

A G E N D A

FOR THE 455TH RETIREMENT MEETING OF NOVEMBER 24, 1986

1. Meeting will be called to order at 9:30 A.M., Merchants' Room, 14th floor, Holiday Inn Mart Plaza.
2. Approval of the Minutes of the 454th Meeting held October 20, 1986.
3. Indirect real estate manager presentations.
  - a.) RREEF USA III Fund - presentation by Mr. Gerald Egan.
  - b.) Security Capital Real Estate Fund - presentation by Messrs. Robert Gernstetter and Lewis Kresch.
4. Equity manager presentations.
  - a.) Affirmative Investment Management, Inc. - presentation by Mr. Travers J. Bell, Jr. and Dr. Herbert Roosma.
  - b.) Abraham and Sons Asset Management, Inc. - presentation by Messrs. Brett Brubaker and Charles Tribbett III.
5. Report by Trustee including a report on cash management account.
6. Report by Wellesley Group on agenda for investment policy considerations and status of initial quarterly report.
7. Announcement of deaths reported since the last Meeting.
8. Presentation of Survivorship Options.
9. Announcement of Pre-Retirement Surviving Spouse Allowances.
10. Presentation of new retirement applications for approval.
11. Employees on Disability Retirement re-examined.
12. Presentation of Refunds of Contributions to be paid November 30, 1986.
13. Presentation of Bills and Remittances.
14. Death Benefits for approval.
15. Report by Secretary of Deposits, Disbursements and Investments.
  - a.) Report on payment on the Certificate of Indebtedness for 1981 Employer Contributions.

15. Report by Secretary of Deposits, Disbursements and Investments.

- a.) Report on payment on the Certificate of Indebtedness for 1981 Employer Contributions.

16. Unfinished Business.

- a.) Micheli Ferrantelli -- request for disability benefits.
- b.) J. Melton - discharged employee who was subsequently reinstated 08-26-85. Thirteen month period ends 09-26-86. Recommendation for 30 day extension to 10-26-86. Wanda Black will investigate his employment status.
- c.) Local financial institution CD program - discussion of the credit ranking listing.
- d.) Discussion on South Africa divestment -- recommendation of the South African Divestment Subcommittee.

17. New Business.

- a.) Mr. John Hinton - active employee who was reinstated on 05-20-80, who did not repay his refunded contributions within the 90 day period, is now requesting he be granted the opportunity to repay the refund.
- b.) Donald Bullock - 13 month period to repay refund of contributions and interest expires December 4, 1986 -- recommendation that he be granted a 30 day grace period.

Name & Badge No.	Entered Service Date	Reinstatement Date	Amount Due
Donald Bullock #22034	03-10-72	11-04-85	\$13,893.01

- c.) Freddie B. Baker - D-2378 - returned to duty 11-04-86.
- d.) James H. Dohoney - revoked A-1/2 Survivorship Option which was approved at the Retirement Allowance Committee meeting of 05-19-86 and was to become effective on 01-01-87.
- e.) Larry Childress - approved for disability retirement effective 11-01-86 subject to medical evaluation. Found fit to return to work on 10-27-86. Retirement application returned.

16. Adjournment.

RETIREMENT PLAN  
FOR  
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 455th Meeting of the Retirement Allowance Committee was held Monday, November 24, 1986, at 9:30 A.M., in the Merchants' Room, 14th Floor, Holiday Inn Mart Plaza. The following were in attendance:

Mr. C. Andersen	Mr. A. Kasmer
Ms. W. Black	Mr. G. Nagle
Mr. W. Clark	Mr. D. Perk
Mr. E. Flowers	Mr. I. Thomas
Mr. E. Gresham	

Messrs. L. Morris and H. Hegarty were present. Mr. R. Jania sat in Mr. Perk's stead until his arrival. Mr. J. Weatherspoon sat in for management. Mr. H. Williams sat in Mr. E. Gresham's stead until his arrival. Messrs. J. Mullen, R. Pirovano, Ms. P. Williams, and Ms. C. Cox were present. Mr. W. Ashley, the Plan Consultant, was present. Mr. R. Burke, the Plan Attorney, was present. Ms. S. Luthey, Messrs. F. Duda and C. Coleman of the Harris Trust and Savings Bank were present. Messrs. N. Joachimi and J. Prime of The Wellesley Group were present. Mr. B. Scholz, pensioner representative, was also present.

The Secretary called the Meeting to order at 9:40 A.M. and informed the Committee that both the Chairman and Vice Chairman would be late arriving, therefore, it was necessary to appoint a Chairman Pro Tempore. Mr. C. Andersen nominated Mr. W. Clark for Chairman Pro Tempore, Messrs. I. Thomas and A. Kasmer seconded the nomination. There being no further nomi-

nations, Mr. W. Clark was appointed Chairman Pro Tempore.

The Chairman Pro Tempore called for approval of the Minutes of the 454th Meeting of the Retirement Allowance Committee held October 20, 1986. On a motion by Mr. Thomas, seconded by Mr. Kasmer, the Committee unanimously approved the Minutes of the 454th Meeting.

On the call for the real estate manager presentations, the Secretary turned the Committee's attention to and reviewed three real estate investment pie charts explaining the direct and indirect portions of the real estate allocations. The Secretary then introduced Messrs. K. Bittman and G. Egan of the RREEF USA III Fund who distributed and presented a report which updated the Plan's investment in the RREEF USA III Fund.

The Secretary then introduced Messrs. L. Kresch and R. Gernstetter of the Security Capital Real Estate Fund who distributed and presented a report which updated the Plan's investment in that Fund.

On the call for the equity manager presentations, the Secretary introduced Messrs. T. Bell, R. Williams, and C. Walker of Affirmative Investment Management, Inc. who distributed a report and gave a slide presentation which introduced and explained their firm and its equity management capabilities.

The Secretary then introduced Messrs. B. Brubaker and C. Tribett III of Abraham and Sons Asset Management, Inc. who gave a report which introduced and outlined their firm and its equity management capabilities.

The Chairman Pro Tempore called for a lunch break at 12:51 P.M.

The Meeting was reconvened at 1:22 P.M. at which time Mr. Perk relieved Mr. Clark and assumed his position as Chairman.

Ms. S. Luthey of the Harris Trust and Savings Bank then presented the Trustee Report which showed the activity in the market for the last 30-day period and year to date.

Mr. N. Joachimi of The Wellesley Group suggested that any potential investment managers be screened by him prior to coming before the Committee. Mr. Kasmer made a motion that all potential investment managers be screened by The Wellesley Group prior to coming before the Committee, the Secretary seconded the motion, and the Committee unanimously agreed. Mr. Joachimi then turned the Committee's attention to his firm's first Quarterly Report for the Plan (covering the 2nd Quarter of 1986) explaining that there were some errors which would be corrected very soon. He further noted that a more detailed presentation would be made of the 3rd Quarter Report which would be available very soon.

The Chairman then asked that the matter pertaining to South African Divestment (item 16(d) on the agenda) be addressed at this time. The Secretary informed the Committee that the Subcommittee on South African Divestment; consisting of I. Thomas, E. Flowers, C. Andersen and himself met on November 10, 1986. He also noted that W. Black, R. O'Connor, N. Joachimi, J. Prime, J. Mullen, and D. Perk (who could not stay

for the entire meeting) were in attendance. The Secretary further noted that there was a very informative discussion on the legal, moral and political issues of divesting which resulted in the Subcommittee forming a concensus to recommend to the full Committee that a policy of divestment of companies that are non-signatories of the Sullivan Principles be implemented.

Mr. Gresham asked if there were Minutes of the Subcommittee Meeting available. The Secretary noted that it was past policy that no minutes were taken at Subcommittee Meetings, however, a summary of the proceedings could be provided in the future. The Chairman asked that this be done. A discussion ensued between Committee Members and Mr. Joachimi regarding what action would be taken with regard to the South African Divestment issue during which Mr. Andersen made a motion that the recommendation made by the Subcommittee be approved. The Secretary then asked the Plan Attorney to draft a resolution to amend the Investment Policy to provide for the adoption of the policy which excludes investment in companies that do business in South Africa and do not adhere to the Sullivan Principles. The Plan Attorney stated that he would prepare such a resolution which would be based on the arbitrator's award and which would include monitoring and reviewing those companies in the Plan's portfolio. Mr. Flowers seconded the motion, and the Committee unanimously approved.

The Secretary made the announcement of deaths reported since the last meeting, as per the attached list.

The Secretary presented eleven (11) Survivorship Options for approval; including an option for Mr. H. Austin

pending receipt of a doctor's statement of good health and Chicago Transit Authority medical approval, and an option for Mr. J. Short pending proof of age for himself and his spouse and a marriage certificate. On a motion by Mr. Weatherspoon, seconded by Mr. Flowers, the Committee unanimously approved the Survivorship Options as presented.

The Secretary informed the Committee that there was one (1) Pre-Retirement Surviving Spouse Allowance to report.

The Secretary informed the Committee that there were eleven (11) Retirement Applications being presented for approval. On a motion by Mr. Flowers, seconded by Mr. Weatherspoon, the Committee unanimously approved the Retirement Applications as presented.

The Secretary reported that five (5) employees who are presently receiving disability retirement benefits were examined or had their file reviewed.

The Secretary presented fourteen (14) Refunds of Contributions, totaling \$122,878.74, for approval. The comparison figures for the same period of time one year ago were nineteen (19) Refunds, totaling \$144,454.92. On a motion by Mr. Kasmer, seconded by Ms. Black, the Committee unanimously approved the Refunds.

The Secretary presented for approval twenty-nine (29) Death Benefits, totaling \$74,500.00. The comparison figures for the same period of time one year ago were twenty-two (22) Death Benefits, totaling \$52,000.00. On a motion by

Mr. Kasmer, seconded by Mr. Flowers, the Committee unanimously approved the 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 in the Trustee Summary noting that the total portfolio had a market value of \$742,134,789.95 at a cost of \$640,839,425.38.

In response to the Secretary's request, Mr. J. Mullen presented a report on the Certificate of Indebtedness noting that a payment in the amount of \$705,829.38 had been received from the Authority leaving a balance of \$9,881,611.35. Mr. Mullen noted that there are several errors in other areas of the report, therefore, a corrected report would be done and sent to the Committee.

The Secretary asked that the matter of Micheli Ferrantelli's request for disability benefits be deferred until the next meeting as the results of the third party doctor's examination had not been received.

The Secretary asked Ms. Black to present a report on her contact with Mr. J. Melton who was discharged and subsequently reinstated on August 26, 1985, had not repaid his refunded contributions within the 13-month period which ended on September 26, 1986, received a recommendation for a 30-day repayment extension, and whose case had been deferred pending the outcome of Ms. Black contacting the employee to see whether or not he wished to repay the monies. Ms. Black informed the Committee that she had contacted Mr. Melton and explained to him



what the outcome would be if he did not repay the contributions, however, Mr. Melton stated that he could not repay the monies. On a motion by Mr. Kasmer, seconded by Ms. Black, the Committee unanimously agreed that Mr. Melton be given a new pension seniority date of August 26, 1985.

Mr. F. Duda of the Harris Trust and Savings Bank then reviewed and explained the credit ranking list for the local area banks which ranked the institutions on a peer group basis according to their relative balance sheet strength. A discussion ensued between Committee Members, the Plan Attorney, and Mr. Duda during which the Plan Attorney noted that even though an institution did not rank high on the list it could still be considered as long as it was insured by the FDIC or FSLIC. The Chairman asked Mr. Duda what was needed to put the program in motion and Mr. Duda stated that a list of names of those institutions that the Committee wished to have participate in the program. The Chairman then asked that the Committee Members contact the Secretary and provide him with the name of any institution that they would like to be given the opportunity to participate in the program.

The Secretary then turned the Committee's attention to the John Hinton case noting that Mr. Flowers had asked that this matter be placed on the agenda. The Secretary noted that Mr. Hinton was a reinstated employee who did not repay his refunded contributions within the 90-day repayment period and was now requesting that he be granted the opportunity to do so claiming he was not properly informed of the procedure.

The Secretary then turned the Committee's attention to a copy of the form, signed by Mr. Hinton, in which he acknowledges that he understands the provisions of Rule No. 21 regarding contribution repayment procedures. A discussion ensued between Committee Members and the Plan Attorney during which Mr. Thomas made a motion that Mr. Hinton's request be denied, Mr. Kasmer seconded the motion, and the Committee unanimously agreed.

The Secretary informed the Committee that Donald Bullock's 13-month repayment period would expire on December 4, 1986 and made a motion that he be given a 30-day extension of repayment, Mr. Thomas seconded the motion. Mr. Flowers noted that although Mr. Bullock had been reinstated in 1985 he did not return to duty until approximately one week ago. The Secretary withdrew the motion noting that his department had not been supplied this information and that he would report on Mr. Bullock's status at the next meeting.

The Secretary informed the Committee that Freddie Baker who was recently approved for disability retirement had returned to duty.

The Secretary informed the Committee that James H. Dohoney had revoked the A-1/2 Survivorship Option which was approved at the Meeting of May 19, 1986 and was to be effective January 1, 1987.

The Secretary informed the Committee that Larry Childress, who was approved for a November 1, 1986 disability retirement subject to a medical evaluation, had been found fit and returned to duty.

The Secretary informed the Committee that the bus tour had been cancelled and the next date would be sometime in the Spring of 1987.

There being no further business, on a motion by Mr. Nagle, seconded by Mr. Flowers, the Committee unanimously agreed to adjourn at 2:50 P.M.

  
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SECRETARY  
RETIREMENT ALLOWANCE COMMITTEE

  
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CHAIRMAN  
RETIREMENT ALLOWANCE COMMITTEE

DATED DECEMBER 22, 1986