AGENDA

For the Special Meeting of October 27, 1987

1. Meeting will be called to order at 2:30 P.M., in the Columbian Room, 14th floor, Holiday Inn Mart Plaza.

2. Report by the Boston Company on the asset allocation model.

3. Wellesley Group commentary and response to any question on investment policy.

4. Adjournment.
A Special Meeting of the Retirement Allowance Committee was held Tuesday, October 27, 1987 at 2:30 P.M., in the Columbian House, 14th floor, Holiday Inn Mart Plaza. The following Committee Members were in attendance:

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

Alternates W. Buetow, H. Williams, L. Morris and H. Hegarty were present. Messrs. J. Mullen and Ms. P. Williams of the Pension Office staff were present. Messrs. N. Joachimi and J. Prime of the Wellesley Group were present. Mr. K. Kenly of The Boston Company was present. Ms. S. Luthy of the Harris Trust and Savings Bank was present. Mr. R. Burke, the Plan Attorney was present.

The Chairman asked for a report by the Boston Company on the asset allocation model. Mr. Kim Kenly of the Boston Company reviewed a report entitled "Investment Review Meeting" dated October 27, 1987. The report reviewed the purpose of the Systematic Asset Allocation Model and the methods it uses to identify asset class valuations and projected returns. Page seven (7) of the report identified the account balances at August 21, 1987 (inception date) and October 21, 1987 but was
determined to be in error. After some discussion, it was determined that the asset allocation account had experienced an estimated loss of approximately $4.5 million through Friday, October 23, 1987. The Secretary suggested that the systematic asset allocation program should be evaluated by comparing its performance with the strategy that this Committee would otherwise have, that is a static asset allocation of 65% equities, 20% real estate/bonds and 15% cash. Mr. Kenley agreed that this is the correct way to evaluate performance and indicated he would make the calculation. Mr. Kenley continued his review of the report noting that the model has historically been proven to add value, outperforming the target in 28 of 40 quarters in the 10 year period ending 12/31/86. He noted that the futures market provides a method of implementing the model quickly and efficiently.

The Chairman then asked Mr. Joachimi of the Wellesley Group for his comments. Mr. Joachimi reviewed the recent events in the market and stressed that this was not the time to panic and make any changes to investment policy. He noted that our philosophy is to take a long term perspective to the markets and that there is no reason to change that approach in reaction to short term changes in investor psychology.

Further discussion ensued but did not result in any action by the Committee to make any changes to its investment policy. The meeting was adjourned at 5:15 P.M.
SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED ____________________