Minimum	Maximum
Stock	65%	20%	80%
Real Estate/Bonds	20%	20%	80%
Cash	15%	0%	60%

He further noted that the process of setting this strategy included input from his firm, the Pension staff, and The Boston Company. The Secretary added that he ran dozens of simulations testing different targets over the last 16 and 1\4 years and confirmed that target selected had the most attractive risk\ return characteristics.

At the Secretary's request, Mr. Joachimi reviewed with the Committee an offer from The Boston Company to make available to the Plan the services of their trading desk to assist in the efficient movement of funds required by the restructuring. He further noted that this service was being offered at no cost to the Plan as a new client of The Boston Company.

A discussion ensued between Committee Members during which Ms. Hughes made a motion that the Committee accept The Boston Company's offer to make available the services of

their trading desk at no charge and that direction be given to all new managers that Chicago based and minority brokers be used on an "all things being equal" basis. Mr. Perk seconded the motion, and the Committee unanimously approved. The Secretary noted that correspondence would be sent to all new managers. Mr. Clark stated that he would like for 20th Century to be sent a letter also. Ms. S. Luthy noted that according to the trust agreement and with the approval of the Harris Asset Management Committee, the Trustee has accepted the managerial nominees presented by the Committee and will officially appoint these managers through the execution of an investment manager agreement.

The Secretary then made a recommendation that the Committee discontinue the services of Performance Analytics, Inc. and presented a report outlining his reasons for this recommendation. A discussion ensued between Committee Members during which Mr. Clark made a motion that the Committee's relationship with Performance Analytics be discontinued, Mr. Morris seconded the motion. On the question, Mr. Flowers expressed a concern about discontinuing a service that provides a check on the Wellesley Group. Further discussion ensued between Committee Members during which Mr. Flowers made a motion that the previous motion be tabled, Mr. Clark seconded the motion, and the Committee unanimously approved.

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

The Secretary presented ten (10) Survivorship

Options for approval. On a motion by Mr. Brown, seconded by Mr. Clark, the Committee unanimously approved the Survivorship Options as presented.

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

The Secretary reported that there were seventeen (17) Retirement Applications being presented for approval including a request for a June 1, 1987 retroactive disability retirement for Riley Ford and asked Mr. R. Pirovano of the Retirement Plan Office to expound. Mr. Pirovano noted that Mr. Ford's application for disability retirement had been received last month, however, upon reviewing the file it was ascertained that Mr. Ford only completed and received 24 weeks of disability benefits under Workers' Compensation. Upon communicating with the Workers' Compensation Department, Mr. Ford's Worker's Compensation claim was reopened and the remaining 2 weeks of benefits paid to Mr. Ford thereby making him eligible to apply for a retroactive disability retirement. The Secretary further noted that the applications for Ms. Jacqueline Jackson, Mr. Earl Wiley, Ms. Mildred Stern, and Mr. Maceo Jenkins were being presented subject to a favorable medical disposition from the Chicago Transit Authority Medical Department. On a motion by Mr. Flowers, seconded by Ms. Black, the Committee unanimously approved the Retirement Applications as presented.

The Secretary informed the Committee that ten (10) employees who are presently receiving Disability Retirement

benefits were examined or had their file reviewed.

The Secretary presented thirteen (13) Refunds of Contributions, totaling \$100,595.51, for approval. On a motion by Mr. Brown, seconded by Ms. Black, the Committee unanimously approved.

The Secretary presented for approval one (1) Chicago Transit Authority bill, totaling \$42,848.66; eighteen (18) Operating Bills, totaling \$90,829.92; ten (10) Remittances; totaling \$437,180.31; and the second month, second quarter 1987 FIT Deposit, totaling \$160,108.27. On a motion by Mr. Flowers, seconded by Mr. Brown, the Committee unanimously approved the Bills and Remittances, totaling \$730,967.16, to be paid June 30, 1987.

The Secretary presented for approval twenty-six (26) Death Benefits, totaling \$70,000.00. On a motion by Mr. Brown, seconded by Mr. Morris, 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 noting that the market value of the Fund is \$814,528,834.21 and the Fund's rate of performance for the month of May was .46 percent.

Mr. J. Mullen presented a report on the Certificate of Indebtedness noting that a payment of \$705,829.38 had been received on May 29th leaving a balance of \$4,940,805.69.

The Secretary presented a report on the telephone poll regarding the hiring of investment managers which resulted in the approval of the following managers:

Growth and Income

American National Bank
Furman Selz Capital Management
Newbold's Asset Management Corporation

Asset Allocation

The Boston Company

The Secretary then recapped for the Committee the six managers approved at the last meeting as follows:

Aggressive Growth

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

Growth

Atalanta/Sosnoff Capital Corporation
Franklin Asset Management
Oppenheimer Capital Corporation

The Secretary reported that all of the eight Committee Members he was able to poll voted Yes to the hiring of the Growth and Income Managers and the Asset Allocation Manager. He then asked for the vote of the two Members he was not able to contact - Ms. Hughes and Ms. Black. Both voted Yes resulting in unanimous approval.

Ms. S. Luthy of the Harris Bank informed the Committee that as a result of the equity restructuring in which the Fund was moving to active accounts from mutual funds, the Trustee custodian fee schedule now in effect would produce a

higher fee. She further asked for the opportunity to present a report on this to the Committee at next month's meeting.

The Secretary turned the Committee's attention to the case of Carl McCormack, which had been held in abeyance at the last meeting pending further investigation, and asked the Plan Attorney to expound. The Plan Attorney noted that he had not received an answer to his inquiry as to whether the Authority will pay Mr. McCormack the 26 weeks of A&S benefits under Workers' Compensation in order that he can become eligible to apply for disability retirement.

The Secretary turned the Committee's attention to the matter of the selection of the Plan Actuary and Plan Auditor which was held in abeyance at the last meeting pending receipt of fee schedules from The Wyatt Company and Arthur Young & Company. Mr. Mullen passed out a copy of the previous fee schedules from both firms. A discussion ensued between Committee Members during which Mr. Perk made a motion that proposals be sought from three (3) additional firms in each category as well as from The Wyatt Company and Arthur Young for consideration by the Committee, Mr. Flowers seconded the motion, and the Committee unanimously approved.


The Secretary brought to the Committee's attention a request by William A. Ashley, Plan Consultant, to terminate his contract. After discussion between Committee Members, the Secretary made a motion that the Committee approve the termination of Mr. Ashley's contract as Plan Consultant, Mr. Perk seconded the motion, and the Committee unanimously approved.

Mr. Perk further recommended that a letter be sent to Mr. Ashley thanking him for his service.

The Secretary brought to the Committee's attention the matter of John Crayton, which was placed on the agenda at the request of Mr. Flowers, and asked Mr. R. Pirovano of the Retirement Plan Office to expound. Mr. Pirovano informed the Committee that this was a Workers' Compensation case from some time ago, the file was being retrieved from the Records Storage Department. The Secretary recommended that this matter be placed on next month's agenda.

The Chairman brought to the Committee's attention the matter of a Subcommittee having been formed in February of this year consisting of Ms. Hughes, Messrs. Perk, Flowers, and Kasmer to do a study on the salaries of the Retirement Plan Office staff. The Chairman requested that this Subcommittee meet and present its recommendations to the full Committee.

There being no further business, on a motion by Mr. Clark, seconded by Ms. Black, the Committee unanimously agreed to adjourn at 1:50 P.M.



SECRETARY
RETIREMENT ALLOWANCE COMMITTEE



CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED JULY 20, 1987