

RETIREMENT PLAN  
FOR  
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 398th Meeting of the Retirement Allowance Committee was held on Tuesday, February 16, 1982, in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

Mr. W. Ashley	Mr. C. Hall
Mr. E. Flowers	Mr. P. Kole
Mr. J. Gallagher	Mr. J. Weatherspoon

Mr. L. Brown, alternate for Mr. A. Kasmer, was present. Mr. L. Wool, alternate for Mr. S. Bianchi, was present. Messrs. J. DeFranco, R. Goldman, H. Hegarty and L. Morris were present. Messrs. R. Fleming, D. Lemm, G. Nagle and Ms. C. Cox were present. Mr. J. Bidwill and Ms. N. Finley were also present. Messrs. E. Hamilton, W. Leszinske and Ms. K. Ford of Continental Bank were present. Mr. J. Baratka of The Wyatt Company was present. Mr. R. Burke, the Plan Attorney, was also present.

The Chairman called the meeting to order at 10:52 A.M.

Mr. Leszinske presented to the Committee a letter, dated February 9, 1982, titled "January Market Summary" and a series of charts which graphically depicted the changes in the market and the Real GNP. (A copy of letter and charts are attached to these minutes). Mr. Leszinske briefly explained the charts noting that there would be a decrease in consumer prices and the unemployment rate would fluctuate between 8-9½%. Mr. Leszinske also noted that there would be a decline in energy prices as well as in the price for shelter. However, interest rates would continue to be high.

Mr. Hamilton reported that through November, 1981, the Securities Lending Program had generated approximately \$61,000 in income to the Fund.

Mr. Hamilton also reported that the Trustee had transferred \$15 million to the Wacovia Bank & Trust Company in Wacovia, North Carolina completing the real estate transaction for the Pension Realty Income Trust "A", which was temporarily invested by the bank through their short term median pending permanent investments.

The Chairman asked for approval of the Minutes of the 397th Meeting, held January 18, 1982. On a motion by Mr. Weatherspoon, seconded by Mr. Brown, the Committee unanimously approved the Minutes of the 397th Meeting, held January 18, 1982.

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

The Secretary presented seven (7) Survivorship Options for approval. On a motion by Mr. Flowers, seconded by Mr. Kole, the Committee unanimously approved the Survivorship Options.

The Secretary presented three (3) Pre-Retirement Surviving Spouse Options for approval. On a motion by Mr. Kole, seconded by Mr. Kemp, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options.

The Secretary presented twenty (20) Applications for Retirement noting that there was a correction in the type of retirement applied for by one of the employees. On a motion by Mr. Wool, seconded by Mr. Kole, the Committee unanimously approved the twenty (20) applications as presented.

The Secretary informed the Committee that seven (7) employees who are receiving Disability Retirement Benefits were examined or had their file reviewed.

The Secretary presented sixty-seven (67) refunds, totaling \$474,075.15 for approval. A motion for approval was made by Mr. Weatherspoon, seconded by Mr. Kemp. Mr. Kole asked if there were any refunds to "discontinued" Security Department personnel included in this months report. The Secretary stated that there were several "discontinued" personnel included in total figure. The Chairman asked if the total number of "discontinued" personnel who had received a refund was available. The Secretary stated that this figure was not available at the present time, however, it would be reported at the next Committee meeting. The Committee unanimously approved the sixty-seven (67) refunds to be paid on February 28, 1982.

The Secretary presented the report of deposits, disbursements and investments noting that the cash and investments as of January 31, 1982 were \$474,213,935.02 and the total portfolio had again showed a negative rate. A discussion ensued between Committee Members during which the Committee was informed by the Secretary that the Money Managers would be presenting their annual reports at the March and April Committee Meetings.

The Chairman asked if there was a year end report which was sent to all representatives of the Retirement Plan. The Secretary stated that there was and his office was working on the Annual Report at the present time.

The Secretary presented one (1) operating bill, totaling \$3,537.98, and eight (8) remittances, totaling \$282,307.02, for approval. In answer to a question posed by Mr. Hall, the Secretary informed the Committee that at the written request of retired employees, federal income tax is withheld from their monthly check. These monies have to be taken to a bank that will take a federal deposit and due to the relocation of the Pension Section this account has been transferred from the Merchandise National Bank to the Lakeview Trust & Savings Bank. A motion was made by Mr. Kole and seconded by Mr. Weatherspoon for approval of payment of the bills and remittances, totaling \$285,845.00.

Mr. Brown asked the Secretary if monies owed the Authority were still being withheld. The Secretary stated these monies would continue to be withheld until the Committee instructed his office to release them. The Chairman asked the Plan Attorney if he advised the continuation of withholding payment of these monies to the Authority. The Plan Attorney stated that he advised the continuation of withholding the monies until the matter had been resolved. The Committee unanimously approved payment of the bills and remittances, to be paid February 28, 1982.

The Secretary presented for approval, thirty-one (31) Death Benefits, totaling \$76,500.00. On a motion by Mr. Hall, seconded by Mr. Kole, the Committee unanimously approved payment of the Death Benefits.

The Secretary asked Mr. Fleming to give a report on the problems and concerns relative to the relocation of the Pension Section to 2660 North Clark Street. (A copy of the report is

attached to these minutes). Mr. Fleming read and explained the report to the Committee. A discussion ensued between the Committee Members during which the Chairman asked for the formation of a sub-committee, consisting of one management representative, one labor representative and the Secretary, to meet with the proper individuals in order to find a more suitable, permanent location for the Pension Section in the Merchandise Mart. Messrs. Weatherspoon and Gallagher volunteered as members of this sub-committee.

The Secretary presented a "Legal Opinion" regarding refunds of contributions to "Laid-Off" employees as requested by Mr. Mansker. (A copy is attached to these minutes).

The Chairman brought up the question of the indebtedness of the Chicago Transit Authority to the Pension Fund due to the non-payment of employer contributions. The Chairman then presented a document titled "United States of America, State of Illinois, County of Cook, Chicago Transit Authority Certificate of Indebtedness" to all Committee Members. (A copy is attached to these minutes). After perusal by the Committee, the Chairman asked for a motion and approval of the Certificate. Mr. Weatherspoon made a motion that the Retirement Allowance Committee approve the Certificate of Indebtedness, Mr. Flowers seconded the motion. A discussion ensued between Committee Members and the Chairman asked the Plan Attorney to explain the document and what the legal impact would be. The Plan Attorney stated that the Committee, in keeping with its fiduciary responsibilities had authorized that action be initiated to collect unpaid contributions from the Authority for

which a suit had been filed in the Circuit Court of Cook County. He further stated that the court had not ruled on the matter aside from determining that it is a matter of arbitration and should not have been brought to the court. He noted that the court had been asked to reconsider its opinion. The Plan Attorney stated that the Certificate of Indebtedness is part and parcel of an extension of a contract agreement between the Authority and Labor and it has an impact on the monies owed by the Authority to the Pension Fund and the terms by which the monies are to be repaid. He stated that, in his view, the terms of the Certificate were an acceptable method of repayment of the monies owed and the 10% interest factor was reasonable since the Plan is silent in this area and the Illinois Statutes call for 9% interest on similar types of indebtedness. The Plan Attorney stated that he approved the Certificate of Indebtedness as presented to the Committee and as part of the extension of contract agreement. However, if there were any changes or modification of the document it should be brought before the Committee again. He also noted that approval of the Certificate would negate the suit now pending in the Circuit Court. The Chairman asked the Plan Attorney if it would be appropriate to get a "Legal Opinion" from the General Counsel of the Chicago Transit Authority which would indicate, in fact, that the Authority would have the legal right to execute such an agreement in light of the Authority's present obligations under its Trust Agreement with the First National Bank and the bonded indenture. The Plan Attorney stated that it would be in order.

The Chairman stated that due to his dual role with the

Authority and the Committee he did not feel it appropriate to comment or vote on the agreement. A discussion ensued between the Committee Members during which the Chairman asked for a short recess for a caucus of Committee Members and the Plan Attorney. Upon returning, the Chairman noted that he would abstain from voting and turned the meeting over to the Vice Chairman. Mr. Weatherspoon asked for a vote on the motion to approve the Certificate of Indebtedness as presented to the Committee. Mr. Kole questioned the document and stated that he did not feel comfortable with it in regard to some of the wording and the fact that there could be other ways to resolve the problem. Mr. Kole made a motion that the approval of the Certificate of Indebtedness be tabled until a later time. Mr. Wool seconded the motion. The Vice Chairman asked for a show of hands vote, and with a vote of 6 to 2 the Committee agreed to table the approval of the Certificate of Indebtedness until a later time. The Chairman abstained from the vote.

The Secretary informed the Committee that Mr. G. McCann, who had been temporarily assigned to Central Counting, returned to the Disability Retirement rolls on January 24, 1982. The Secretary also noted that Louis Wade had been returned to the Human Resources Department on December 21, 1981.

The Secretary informed the Committee that his office was in receipt of a letter from Mr. Robert Harrell requesting an increase in fees. The Secretary recommended that the new fee schedule be compared with the present schedule, the matter be placed on the agenda for discussion at the March meeting and that Mr. Harrell be

asked to present an explanation of the requested fee increase at the April meeting. The Secretary noted that the calculations would be sent to the Committee Members prior to the April meeting for their perusal.

The Chairman thanked the Secretary of the Committee, who is retiring from the Chicago Transit Authority on March 1, 1982, for his many years of dedicated service to the company and the Committee and all Committee Members and invited guests were asked to proceed to the appointed place where a surprise luncheon was being held for the Secretary.

There being no further business, on a motion by Mr. Wool, seconded by Mr. Kole, the Committee unanimously agreed to adjourn at 11:59 A.M.

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SECRETARY  
RETIREMENT ALLOWANCE COMMITTEE

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CHAIRMAN  
RETIREMENT ALLOWANCE COMMITTEE

DATED \_\_\_\_\_