Revised
AGENDA
FOR THE 463RD RETIREMENT MEETING OF JULY 20, 1987

1. Meeting will be called to order at 9:30 A.M., Mark Beaubien Room, 16th floor, Holiday Inn Mart Plaza.
2. Approval of the Minutes of the 462nd Meeting held June 17, 1987.
5. Announcement of deaths reported since the last Meeting.
6. Presentation of Survivorship Options.
7. Announcement of Pre-Retirement Surviving Spouse Allowances.
8. Presentation of new retirement applications for approval.
   a.) Carl McCormack - retroactive to 01-01-87
9. Employees on Disability Retirement re-examined.
11. Presentation of Bills and Remittances.
12. Death Benefits for approval.
13. Report by Secretary of Deposits, Disbursements and Investments.
   b.) Report on status equity restructuring.
   a.) Discussion of the selection of the Plan Actuary and Plan Auditor.
   b.) Richard Hargewood - report by Plan Attorney on status of legal action.
   c.) John Crayton - question of eligibility for disability allowance.
15. New Business.

a.) Sammy Lee - D-2386 - returned to duty 06-16-87.

b.) John Couett - D-2040 - returned to duty 06-01-87.


e.) Assignment of new pension seniority date for Michael Brown. Thirty day extension to repay refund of $9,716.24 expired June 24, 1987. New seniority date for pension purposes only - April 24, 1986.

f.) Thirteen month period to repay refund of contributions and interest expires -- recommendation that the following be granted a 30-day grace period.

<table>
<thead>
<tr>
<th>Name &amp; Badge No.</th>
<th>13 Month Period</th>
<th>Entered Service Date</th>
<th>Amount Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>David Collins, Jr. 34260</td>
<td>07-09-87</td>
<td>08-07-69</td>
<td>$15,318.80</td>
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</tbody>
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g.) Discussion of the retention of Performance Analytics.

h.) Discussion of the proposed revision to Rule No. 24 - report by Plan Attorney.

i.) Amendment to the Trust Agreement allowing the use of futures in implementing the asset allocation model.


Revised 07-14, 07-28-87

GMB
The 463rd Meeting of the Retirement Allowance Committee was held Monday, July 20, 1987, at 9:30 A.M., in the Mark Beaubien Room, 16th Floor, Holiday Inn Mart Plaza. The following were in attendance:

Mr. W. Clark  Mr. G. Nagle
Mr. E. Flowers  Mr. D. Perk
Mr. A. Kasmer  Ms. V. Wendorf

Mr. L. Morris sat in Mr. E. Gresham's stead. Mr. H. Williams sat in Mr. I. Thomas' stead. Ms. A. Curtis sat in Ms. J. Hughes' stead. Neither Ms. W. Black nor her alternate was present.

Messrs. L. Brown and H. Hegarty were present. Messrs. J. Mullen, R. Pirovano, W. Ross, and Ms. C. Cox were present. Ms. S. Luthy of the Harris Trust and Savings Bank was present. Ms. L. Buckley of Arthur Young & Company was present. Mr. R. Burke, the Plan Attorney, was present. Mr. B. Scholz, pensioner representative, was also present.

In the absence of the Chairman, the Vice Chairman called the Meeting to order at 9:50 A.M.

On the call for approval of the Minutes of the 462nd Meeting held Wednesday, June 17, 1987, Mr. Kasmer made a motion for approval, Mr. Morris 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.

Ms. Luthy also distributed and explained to the Committee a Trustee Expense Update report which identified the impact of the Plan's equity restructuring on the trustee/custodian fees. She noted that the fee schedule had not changed, but the application of the schedule to assets that were no longer invested in mutual funds caused an increase. She further noted that to smooth the effect of the restructuring on the fees, a discount of 50 percent of the increase in the asset charge fee would be made for the calendar year 1988.

Ms. L. Buckley of Arthur Young & Company presented and explained to the Committee reports on the 1986 Audit and Financial Statements.

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

The Secretary presented five (5) Survivorship Options for approval including an Option for Harry Boris pending receipt of proof of age of spouse. On a motion by Mr. Kasmer, seconded by Mr. Morris, 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 twelve (12) Retirement Applications being presented for approval in—
cluding a request for a January 1, 1987 retroactive disability retirement for Carl McCormack and a July 1, 1987 retroactive disability retirement for Kyusik Hong pending receipt of a favorable determination from the Chicago Transit Authority Medical Department and asked Mr. R. Pirovano of the Retirement Plan Office to expound. Mr. Pirovano refreshed the Committee's memory on the Carl McCormack case noting that since last month's meeting Mr. McCormack had been paid 26 weeks in A&S Benefits for the period of June 10, 1986 through December 8, 1986 (paid in a lump sum on June 22, 1987). Since this was the only remaining requirement for eligibility, he asked for the Committee's approval to place Mr. McCormack on a retroactive January 1, 1987 disability retirement.

Mr. Pirovano then informed the Committee that correspondence had been received from Mr. Thomas Czech - Manager, Personnel Administration Department, requesting that Kyusik Hong be approved for a retroactive July 1, 1987 disability retirement as the delay in the filing of Mr. Hong's application was not his fault. The Secretary interjected that the retirement applications for Andre Prowell and Leamuel Taylor were also being presented subject to a favorable determination from the Chicago Transit Authority Medical Department. On a motion by Mr. Morris, seconded by Mr. Flowers, the Committee unanimously approved the retirement applications as presented.

The Secretary informed the Committee that eight (8) employees who are presently receiving Disability Retirement benefits were examined or had their file reviewed.
The Secretary presented seventeen (17) Refunds of Contributions, totaling $89,523.92, for approval. On a motion by Mr. Flowers, seconded by Mr. Clark, the Committee unanimously approved.

The Secretary presented for approval one (1) Chicago Transit Authority bill, totaling $41,303.32; seventeen (17) Operating Bills, totaling $149,548.31; ten (10) Remittances, totaling $436,465.25; and the third month, second quarter 1987 FIT Deposit, totaling $166,122.54. On a motion by Mr. Flowers, seconded by Mr. Williams, the Committee unanimously approved the Bills and Remittances totaling $793,439.42, to be paid July 31, 1987.

The Secretary presented for approval twenty-seven (27) Death Benefits, totaling $88,765.64. On a motion by Mr. Williams, 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 a letter in the meeting material from Mr. John Prime of the Wellesley Group regarding an inquiry made by Mr. Flowers at last month’s meeting regarding some negative commentary he had read in the Sun Times regarding bond trading losses experienced by The Boston Company. Mr. Prime informed the Committee in his letter that the company being reported on was First Boston, a company in no way related to The Boston Company.

The Secretary then turned the Committee’s atten-
tion to the Report on Deposits, Disbursements, and Investments noting that the rate of performance for the month of June was 2.54 percent, the year to date rate was 13.49 percent, and the market value of the Fund was 835.2 million dollars.

Mr. J. Mullen then presented a report on the Certificate of Indebtedness noting that the biannual interest payment due of $166,111.63 had been received from the Authority on June 30, 1987; and the monthly payment on the note in the amount of $705,829.36 had been received on June 30, 1987 leaving a balance of $4,234,976.31.

Mr. Mullen then distributed and explained to the Committee a report on the restructuring of the Fund's equity position since the hiring of the new managers.

The Secretary then turned the Committee's attention to the meeting material and the letters from Arthur Young & Company and The Wyatt Company outlining their hourly rates. The Secretary noted that, as requested by the Committee at the last meeting, a request for a proposal had been sent to the following auditing firms: Clifton Gundersen & Company, Doty Jarrell, Arthur Andersen & Company, and Arthur Young & Company. The Secretary further noted that proposal requests will also be sent to actuarial firms and asked the Committee for suggestions in this area. A discussion ensued between Committee Members during which the Vice Chairman suggested that the item be deferred until responded are received on the requests for proposals.

The Secretary turned the Committee's attention to the Richard Hargewood case and asked the Plan Attorney to
The Plan Attorney noted that the case involved an overpayment of a refund of contributions in the amount of $9,082.51. The Plan Attorney further noted that after conferring with Mr. Hargewood and ascertaining pertinent information regarding his present financial position, an offer was made by Mr. Hargewood to repay the money at $50 per month. It was his recommendation that the Committee accept the $50 per month and review the payment level in 6 to 9 months in light of Mr. Hargewood's financial status at that time. He also recommended that a mortgage be placed upon Mr. Hargewood's home to secure the unpaid balance of the indebtedness. Mr. Flowers made a motion that the Plan Attorney's recommendation be accepted, Mr. Morris seconded the motion, and the Committee unanimously approved.

The Secretary turned the Committee's attention to the case of John Crayton's eligibility for a disability pension which had been placed on the agenda at the request of Mr. Flowers and asked Mr. Pirovano to expound. Mr. Pirovano noted that a question had been raised as to Mr. Crayton's eligibility for disability retirement and noted that upon researching the files it was ascertained that the necessary medical records are in the storage facility of the per diem Worker's Compensation attorney who handled the case, Vincent Getzendanner. Mr. Pirovano further noted that the file is being retrieved and asked that the matter be deferred to the next meeting.

The Secretary informed the Committee that
Sammy Lee and John Cousett, who were formerly on disability retirement, had returned to duty.

The Secretary requested approval of new pension seniority dates for the following individuals who did not repay their refunded pension contributions within the 30-day extension period; Nathaniel W. Moore - April 21, 1986, Norris J. Franklin - April 26, 1986, and Michael Brown - April 24, 1986. On a motion by Mr. Kasmer, seconded by Mr. Williams, the Committee unanimously approved the assignment of a new pension seniority date as presented.

The Secretary informed the Committee that David Collins' thirteen month period to repay his refund of contributions and interest had expired and made a motion that he be granted a 30-day grace period, Mr. Flowers seconded the motion, and the Committee unanimously agreed.

The Secretary noted that at the last meeting his recommendation to terminate the services of Performance Analytics had been deferred to this month's meeting for further discussion. The Secretary indicated that his position recommending termination had not changed, however he sensed from the last meeting's discussion that the Committee desired an additional performance review. Mr. Flowers indicated that the newness of the Wellesley Group was one reason behind wanting to have an additional performance review available to the Committee. The Secretary informed the Committee that a firm named SEI had offered to provide a trial performance review for a one quarter period of time at a charge of either $5,000 cash or $7,000 in
directed brokerage and asked that the Committee give this consideration. After a brief discussion between Committee Members, Mr. Flowers made a motion to terminate the relationship with Performance Analytics and retain SEI to provide a monitoring report for one quarter at a cost of either $5,000 cash or $7,000 directed brokerage, Mr. Kasmer seconded the motion, and the Committee unanimously approved.

The Secretary then asked the Plan Attorney to report on the amendment to Rule No. 24. The Plan Attorney explained that the revision to Rule No. 24 would make the terms of the Rule consistent with the Qualified Domestic Relations Order provisions of the Internal Revenue Code and ERISA. Mr. Kasmer made a motion for approval of the Amendment to Rule No. 24, Mr. Morris seconded the motion, and the Committee unanimously approved.

The Secretary requested that an item be added to the Agenda regarding an amendment to the Trust Agreement which was necessary in order to allow the use of future contracts in the implementation of the asset allocation model. The Plan Attorney then reviewed the Amendment with the Committee. Mr. Clark made a motion to amend the Trust Agreement, Mr. Kasmer seconded the motion, and the Committee unanimously agreed.

There being no further business, on a motion by Mr. Williams, seconded by Mr. Flowers, the Committee unanimously agreed to adjourn at 11:43 A.M.
CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED ________________

GREGORY C. NUGENT
SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

ELURIE GREAVES
CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE