

AGENDA

FOR THE SPECIAL MEETING OF NOVEMBER 7, 1988

1. Meeting will be called to order at 9:30 a.m., American Room, Holiday Inn Mart Plaza.
2. Explanation of current investment policy, its development and historical background -- Mr. Ned Joachimi and the Executive Secretary.
3. Discussion of the role of the Trustee in the implementation of investment policy -- Ms. Sarah Luthy and Mr. Richard Walker of the Harris Bank -- Mr. Richard Burke, Plan Attorney.
4. Explanation of the asset allocation model -- Messrs. *Richard Corwell* Edgar Peters and F. Corning Kenly of The Boston Company.
5. Establishment of an Investment Policy Subcommittee.
6. Report on the PRITA unitholders meeting held October 24th in Atlanta.
7. Adjournment

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

A Special Meeting of the Retirement Allowance Committee was held Monday, November 7, 1988 at 9:30 A.M., American Room, Holiday Inn Mart Plaza. The following were in attendance:

Ms. W. Black	Mr. C. Andersen
Mr. E. Gresham, Chairman	Mr. C. Burrus
Mr. C. Knox	Mr. M. Holzman
Mr. I. Thomas	Mr. D. Perk

Mr. G. Nagle, Executive Secretary, was present. Alternate D. Carter sat in Ms. J. Hughes' stead. Alternates W. Buetow and E. Hill were present. Alternate L. Morris, L. Brown, H. Reed, H. Hegarty and H. Williams were in attendance. Messrs. R. Pirovano, W. Ross and Ms. P. Williams of the Pension Office staff were present. Messrs. F. Duda, L. Knecht, R. Walker and Ms. S. Luthy of the Harris Trust and Savings Bank were in attendance. Mr. J. Baratka of the Wyatt Company was present. Mr. N. Joachimi of the Wellesly Group was also present. Messrs. R. Crowell and F. Corning Kenly of The Boston Company were present. Mr. R. Burke, the Plan Attorney, was present. Mr. B. Scholz, pensioner representative was also in attendance.

(1) The Chairman called the meeting to order at 9:49 A.M.

(2) The Executive Secretary presented a report on the development of the investment policy which was adopted by the Retirement Allowance Committee in October, 1977 and its evolution

through to the time of the adoption of the real estate policy in May, 1983. He noted that the policy was based on an acceptance of the capital asset pricing model as supported by the findings of the Ibbotson/Sinquefield study on stocks, bonds, T-Bills and inflation.

Mr. Joachimi presented a report on the specifics of the data that supports the investment policy adopted by the Committee. He reviewed the equity manager selection process in general and the way it was conducted in the summer of 1987 with this Committee. He also reviewed the reasons that alternative investments such as international equity and fixed, and real estate should be considered.

The Executive Secretary then reviewed the investment programs adopted by the Committee since May of 1983 as indicated by the draft of the Statement on Investment Policy which was in the meeting material. The Executive Secretary also reviewed a report on the historical rates of return of the Retirement Fund.

(3) Ms. Sarah Luthy distributed a report entitled "Role of Trustee in the Implementation of Investment Policy" and explained that per the Trust Agreement and Plan Document, the Harris Bank has an oversight role in the selection of managers. After the Retirement Allowance Committee approves managers screened by the Wellesley Group, the Investment Committee of the Harris Bank reviews them and must be satisfied that they

have a history of proven successful performance in the handling of significant sums of invested assets in the investment class suggested by the Committee. In the unlikely event that a manager did not meet this standard (unlikely because the Wellesley Group has already applied rigorous review standards), the Trustee would decline their hiring.

Mr. Carter inquired as to the process used to hire the Trustee (Harris Bank). The Plan Attorney explained that the role of the Trustee is created pursuant to the basic provisions of the collective bargaining agreement. The definitional responsibilities of the Trustee is not created by this Committee; it is created in the collective bargaining process. He then reviewed the selection process and reason for the change in Trustees that the Committee went through in 1984. The Plan Attorney also explained the fiduciary standards that are applicable to the Committee members.

(4) Messrs. Richard Crowell and F. Corning Kenly of the Boston Company presented a report on the tactical asset allocation model that the Plan has in place since August of 1987.

(5) The establishment of an Investment Policy Subcommittee was deferred.

(6) The Executive Secretary reported that the October 24th meeting of the PRITA unitholders was attended by himself, the

Chairman, Mr. Perk and Mr. J. Warren of the Plan Attorney's office. He noted that the Committee attendees expressed the Committee's desire to be allowed more time to analyze the liquidation plan for PRITA to the trustees and other Committee concerns. The meeting was also attended by Dr. Zerbst, the PRITA trustees, and representatives from the other unitholders. The PRITA trustees took note of the Committee's concerns and were agreeable to allow more time for analysis and questions by the unitholders prior to the finalization of the liquidation strategy. The Executive Secretary distributed a copy of the PRITA real estate management contract-amendment with Piedmont Realty Advisors which the Committee attendees requested be provided to the unitholders. The Chairman assigned a Subcommittee consisting of himself, Mr. Burrus and Mr. Perk to form a recommendation to the Committee regarding its position on the PRITA liquidation. The Plan Attorney and the Executive Secretary were asked to attend.

The Committee then went into an Executive Session. The Chairman assigned a subcommittee to analyze the Pension Office organizational structure (i.e. should the duties of the Executive Secretary be divided) revise or rewrite the Executive Secretary's job description (if necessary) and to conduct a search for a replacement for Mr. Nagle.


The Secretary recommended that Mr. Pirovano be named acting Executive Secretary. After discussion, on a motion by

Mr. Thomas, seconded by Wanda Black, Mr. Pirovano was unanimously approved to serve as acting Executive Secretary effective November 14, 1988.

On a motion by Mr. Thomas, seconded by Mr. Perk, the Committee unanimously approved a leave of absence through 12/31/88 for Mr. Nagle.

(7) There being no further business on a motion by Mr. Thomas, seconded by Mr. Morris the Committee unanimously agreed to adjourn at 12:55 P.M.

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EXECUTIVE SECRETARY  
RETIREMENT ALLOWANCE COMMITTEE

  
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CHAIRMAN  
RETIREMENT ALLOWANCE COMMITTEE

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DATED