

# AGENDA

## For the 599<sup>th</sup> Retirement Allowance Committee Meeting of December 22, 1998

1. Meeting will be called to order at 08:30 A.M., Northern Trust Company, 50 South LaSalle Street, Directors Dining Room - 6th Floor.
2. Roll call.
3. Approval of the Minutes of the 598<sup>th</sup> Meeting held November 24, 1998.
4. Investment Subcommittee report.
  - a) Financial Report
5. Real Estate Subcommittee report.
6. Subcommittee on General Administration
  - a) Announcement of deaths reported since the last meeting.
  - b) Presentation of Pre-Retirement Surviving Spouse Allowances for approval.
  - c) Presentation of new retirement applications for approval.
    - (i) Grant Ward, Jr. - #14922 - request for retro-activity to 12-01-98.
    - (ii) Fred Banks - #13869 - (disability) - request for retro-activity to 12-01-98.
    - (iii) Melvin Davis - #21657 - (disability) - request for retro-activity to 08-01-98.
    - (iv) Verleen Smith-Quicksey - #8096 - (disability) - request for retro-activity to 12-01-98.
    - (v) Clifton P. Lewis - #4401 - (disability) - request for retro-activity to 11-01-98.
    - (vi) Irma McNeil - #3249 - (disability) - request for retro-activity to 12-01-98.
    - (vii) Thomas M. Shanahan - #35668 - (disability) - request for retro-activity to 08-01-98.
    - (viii) David Williams - #11218 - (disability) - request for retro-activity to 12-01-98.
  - d) Presentation of Death Benefits for approval.
  - e) Presentation of Refunds of Contributions for approval.
  - f) Presentation of Bills and Remittances for approval.
  - g) Tamara B. Thomas - #D3359 - returned to duty - November 25, 1998.
7. Old Business
8. New Business
9. Executive Session
10. Adjournment

**RETIREMENT PLAN FOR CTA EMPLOYEES**

10 SOUTH RIVERSIDE PLAZA

SUITE 1625

CHICAGO, ILLINOIS 60606

Phone: (312) 441-9694

Fax: (312) 441-0454

**RETIREMENT ALLOWANCE COMMITTEE MEMBERS AND ALTERNATES**

THIS IS TO ANNOUNCE THAT THE MEETING OF THE SUBCOMMITTEE ON GENERAL ADMINISTRATION WILL BE HELD TUESDAY, DEC. 22, 1998, AT 8:30 A.M.

THIS WILL BE FOLLOWED BY THE INVESTMENT SUBCOMMITTEE AT 9:30 A.M., THE REAL ESTATE SUBCOMMITTEE AT 10:30 A.M., AND THE RETIREMENT ALLOWANCE COMMITTEE MEETING AT 11:30 A.M.

THE MEETINGS WILL BE HELD AT THE NORTHERN TRUST COMPANY, 50 S. LA SALLE STREET, IN THE DIRECTORS' DINING ROOM ON THE 6TH FLOOR.



## RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY

The 599<sup>th</sup> Meeting of the Retirement Allowance Committee was held on Tuesday, December 22, 1998, at the Northern Trust Company, 50 South LaSalle Street, 6th Floor. The following were in attendance:

Mr. D. Anosike, Chairman  
Mr. L. Sanford  
Mr. J. Kallianis

Mr. I. Thomas, Vice Chairman  
Mr. T. Collins  
Mr. L. Brown  
Mr. J. Williams  
Ms. W. Black

L. Fuller sat in M. Acosta's stead, C. Lang sat in S. Leonis' stead, J. Guerrero sat in L. Brown's stead when he left the meeting. Alternates also present were, L. Morris, B. Rayford and R. Winston. J. Forte, W. Ross and C. Lewis of the Pension Office Staff were in attendance. Ms. Pamela Newton of Northern Trust Company was present. Mr. R. Burke of Burke, Warren, MacKay & Serritella was present. Messrs. M. Barnes, C. Wesley, C. Spears, J. Henderson and B. C. Gilmore were also in attendance.

1. The Chairman called the meeting to order at 8:30 A.M.
2. A roll call was taken which indicated that a quorum of Committee members was present.
3. On a motion by Mr. I. Thomas, seconded by Mr. T. Collins, the Committee approved the Minutes of the 598<sup>th</sup> Meeting.
4. Mr. J. Kallianis, Chairman of the Investment Subcommittee, reported on the meeting held this date.

Mr. Joachimi discussed the Discovery Ventures. They moved the closing date to January 7 basically because of the Retirement Plan. Keep in mind that this entity is separate from Weiss, Peck & Greer. Mr. Silverman is a separate company. He is using Weiss, Peck & Greer's back office. Weiss, Peck & Greer's deals have been pretty successful. This is the smaller entity and that is why we kept it to 5 million. Since it is a equity deal the money would be raised from the equity side.

The Plan Attorney explained that the process, if you vote it, it is a vote to recommend to Northern Trust for their due diligence with adopted documentation.

On a motion by Mr. Collins, seconded by Ms. Black, the Committee unanimously approved extending the 5 million that have been discussed to the particular group.

Mr. J. Kallianis had concerns about letting the Chicago fixed income search drag on for a long time. We have set dates previously that everyone had agreed to on the Committee.

Mr. Thomas made a motion on nominating ABA AMRO for fixed income. This was seconded by Mr. Collins. There was a roll call of members as follows:

Mr. D. Anosike	yes	Mr. I. Thomas	no
Mr. L. Sanford	yes	Mr. T. Collins	no
Mr. J. Kallianis	yes	Mr. L. Brown	no
Mr. C. Lang	yes	Mr. J. Williams	no
Ms. L. Fuller	yes	Ms. W. Black	no

Financial Report - Wayne Ross then turned the Committee's attention to Report of Deposits, Disbursements and Investments in the Trustee Summary and stated that the value of the fund on November 30, 1998 was \$1,755,965,069 with a monthly performance +3.38%.

On a motion by Mr. I. Thomas, seconded by Mr. J. Kallianis, the Committee unanimously approved the Investment Subcommittee Meeting.

5. Mr. J. Williams, Chairman of the Real Estate Subcommittee, reported on the meeting held this date.

Mr. Reiger's report gave an update on 191 Wacker. Hines the purchaser of that property has asked for an extension based on delays sealing up of a tunnel. On a motion by Mr. Williams, seconded by Mr. Sanford, The Committee unanimously approved for an extension for Hines.

On a motion by Mr. I. Thomas, seconded by Mr. J. Williams, the Committee unanimously approved the Real Estate Subcommittee Meeting.

6. Mr. T. Collins, Chairman of the General Administration Subcommittee, reported on the meeting held this date.

Mr. Forte discussed Sharon Davis, who went on leave of absence to the Chicago Housing Authority. The Committee discussed her situation previously. She returned to work for CTA on December 14, 1998 and made an application to retire on January 1, 1999.

Mr. Thomas said the Committee's position is that if a person is on leave of absence has been off for a period of time, they must come back to establish themselves in the work place. We need to also talk about the credit she would get for that time.

Mr. Collins said she had less than necessary service when she sent on leave of absence and that is why she could not retire. What she is doing with this one day of return is adding three years of service with that one day of return. Is the leave of absence to be treated differently than say the return to work off of a disability, where we say a person needs to be back on the property for one week.

Mr. Sanford explained that she would come back working longer than one day. If her return to work date was the December 14, 1998 she is suppose to be still working now thru the December 31, 1998.

Mr. Thomas stated that the file has to presented to find out how much actual work time she had with the Authority. I remember this case has been presented to us now for about a couple of years and we took a position on that.

The Plan Attorney explained. The question was posed whether she could apply for retirement on a leave of absence and we said no, you have to be back on your job. My understanding is she came back to work as a employee of the Authority. She would receive, subject to the provisions about how much of leave of absence time you can cap, and you cannot have 20 years of leave of absence with the plan. She would get that credit but no more and depending upon what the total of those years amounted to, she would eligible for the benefit.

Mr. Forte added that she had 10 years with the leave of absence. That is ten years pension time. She only needs 10 years pension time. The first year of service did not count for pension time. That means she got 11 years with the Authority. Mr. Thomas asked the Plan Attorney to look at

what our procedures have been in the past as far as the leave of absence time.

Mr. Morris stated. This is a very important case because we have two more people out at the Chicago Housing Authority and I informed the Board of this sometime ago. We are attempting to approve a person for retirement and we do not even have the record in front of us. We do not know how much work time, how much leave time or nothing at this point.

The Plan Attorney explained the rules that we have applied is based upon the Plan. An individual first of all can get credit for leave of absence time it is capped up. Historically the Committee has never granted benefits such as the Retirement Program for someone who is on a leave of absence. You have got to be back in the employ of the Authority during the time your application is being processed. Coming back on the 14<sup>th</sup> could put her in sequence in the normal monthly sequence for benefits at the end of this month. However, if desired by the Committee, we can review the file and get all the data if that data is available.

Mr. Morris said that the only thing that we have to check out is the leave of absence credit. I have to check and see if she worked in the 3 year frame with the leave of absence.

Mr. Collins remarked that what we are addressing is a unusual situation, and we want to make sure all the t's are crossed. I have sat here almost 9 years and this is first censorial like this that I have encountered. So I would like to take a look at it just to make sure everything is proper.

Mr. Forte informed the Committee of an individual that went for the incentive for this month, but was off work for disability for 4 years. So he had 25 years and 7 month but actually had 24 years and 7 month, so we did not put him on the sheets. He can still go under the incentive, but he has to wait until about May before he can go.

Mr. Forte stated Mr. Juan Morales has been on the list for awhile. This a disability person. He went into the program as a volunteer. They paid him three months into the program and then after that they paid him another three months sick pay, regular pay. When we received all letters on him, it discussed EAP. As you know, we do not pay disability for substance and alcohol abuse. We got a letter stating that he was over the alcohol problem, but something else was physically wrong. I talk to the Plan Attorney on the issue. Dr. Realiza sent another letter to us stating that he was unfit and he had other things wrong with him that were not related to alcohol and drugs. Therefore, I am bringing this matter to the Board to see what can be done in a situation like this. He was paid for 26 weeks, three of them was for EAP and three was for sickness and because of the EAP part, that is why this matter has been on hold for so long.

Ms. Black said he was approved for disability pension June 1997.

Mr. Morales had gone into the program as a volunteer. They finally released him from it to come back to work, but he never actually came back to work. When he came back, they offered him a job as file clerk or something, and he told them he was going back to buses. In the time waiting to be approved to go back to the buses he had a heart attack. In fact he had 2 heart attacks. Then Dr. Realiza wanted him to get a psychological evaluation along with all of that, and so it is taking all this time, which is why he ended up on the pension list again.

The Plan Attorney said there is a memorandum here to the Pension Dept. from Dr. Realiza which says Juan Morales was made unfit as Bus Operator because of coronary artery decease, mild cardiac contraction and recurrent angina.

Mr. Morris said that this case was to be approved several years ago pending medical. The board had already approved this case pending medical. Medical is saying now that he is unfit for anything. Why we did not pay him before was because medical was saying he was unfit because

of alcohol. Medical is saying according to Burke right now he is unfit for all these others reasons. When his 26 weeks ran out, the question was is he off because of alcohol or is he off because of medical reasons. That is what took so long.

The Plan Attorney said it seems to be the gentlemen is entitled to benefits when you have a medical report which indicates the basic cause of the unfitness is heart problems. The Chairman asked that if you count that out he does not qualify. The Plan Attorney responded. If you disregard the time that he was receiving the benefit for alcohol you take that from his 26 weeks, he's short.

Mr. Thomas stated even though he may be short it's just a matter of time before he is eventually going to get it and it will be retro-active, but, you are saying today because the alcohol part is in there he is not qualified because is he about 3 months short because of the alcohol time. So 3 months from now, he applied for it again and you are still are going to have to give retro-activity.

Mr. Forte explained that is not true. The medical department's insurance only pay for 26 weeks. They paid him 26 weeks. He was off 3 months for the program and they paid him 3 months and his 26 weeks were up. The only way that he can start another 26 weeks, he has to go to work. He can not go back to work, because he is not fit to go. He never will go back to work.

The Plan Attorney expressed the fact the man cannot work because of heart problems. He is caught in a glitch because of the fact he had some of his initial period of time off for EAP. He does not have that 26 period, now he cannot go back to work, so what happens now. Unfortunately, he does not technically qualify because he does not have 26 weeks. He's in a no mans land, the fellow is realistically speaking. The Committee has got to make a determination. We either say, you do not get the benefits because you have less than 26 weeks or he may never get the benefits. He is not fit to go back to work.

Mr. Anosike suggested to the Committee to get all of the facts and then take a look at it next month.

The Plan Attorney stated the report that we have here is from back in July 1997 from the EAP specialist to Dr. Realiza. They determined that as of April 2, 1997 he had successfully completed the initial phase of the EAP program regarding his primary substance abuse diagnosis on April 2 he finished that program. If we can get the full file we can look through it and then answer your questions.

Mr. Forte said we still have those three individuals that went on pension October 1, 1998, Messrs. Jones, Baughn, and Monroe. As you know there are seven more. Mr. Thomas instructed Mr. Forte to talk about the three individuals only. The others are to be treated just like the rest of the people on the agenda.

Mr. Forte continued. As you know, right now they will not be receiving a check for December. So I do not know where we are with that situation at this time. The Plan Counsel will bring us up to date.

The Plan Attorney spoke regarding how he requested Ernst & Young to appear before the Committee and they are on vacation until after the first of the year. I called Eileen Winikates and she is out reach until after the 1<sup>st</sup> of the year. I asked if they could have another representative here and no one has shown. Let me read to you a letter..... "Dear Mr. Burke, Today I received a package from Wanda Black containing the following items: copies of W2's from 1996 and 1995 for each of the 3 individuals. Monthly listings covering years 96 and 95 of names, gross union wages related to pension contributions. No information was provided to support the report of gross wages, that is hourly, daily rates, etc. Nor was any record of work performed supplied. I discussed the required supporting documentation with Ms. Black several weeks ago, as well as

periodically up through and including today. In addition, I requested information from years 1990 - 1997. Due to the significant delays in both support and receipt of the requested documents achieving your December 15 deadline is unlikely. Please call me to discuss this at your earliest convenience. "..... Mr. Burke called and she said what I received is basically, and she has it attached here, and I provided copies of this to Messrs. Thomas, Williams and Anosike copies of the January 1996 report in regard to people at 241 on gross wages and pension contribution. Therefore, we do not have a report back from Ernst & Young in regard to the request that was made of Ernst & Young to determine on a daily and hourly basis the hours that were worked by the individuals.

Ms. Black said she spoke to Ms. Winikates and what she is asking for are documents that, I think that CTA requested and the Arbitrator ruled that they did not need them. So therefore I sent her exactly what the Arbitrator ruled W2 forms which is the amount of money paid into the pension plan for each individual. Anything other than that would be up to each personal Board Member to turn over there actual time sheet because we do not receive them. The Arbitrator said people get there whole wages up to and including 1996. I sent in a copy of there W2 forms supposedly it was incorrect according to someone at CTA. There is a copy of what I sent to the Federal Government and that is was as far as I could go to give anybody anything other than the W2.

Mr. Williams asked why these gentlemen have not received a check. What she gave actually satisfied the Plan and if anyone else want to go any further, I would suggest that they go further. Let us do what we are suppose to do as fiduciaries. Plan has asked for a particular information. They received that information, so we should move forward.

The Plan Attorney stated that the documentation states you are to look to W2's. The issue that was formed and why it went to the auditors was because Duncan Harris challenged the W2's. That is where we are at this point.

Mr. Williams said Ms. Black provided the information according to the award. If Mr. Harris wants more information, he will have to do what he has to do. In the meantime, we should follow what the Award tell us to do.

Mr. Sanford said the Plan also spoke about W2's as far as clarification. The Plan Attorney explained the reason for the W2. The W2 is to verify what is paid to each individual.

Mr. Kallianis discussed the reason that Mr. Harris had sent over the letter. There were concerns about what was actually construed as pension earnings. The concern by the CTA were such things other than just wages on the W2's . We have that certain situation now. The three people that we are talking about here, which is what started this whole thing off. Unfortunately, the audit has not been very timely. We are stuck in a situation where we have 2 people that we spoke about last month. We need to come to some sort of agreement of what they received going forward. Mr. Kallianis proposed that they only thing that he was comfortable with going forward is while we wait for Ernst & Young report and additional back up for W2, is the CTA portion of their pension.

Mr. Thomas said that he thinks everybody around this table is credible. If the union says that the only thing containing those W2's is wages and wages only. Since the Committee does have some concerns, I am talking about everybody on the Committee not just the CTA people. I think what should suffice if you get a letter from my office saying that the only thing in those W2's are wages, I think that should be sufficient. Unless someone is questioning the creditability of my office. Now, if that is what you are concerned about wages and W2's, I do not have a problem giving a letter to that point. It can be a certified letter if you want to take an issue, but at least I have my signature and my seal on it.

The Chairman said the only issue that Duncan raised, if I recall correctly, was the possibility of conflicts in the times that they were paid. Your letter will be correct, but it does not support the underlying issue.

Mr. Thomas replied that he was just making a reference to what had been mentioned. I do not want anybody to think that we have tips and other things involved in the W2. The only thing in a Board Member W2 form is wages that is the bottom line.

Mr. Williams said that we are asking that everyone follow both what the Pension Plan calls for and what the Arbitrator demanded. Anyone that wants to go outside of that, then they will have to go out on their own and do what ever they want to do. We should just follow what the Pension Plan says and the Arbitrator and then move forward. I think we are all intelligent enough to understand what the Plan says and what the Arbitrator said. That why we sit here.

The Chairman stated that he thought this Committee took votes a couple months ago saying in order to fulfill our responsibility to this fund we needed someone to review the records. Which is basically what we have done today with the 2 cases that have come before us. When in doubt, we need more information and that is what we voted for. Now I am hearing we never agreed to that.

Mr. Williams asked what about these gentlemen that do not have a means of income. This is unfortunate they do not because of indecision by us or bad decisions by us. That is why I am saying we need to move forward with it.

Mr. Collins commented that Ms. Black, in the last few minutes let us know that she complied with that materials that have been produced and has been given to Ernst & Young. Yes, there was a directive that came about and that directive has been adhered to with the production of those records to Ernst & Young.

The Plan Attorney explained that, the reason the Committee decided to refer to Ernst & Young, was to go through the Authority's records and to go through 241's records and determine on a daily basis and hourly basis what was the time the people expended. They had the Authority's records and the Union's records so they could tell. Because the thrust of the inquiry was their double compensation with people on two jobs at the same time. The only way that could ever be resolved by Ernst & Young would be to say on a given date what were the times that were worked. I think what Ms Winikaits is saying to us very clearly from Ernst & Young is I received W2's and I received monthly reporting, but I did not receive daily reporting. So she cannot complete that aspect of her assignment. The issue for the Committee is, we have individuals who received benefits through November. Therefore, what do you do with their December benefits and what is the magnitude of their benefits. That is our issue. Do you live with the W2's. The Committee has to approve upon those benefits like you do for all of them.

Ms. Black made a motion that the 3 individuals continue with their payment until the audit is completed and then at time we come back. Mr. Williams seconded.

Mr. Collins then stated that there's a motion on the floor to continue to pay the 3 individuals concerning, based on W2 earnings.

Mr. Thomas spoke. First of all it's a double censorial here. We have got one individual that is not going to have any documentation, Mr. Anthony Jones. Secondly, you cannot have individuals out there drawing a pension and then all of a sudden out of the clear blue, regardless of what this Committee does, we cannot approach those individuals and say you do not have any benefits coming in December or January. If we do that with these individuals, then we might as well do it



with everybody on this list. I think we will be missing our function as fiduciaries if we do not carry out what we are suppose to carry out as described in the bylaws of the pension code. So it is two scenarios, Mr. Jones does not have any documentation he only receives a W2. The other two individuals gave the Authority everything that was requested of them. The Union always took a position I'm not going to give anyone documentation, but if a board member wants to come and give this information to you, then that is his privilege. We cannot give it out. Ms. Black withdrew the motion.

Mr. Collins asked how do we proceed. There is no motion on the floor. Is there any other discussion on the subject. Mr. Kallianis then stated that, he had just heard it said that, we cannot arbitrarily stop somebody's pension after they received it. They have received payments we all agreed to that last month. So I assume by not making the motion and everyone withdraw their motions these individuals will not receive pension benefits for December.

Mr. Collins said we are not on this Board to make assumptions. Let us go with what we have heard across the table. I did not hear that statement and I do not think anyone else heard that. We should talk about what is actually said without using assumptions.

Mr. Sanford said that is not necessarily an assumption. They were only approved by this board for their October and November benefits. We have already taken that action, without any further action.

Mr. Collins responded. We have already gone pass that. Yes, there was something in the minutes that suggested some action that was to occur in November. That action did not occur and we are already into December and soon into January. While I readily agree with you that there was something in the minutes. We have clearly have gone pass that at this point.

The Chairman stated that a few minutes ago Mr. Kallianis proposed using CTA time. I think at this time at least a few members are comfortable going in that direction. Mr. Kallianis if you want to turn that into a motion then proceed. There is a need to provide some benefits to those individuals, because they have earned it. That's the only thing that at least most of us are comfortable with. Those are the records that were seen. Until this Committee sees all of the records, I do not think it is in the best interest.

Mr. Thomas then stated since you are the Chairman of the Retirement Allowance Committee, I want to know exactly what is your feeling towards these individuals getting their benefits. I want to know do you think they should be stopped or you think they should be continued.

Mr. Anosike replied I believe these individuals are entitled to benefits I think they have earned. The only reason why they are not getting benefits is because this Committee has not received all the information they need to give to our auditors. My sense is that in the spirit of the holiday season we need to make a motion and get some benefits to these individuals. The only way we can proceed is to go on the basis of the information that we have. That is why Mr. Kallianis wants to make a motion or if anyone else does, because these individuals need a benefit. If this Committee had received all the information they will be getting their due benefits today.

Mr. Williams said he thinks it would be much easier to give them what they actually earned. If there are some discrepancies, we can always take it back. But, to talk about giving them a partial payment and we may make you whole somewhere down the line, to me is totally ridiculous that coupled with the fact the Plan attorney reported at the last meeting the difficulty he had with Ernst & Young trying to get information to them and trying to get them on the phone. So it is not the fault of Wanda Black they have not done what they should be doing. It is Ernst & Young that had not done what they should do. We are talking about making these people suffer because Ernst &

Young have not done what they should do. Write a letter back and say we have not received this particular information. I do not think this Committee gave any specifics, information as to what Wanda should present to Ernst & Young. If I am wrong you can correct me.

Mr. Anosike said I think a letter that was sent out. I think the records also indicate that Ernst & Young has not received the information that they need to conduct their review.

The Plan Attorney stated that Ernst & Young were told to request from the Authority and from the Union day by day, hour by hour break down of time. That is what Ernst & Young is looking for. If I understand what Ms. Black is saying, the information on these individuals is not available. I think Ms. Black made the point that the information may be personal to the individuals involved, but that is the information that Ernst & Young is looking for. Mr. Collins asked, are these requests outside the guidelines of the Arbitrator? Someone correct me if I am wrong, I think that is what Ms. Black is eluding to as she described her part in the Ernst & Young requirements. Basically, she provided what she felt was within the guidelines of that award when it came to producing information. If I say anything that is inconsistent or going in the wrong direction, let me know. When we sat here and made the decision involving Ernst & Young, did we know exactly what they were going to request or require. The fact of the matter is that when the request came to Ms. Black, that delineated request she responded with the information that was inline with the Arbitration Award. We did not know what Ernst & Young were going to request. They requested several items. Ms. Black was not in a position to respond to all of the items that was delineated in that request.

Mr. Thomas commented that not only himself, but other people have concerns at this table. Not necessary all union and not necessary all management. If this Committee took a position to date and paid everybody from 1995 on back down to 91, the 4 years. In your opinion, would we be in compliance with that last document the Arbitrator gave us.

Mr. Thomas then asked the Plan Attorney if the Committee took the position on paying on the W2's for 1995 on back, would we be on solid ground. Can we do it and be on solid ground.

The Plan Attorney replied. You cannot do it and be on solid ground. The issue that is raised cannot be by all the dialogue we had back over the months is there is a fiduciary concern which is being articulated by the CTA representatives on the board that are saying as a fiduciary I do not feel comfortable with those W2's. I want back up information. An individual committee member has the right to have fiduciary concern and they have the right to speak to it. If the Committee is comfortable with the W2's, then yes they can go on the W2's.

Mr. Thomas asked the Plan Counsel that if I just say I am going to take the W2's and pay everybody from 1995 on down would I be on solid ground? The Plan Attorney answered, Yes. Mr. Brown asked Counsel can the CTA over rule what the Arbitrator says? The Plan Attorney answered, No. Mr. Thomas asked Counsel, can the CTA overrule what this body does? The Plan Attorney answered, No. Mr. Thomas asked Counsel who controls the Pension Plan? The Plan Attorney answered the people sitting here at this table.

Mr. Thomas exclaimed, it is time for us to stop. We disagree on a lot of things, but when you start talking about individuals livelihood, I think we should look at it. We are not talking about money managers. We are talking about people getting a pension.

Meeting recessed. (side bar)

Mr. T. Collins, Chairman of the General Administration Subcommittee, called the meeting back to order.

Mr. Sanford made a motion stating that the pension benefits for December will be based on the equivalent annual earnings of there specific job classification and averaged out over 4 years until we get the final report from Ernst & Young. Mr. Kallianis seconded the motion. Mr. Brown asked what if these members do not have 2080 hours what would there salary be base on then.

Mr. Thomas commented further. Let us just say I am one of these individuals and I worked everyday for the CTA and I would have made \$40,000. Are you saying that my pension would be based on the \$40,000 contingent upon investigation or calculation. In other words you are going to give me \$40,000 dollars if I worked in grade 8. A grade 8, if you work everyday you can get \$40,000. So we are going to give you a pension based on the 40,000 dollars regardless to what your W2 says but, we are going to do something during the interim time and try to rectify this. Mr. Sanford said your annual salary is basically taken and that includes your vacation time. Ms. Rayford asked that instead of taking the low average why not take the high average.

Mr. T. Collins, Chairman of the General Administration Subcommittee, directed the Boards attention to the motion made by Mr. Sanford. There was a roll call of members as follows:

Mr. D. Anosike	yes	Mr. I. Thomas	no
Mr. L. Sanford	yes	Mr. T. Collins	no
Mr. J. Kallianis	yes	Mr. L. Brown	no
Mr. C. Lang	yes	Mr. J. Williams	no
Ms. L. Fuller	yes	Ms. W. Black	no

Mr. Thomas said to Mr. Collins, Chairman of the General Administration Subcommittee that since that particular motion failed I would like to offer another motion before the Committee. I make a motion that the individuals in question be paid as interpreted by, not only the Union Attorney but also by the Pension Plan attorney that they should be paid W2's only, the arbitration award. Mr. Brown seconded the motion.

Mr. Collins said there is a motion on the floor and everyone heard the motion. That is to comply with the opinion of the Union Attorneys, Plan Attorney and the Arbitration Award in determining what the pension would be for those 3 concerned individuals. Mr. Thomas said that we as a body should deal with the interpretation in the direction of Mr. Healy's award. The W2 form is all that is required. We also have an interpretation by our counsel, the person that was put in charge to give us guidance. I also like for the minutes to show if there is anyone that is found not to be carrying out their fiduciary responsibility, if there's some law suits each individual is responsible for their own lawsuit. Mr. Collins stated that he can do that in a separate motion. Mr. Thomas wanted to rephrase that motion right after we quote this one down.

Mr. Anosike said he did not know if this motion is appropriate. Because this committee is already on record requesting some critical information that will satisfy our need for information in determining benefits for our members. This motion speaks of Plan Counsel advisement or otherwise. This is not correct.

Mr. Thomas said that if you go back over the minutes, I asked counsel very clear, what the arbitration award made reference too. He said W2 forms. So I beg to differ with you Mr. Chairman. The Counsel also said in his opinion that is what it made reference to, W2's only. I never would have made such motion with the Plan Counsel sitting here or not sitting here, if that did not come out of his mouth.

The Plan Attorney then explained that he said that the guidelines in the Plan and the arbitration award speak of the W2's. I said each committee member has a obligation as fiduciary to make certain more comfortable. We see that all the time. We saw early this morning in regard to the two

cases coming before here. People want to be comfortable they want to know what is in the record. They have a fiduciary concern. Each of the members here have a fiduciary concern as to address this question. They should vote their conscience on their fiduciary issue. The guidelines say about the W2's, but each individual here has to be comfortable with if they think W2's are reliable documentation. That is the gist of this dispute

Mr. Williams spoke to Mr. Sanford. If we decide to see all your records and check your records before Ernst & Young. We have not scrutinized it and we do not know if you are actually working for CTA the date you claim that you were. We can go on and on with that and you may not get a check until. That is something you want to think about. You see we are not comfortable with what CTA give us. There is some other things we are looking at. We want to know the particular date that you claim that you worked on. Where you been working and can you prove that. If you cannot prove it, then we feel we should not be paying you for that. The reason I am saying this, is you can see how ridiculous we can get if we want to drag it on and do the same thing that is happening here. It can be real ridiculous and you would not get a check until these guys get it. But we do not want to be that way.

Mr. Thomas added that we may have some concerns about the Authority. Are their pension calculated based on anything other than wages? Are they getting mileage or expense accounts. Are we going to pay management people just on wages. Are we going to put all these other things to. If that is going on then maybe we should look at some of management people records.

Mr. Sanford responded that certainly if you request from CTA a daily payroll of the hours that I work, they do not fit within the 8 to 4:30 schedule. But that basically is normal work day. If the CTA provided or kept records then certainly it is available. Mr. Williams then stated that we don't know that. Now because CTA asked for these specific information from the Union that is what we would ask for from CTA. We would like to know hour by hour what you were doing and who you saw those times.

Mr. Collins informed the Committee that the motion stated that the individuals in question were to be paid in accordance with the arbitration award and the opinions of both the union attorney as well as the Plan Attorney in the execution of that award being proper. Mr. Anosike questioned the motion.

The Plan Attorney explained the rules of the Committee. The arbitration award speaks of W2 forms. Also as individual committee members you have fiduciary obligations. You should exercise them on this issue if you have fiduciary concerns about the accuracy of those reports. They are free to vote there fiduciary concern. That's the only point I'm saying. I hope that is clear. People can vote their fiduciary concerns, they do them on other issues and they should do here. The documentation is clear on what Mr. Healy said and what the rules say.

Mr. Collins stated that we know that we did in September and October. We talked about this issue requiring the union to provide records. The Union has provided records. Ms. Black did state that when we began this meeting earlier. Therefore, if there is concern about records, I think that has already been satisfied. If Ernst & Young report is still outstanding then that report we'll wait for. We all heard the fact that Ernst & Young has not made themselves available for one reason or another. I do not believe that any of the individuals whose names have been mentioned earlier should be held accountable for the fact that Ernst & Young has not been able to do this in a timely matter. Just think very carefully gentlemen and ladies it could be your pension. It could be your rent do, your mortgage due, your gas and electric. I think that we have a duty of compassion to each other. Because we are all CTA employees and we all worked for this company and performed well. So when it is time for the rewards we should no hold back from each other what we are justly due.

Mr. Lang said, I do not want the intent I want the actual wording.

Mr. Thomas reiterated the motion. He made a motion that this body comply with Mr. Healy, the arbitration award, the interpretation by the union attorney, the interpretation by Mr. Richard Burke which is Plan Attorney and the bylaws of the Pension Plan.

Mr. Kallianis said expressed concerns pertaining to the motion.

Mr. Anosike said that if your understanding of this motion means in complying with the Plan Counsel and everybody, if it means voting it down then you vote it down. Mr. Thomas asserted that he wanted all of that in the minutes.

Mr. Anosike also stated that everything ought to be in the minutes and again the records should reflect the fact that the records that this committee has requested has not been submitted. Ernst & Young has nothing to audit. That's why they have not audited anything. We can't point fingers at them saying there the reason why were where we are. Mr. Williams stated that the records that this committee requested have been submitted. Now what you might have interpreted is something different.

The Plan Attorney mad a point of clarification. You heard the discussion here. Obviously there different points of view in regard to what should be paid to these gentlemen. Everyone at the table could vote yes on this resolution. I do not know how does that advance the resolution exactly how much you're going to pay them. Because people who might be opposed to a continuation of the present level of payments could well say I'm voting yes for this. I think my interpretation is correct. I'm a fiduciary. People who might say well, I don't want those people or do want them to get the same amount of money could also vote yes. I don't know the thrust of what the motion does. What does that tell us in how we go further.

Mr. Collins said, I believe that first we need to develop a concept. If the concept is set then you can discuss further what you need to discuss. I believe that the motion end of itself is to establish the concept that this committee should go forward with.

Mr. Thomas moved to strike the Union Attorney only part and keep just the Plan Attorney. The Plan Attorney has set here and advised us and interpreted the arbitration award. The document that we have been using as a guidance every since I've been on this board. We have followed Counsel's guidance for years and we've never swayed from it and so far he's been able to lead us into solid areas and protect us as fiduciaries. We do have a document, there no ambiguity there at all. It's just crystal clear, W2 earnings. What do we do with the 3 individuals out there. I guess they have to be blanket under the same the motion. How can the Plan cut benefits off If I'm entitled to them? How can we stop benefits if I am entitled to without the liability resting on somebody on this board?

Mr. T. Collins, Chairman of the General Administration Subcommittee, directed the Boards attention to the motion made by Mr. Thomas. There was a roll call of members as follows:

Mr. D. Anosike	present	Mr. I. Thomas	yes
Mr. L. Sanford	present	Mr. T. Collins	yes
Mr. J. Kallianis	present	Mr. L. Brown	yes
Mr. C. Lang	present	Mr. J. Williams	yes
Ms. L. Fuller	present	Ms. W. Black	yes

Mr. Thomas made another motion. My motion is that if anyone fail to carry out there fiduciary

responsibility as trustees of this board and if a law suit happens to arrive from them failing to carry out there responsibility, then they are solely responsible for there own liability if a lawsuit arrives. Anybody on this board Union or Management. Mr. Williams second the motion.

The Plan Attorney made a point of clarification. First of all you have insurance, all of you have insurance, which we pay a premium. That insurance premium is to cover people in their fiduciary responsibility. I don't think that you are suggesting that the insurance coverage should be thrown away, I mean I think that is something you would want to keep here for all the people. So I would encourage you to think that through. Mr. Thomas said the his intention is not to throw the coverage away. I am saying, and I like for the minutes to reflect everything that comes out of my mouth. I am saying we have we have individuals on this board who have failed repeatedly to carry out there fiduciary responsibility. They may be using the insurance as a blanket because they know that kind of protection. If the liability happen to come from an individual that make a law suit then the liability should come directly from that individuals' pocket. Not under this blanket of insurance. I am not saying get rid of the insurance. I am saying it is time now for us to start carrying out our fiduciary responsibility. That's all I am saying. Because the liability could be tremendously, the repercussions could be tremendously high. It's about time to stop hiding behind all these protections. Either you are going to be a fiduciary here or you are not going to be a fiduciary. If you can't stand up here and carry out your fiduciary responsibility, then I don't think you should be here including myself. I can the take the risk because my buddy is covered because we have insurance. My motion is saying take that coverage off on this issue.

Mr. Kallianis asked, were we required that each sign acknowledgment of there fiduciary responsibility. The Plan Attorney replied it was brought up a number of times but the Committee never adopted that policy. The Authority members individually had adopted that policy and all signed fiduciary statements. Mr. Kallianis asked again. What you are saying that we actually sign saying that we will accept our fiduciary responsibility? The Plan Attorney answered, correct. Mr. Kallianis then asked, you have not gotten any signed fiduciary responsibility acknowledgment from the union side. The Plan Attorney responded. It was not on the Committee's agenda. It had been for a number of years past. It was never brought up to be executed.

Mr. Collins responded. I'd just like to make a statement based on that. If I'm found to lack the fiduciary duties that are expected of that, I go to jail whether I sign something or not. That document imply certain things, but it does not omit me from certain things. If I say anything wrong I want the Plan Attorney to say that.

The Plan Attorney said that you are responsible whether you sign or not. The Committee can vote as so see fit. I will point out to you that insurance is very valuable. I would caution you carefully. I don't think that you can effectively remove that insurance coverage. It's on no one is excepted from that policy. That's a coverage which is here. Unless we go to our insurance company and say carve out this and carve out that.

Mr. Thomas stated that he understood his motion. If you known what I said in the minutes. I know what the records are going to say. I'm speaking of this particular incident. I'm not removing any insurance. We have you sitting here telling us what the Plan say, what the arbitrator award say and we do contrary. I feel like the responsibility should rest on the individuals. That's the bottom line. I understand what you are saying Counsel and I appreciate that interpretation. That why we got you here because you are a good lawyer. It's time for it to stop. We have grid lock every meeting. Why are we having gridlock because we know what ever we do here we are covered under that provision under the insurance. I think it is unfair to the people who are paying the insurance who is the participant. I also told this Committee if you feel like somebody have committed fraud, you suppose to take issue with that individual. Not to hold everybody, you can't do that.

Mr. Collins asked if the motion is in order? The Plan Attorney explained that you got a contract of insurance, I think you can't throw that shackle off unless you are going to terminate you coverage.

Mr. Thomas exclaimed, terminated it then. Because it's time for us to step up and be men and women and start making decisions like we been doing since 1980.

Mr. Collins commented. There is a lot of dialogue going on this subject. I don't think it takes a PHD to read that award and understand what that award is saying. The wording is very explicate. It doesn't take much more than a grade school education to understand what that award is saying. That's the frustration that Mr. Thomas is trying verbalize right now. That's the frustration that we're all experiencing right now. What is it, aside from being totally objective. What is it that is causing the positions that people are taking right now. I don't understand it, because the language is clear. Anyone that reads that language and tells me that their position is contrary to what Mr. Thomas is saying right now. I'd like to know what other than objectivity is the driving force behind the position that those individuals are taking. Our job is to sit here and administer this Plan based on what we have before us. That issue was arbitrated. That award was rendered. Again that award is explicit and clear enough. That this should be an elementary issue. We shouldn't have to bounce back and force on this issue every month when we got clear and concise language. If the language is too difficult for us that we can't interpret the language that is what we have the attorney here for. We shouldn't dead lock on this kind of issue. We've got an attorney here to interpret things we don't understand. His interpretation is that 95 back according to the award that's governing this whole situation allows for W2 earnings. He here to interpret. Anyone have trouble with his interpretation? We use our attorneys to clear muddy water. His statements have cleared the water. So now what is causing the gridlock? I want to know is it personal. The question was directed to the Plan Attorney. How did he interpret that award in allowing board members in question to retire. That was the question that was posed to him by Mr. Thomas. To which he responded that the award allows those member to go out 95 back. Do we conduct this meeting without an attorney. Do we as a Committee not need an attorney. Maybe we don't need an attorney. To clear the waters somebody tell me what the problem is.

Mr. Williams said it is sort of like when you are represented when you go in and you talk to a manager knowing that the manager can't make a decision. I got a lot of respect for the Chairman. Lot of respect for Louis Sanford, Craig Lang, and John Kallianis. But if they can't make the decisions and you got people making the decisions elsewhere that don't have a clue to what's going on. I think they would appreciate if those people hadn't been sitting on the board all the time, they would understand. They would understand the plan attorney responsibility. Everything you said is true. They know it's true. But, we're beating our head against the wall because if you have instructions to go a particular way, you are going to go that way. The concern should be the Plan participants. That should be the number one concern, but that's not it on one side of the table. What I would like us to do is move on the motion and move on with our business and take what ever steps are necessary. But understanding that it disturbs me, I know it disturbs everyone on labor side and probably someone on management side that we continue to go in this direction. If our members are not afford what they are entitled to you can rest assured we're going to be scrutinized on each everything that comes through.

Mr. Thomas informed the Board that the Plan Attorney is a fiduciary also. He comes under that insurance also as well as we do. So that motion was not just restricted to us it will also take care of Counsel also. I don't care how he presented to board about conscience. Counsel knows about the arbitration award. He knows it better than I do. Counsel knows what the Plan say. But he was just more or less trying to tell you about your conscience. Conscience don't mean a bag of beans when it time for me to look for a check and I don't get a check. I also wanted to say that we do have to vote on that motion. I also feel that, we put Counsel in a very precarious situation. His field is very broad and he works in all kind of fazes. He does a lot of things for the CTA that's not

relative to this pension Plan. I don't mean to be insulting to you, maybe you are not capable of making a fair decision. You may not have the capability to do certain things that this committee may require of you, because of your other involvement's. Maybe we ought to look at you playing role with the Plan, not firing you. But at the same time some issues come up involving this Plan maybe we are to look at some other kind of counseling. Because I know you're put in a box in some of these cases.

The Plan Attorney responded. I've tried to answer this question pretty straight up. I've said basically what the documents provide, what the bylaws provide and that people have the right to vote. So I mean other lawyers may view it differently but that basically how I would cut it regardless.

Mr. Collins attempted to continue with the motion. Mr. Killianis felt that the motion was inappropriate.

The Plan Attorney gave his opinion. You've got an insurance policy, you can't carve people out of that policy. If you want to say scratch the insurance policy then terminate the coverage that's one thing. But you can not say to individuals it's going to be put to a vote on carving themselves out of that coverage. I don't think that's really appropriate to make to make that motion.

Mr. Thomas asserted, I disagree with Counsel. The gridlock has caused a lot of frustration and harm to individuals that is not even on this committee. What I'm saying is sometimes decisions are predicated on having such coverage. I am saying that when you find that individuals won't make decisions especially when you have given us directions. They fail to adhere to your direction. Then I feel like those individuals should not have such coverage. This is one of the issues that been on the table now for months. Ever since the Healy award came out. I feel that gridlock is there. Nobody cares about you going to court anymore because their saying I got insurance. The only thing that these participants can do is go to court and sue the Plan. When they sue the Plan, you can't sue me because I'm covered. I don't think anyone on this Plan should be able to hide behind this insurance policy. You going to make decisions that are advantage to you. I'm not just talking about management people. I'm talking about union management. You have told us a thousand times what that award mean. I want the records to state, and I want that motion called whether its appropriate or inappropriate. Let somebody in the other arena tell me whether it's appropriate or not. I think it's an appropriate motion. I'm not saying scrap the insurance coverage. I'm just saying on this issue, only this issue. If someone brings a lawsuit, which it's going to be, you know it going to be many lawsuit. They going to start ringing out this evening. Rightfully so, they should ring out this evening and everybody here should be subpoenaed to testify on you actions. I'm saying that the insurance should not protect an individual on this issue. Because it's been hanging out there to long. Especially, when you have given us and interpretation of the arbitration award. You also went through the Plan documents, you interpreted that document and I think everybody in here respect your interpretation up until now for some reason.

Mr. Collins stated that we have a motion on the floor that's been duly second. Ms. Fuller said, I just want to clarify that according to the wording of the motion. That a lawsuit arising out of discussion of these individuals in their situation constitutes a failure to carry out their fiduciary responsibility by the wording of your motion. That is the threshold for deciding, that if a lawsuit arises that means that individual board members have failed their fiduciary responsibility. Mr. Thomas explained. What it really means. If a lawsuit arises and I'm found by the courts that I've failed to carry out my responsibility then the liability rest on me not the Pension Plan. Ms. Fuller asked, it's the judgment not the filing of the lawsuit. Mr. Thomas responded, the liability rest on me if fail to carry out my fiduciary responsibility.

Mr. Kallianis said, when we talk about things like this we should have motion read back by the



person doing the minutes. If that's going to be the official record. We talked about this before and I think we would be better served with a court reporter. To avoid the confusion we're talking about now, when we have a motion we've stated 6 times. We don't know what the motion was the first time.

Mr. Collins asserted, we have discussed this before. What came out of it was that, this committee has functioned for many, many, many years. Why this particular committee manned by these particular individuals would now need a court reporter is beyond me. This committee has functioned successfully since the 50's. Forty years. I for one would not want to be part of any thing that would suggest that I need to bring in a court reporter. Because we here understand our fiduciary responsibilities and we should carry them out. There is no need for a court reporter. Mr. Collins attempted to bring the motion to a roll call vote.

The Chairman said that motion is out of order. Mr. Thomas responded, its not your place to call nothing out of order, you don't chair this committee. He didn't say it was out of order he said he don't think it was an appropriate motion.

The Plan Attorney said, I agree the motion is out of order. You can't be voting on termination of insurance coverage. If you want to terminate your insurance coverage, move to cancel your coverage. You got a motion on the history of the Plan where you have approved paying commissions for insurance coverage. That's what you bought.

Mr. Collins said, what Mr. Thomas is saying is that how do you hold a fiduciary accountable. If so we want to know right now. Because once we determine a fiduciary accountable we want to go on record stating that whoever is not carrying out there fiduciary responsibility should be held accountable in the direction that you give us.

The Plan Attorney said a member could file a proceeding in a court of law to challenge the continued membership of an individual on the committee because of a perceived hopefully provable breech of fiduciary duty. That would be one vehicle that you would use. Second vehicle that you would use. You would amend the committee, by way of 241 or 308, could move to amend the provisions of the Plan in the collective bargaining context to set up a different structure for the appointment for committee members. You could ask for the appointment by an outside panel, you could ask for the appointment by the legislature of the State of Illinois for committee members. Remove it away from the present system of the Authority and Unions representing them. You could move forward in that context. That would be a second level which would be to amend the Plan in the process we now have. The third one would be to file a suit for damages by one group of committee members against other committee members for a breech of fiduciary duties. You could attempt to do that. You can rest assured that when we do that we get into situations where we have litigation against the committee we're going to have additional court cost. We're going to have legal fees by the insurance companies counsel who's going to be defending these actions. Our premiums are going to go up. Those are the 3 that comes to mind initially and that is how you address this issue.

The Plan Attorney continued. The court itself could make an assessment of damages or something if so saw fit. That's not beyond the power of a court to do so. Mr. Collins gave an example to Counsel. If the sky is blue and I as a fiduciary maintain that it is red at some point am I held liable and accountable for the fact that I said that the sky is red. When it's plain and clear that the sky is blue.

The Plan Attorney answered. You could be in a court of law and they could say yes we're going to hold you personally responsible. This is a matter that basically you've done over an above this. It could go beyond that. Unless the insurance company can get off the hook and say, your actions

do not warrant our insurance coverage because of what ever motive you to spoke through. This is not an insured event we're speaking of here. Then the liability could come back on the individual. But you have to be held not be covered under your basic insurance coverage to be exposed in that fashion.

Mr. Collins stated that there's a motion on the floor duly seconded and called for a vote. Mr. Kallianis continued with his reservations concerning the motion. He didn't think it should be voted up or down. It's not appropriate The Plan Attorney advise the Board that they could either say, yes, no or you could say I abstain and state forth the reason.

There was a roll call of members as follows:

Mr. D. Anosike	abstain-impropermotion
Mr. L. Sanford	abstain-inappropriatemotion
Mr. J. Kallianis	abstain-inappropriatemotion
Mr. C. Lang	abstain
Ms. L. Fuller	abstain

Mr. I. Thomas	yes - deadlock has been going on to long and individuals do not have the best interest for the participants of the Plan
Mr. T. Collins	yes - if a fiduciary has clear information in front of them they should carry out there fiduciary responsibilities
Mr. L. Brown	yes
Mr. J. Williams	yes
Ms. W. Black	yes

Mr. Collins commented to the Counsel. I believe two months ago you represented that by virtue of a person being on retirement, they've got a pension and they must get a pension check. By virtue of that simple fact can we as a committee say that the 3 individuals in question have no December check coming.

The Plan Attorney responded. The Committee in light of it's prior action setting a pension benefit for the months of October and November. It behooves the Committee to set a pension benefit for the months of December and the following months. That's where we are precisely. These people should get a benefit. It's up to the Committee to determine what that benefit are. We've talked about the W2's, we've talked about questions in regards to the record keeping. The Committee should make a call now as to what the benefit's are going to be. Mr. Collins continued. We did determine an amount. Based on that amount we did pay for two months. It seems to me an amount has been determined. If there is a gridlock. Why then should the member, even remotely, suffer. An amount has been established in the interim.

Mr. Anosike said we have spent 2 or 3 hours debating this issue. We had 2 motions on this and both of them failed. We're going back to where we just spent 2 hours on. I suggest that we move on. Mr. Collins exclaimed, no. I want to know if the 3 individuals who have been on retirement since October 1, 1998, if this committee is saying that those 3 individuals are not going to get a December check. I want to know whose going to say that.

The Plan Attorney made a suggestion. This committee is coming into some very troubled waters. We're about to get into, unless there's some resolution of this issue. We're going to be involved in some litigation. These individuals are going to be suing the committee or their going to be sued by the union against the Authority. We all know what the options are that lie down the street. That's precisely what lies ahead of us here. So we're coming into some very difficult times here. My suggestion to you would be, at the present state and time we have no benefit for these people. I

sense there's a jar by the committee to provide a benefit, but we have no agreement in regards to the magnitude of what that benefit are going to be. We've gone 2 months of payments. With the Christmas season now , I think both sides, my suggestion would be to step back a bit before we jump over this cliff. Where we getting into a major fight. We're moving into an area where we're starting to put this whole Committee structure in jeopardy. We're going to have some oversight. People are going to start saying, we don't think these people can handle this. We'll take this up to Springfield or we're going to take this up elsewhere. We're going to move this away from this group that run this Plan. We're coming very close to that point particularly because we're losing staff. We don't have staff to operate the plan, we can agree upon that. We're ripe for pickings by some group that would love to get there hands on this pot of money an run. I suggest in light of that, you continue the benefits for another month get them over at this point and time. Both sides ought to step back because we're coming into some very difficult times for the Committee. With Mr. Forte leaving with no one to replace him, you got a real question on monitoring over there. You got a fight here going on these issues. We're coming close to the enclosing point at the Committee level. I'm really concern about that. We've been on this issue for 3 hours. I would encourage you, You've made the payments for 2 months without being committed to go forward. You might wish to consider doing at least for one month. Let both sides step back and say wait a second. We're in deep, deep water.

Mr. Collins said, I appreciate that as an attempt to put a Band-Aid on it. I'd like to for you to maybe consider maybe another suggestion. I think that is a very difficult position that we put these individuals in to try to guess whether their mortgages are going to be paid from month to month. People who sign rental agreements they sign up for a year or 2 years so they don't have to go through a month to month situation. It's a very difficult situation to be in. For them to sweat this kind of thing out month after month after month. I am sure that the members here, if you think about it you wouldn't want to place in that kind of situation either. While, I think we are leaning a little bit in the right direction with the suggestion that you just made. Maybe with a little more deliberation and a little more time added in could sort of satisfy the concerns of everyone around the table. I don't think anyone here would want someone to go into the new year without a pension. A pension that is entitled to them.

Mr. Kallianis said, I agree wholeheartedly with you. I don't think anyone sitting here wants to deny anyone a benefit. I wouldn't want to be in a position sitting and wondering whether or not you would get a check at the end of the month. We've talked about this for a couple hours. Previously for the last couple of months. I think that the motion that we made earlier.

Mr. Collins responded, you voted in favor of it and that motion was voted down. We've done 3 hours of deliberation. No need in rehashing what we've already done. He's retiring based on his knowledge of what was written in the contract. He knows what his pension is because he's read all the relevant documents. Based on that, he had a good idea what his pension was even before Mr. Forte gave him the official numbers. I subscribe to you each and ever board member who put in for his pension. Put in for that pension based upon the relevant documents that were there for him to scrutinize. Those documents were the arbitration award and the contract. That arbitration award again is a relevant document that we simply cannot ignore. We can't ignore that document because it was the basis of that document and the contract which cause these individuals to go on pension. For us to talk about anything that would provide a short term pension a reduced pension until something other than the Duncan Harris letter. He's entitled to his opinion. I am saying that this committee should not conduct a witch hunt based on Duncan Harris's opinion. If Duncan Harris feels that there is something he thinks should be straighten out. Then he himself has full opportunity as General Counsel of Chicago Transit Authority to pursue it. We're here to say whether or not those individuals who went on retirement used the proper documents in basing their request for a pension.

Ms. Rayford asked if somebody sitting at this table has some doubts in relationship to the authenticity of the W2's. Have you viewed the documents to say this looks improper as a fiduciary member of this committee making a decision. Did you honestly in relationship to holding up these people money, go and view and look at something and said you had a problem or are you going by hearsay. Because all the documents were available to you as a fiduciary, the attorneys on your side and through the arbitrator.

Mr. Sanford replied that there were concerns that date back some 3 years on pension eligible earnings from individuals who have income from two different sources. That's what this is about, it didn't just start, it started 3 years ago. If there were concerns about the pension contributions then somewhere we should have gotten something with some more proof. We talked about the arbitration. Some where we're leaving out a part of that arbitration. Yes the arbitrator said, yes you can use W2 earnings. But it still says unless there is some issue with the pension eligible earnings. You keep leaving out that part. It says use the W2's unless there are some issues continue using the W2'. Now we're not necessary talking about as you were eluding to earlier whether the person working or whether they were sitting up there just sleep. We don't care the company paid for sitting there sleep, let them sit there sleep. But the company says they worked during this period of time. If the union say yes they worked they're pension eligible. But if they worked and CTA says they worked and its at the same time. They can't be at both places. If they are at both places let them earn the money, but certainly from over here both of those salaries should not be pension eligible. There are very few that have earnings from 2 different sources. Either we need to be very clear and should be very clear, that it is documented income and it is documented earnings that are pension eligible. It can be income, but is it pension eligible income. You may do some things in 308 but I do not care whether you pay your people for doing anything that you want to pay them for. But is it pension eligible earnings. We should do something to make sure that they get their pension benefits.

Mr. Collins said, I agree and I believe there has been something established that have set the stage for them to receive person benefits. I have not heard anything that would remotely suggest that amount should be changed. My question to this board is that, is there anyone that feels that the administrative office is not to be put in position so that these members can the benefits that they have earned.

It cuts to the core of what we are here for. We are here to deal with membership benefits. We got 3 members who is benefits are being threaten. That is what we are for. That is why we sit at this board. We have to provide those benefits for those individuals before we leave here.

Mr. Thomas stated that the arbitrator stated Chicago Transit Authority records are in a shambles. The union records are in a shambles. No records can substantiate what happen from a period of time because your records are messed up. That is what the arbitrator quoted in his award. If we put that kind of demand on the Authority to go back and get some records. You can not do it. Put it on the Union there are not any records. No more than what is already been exposed. Everybody is records are in a shamble. If anybody at the table read that arbitration award, Healy stated that the union records are in a shamble. He just ridiculed the heck out of CTA and the union. No one at this table expected to get into this kind of dialogue or this kind of gridlock because of some records. There are not any records. Suppose we do not never produce a record are we go be out there forever and a day. He said both our records are in a shamble and what the Authority is attempting to do is asking us for records that will probably will never be produce and can not be produced.

Mr. Collins reiterated that Counsel made a suggestion to attempt to do something with the gridlock. Basically is was to continue what we have done for another month. I asked him to try to fashion some other idea. Because the month to month thing is a lot of pressure on the individuals who are trying to receive a benefit.

The Plan Attorney said, I just thought of the month because I think the discussion not being very truthful right now. I think both sides ought to step back and say wait a second let us see how far we going to push this one. Because you are going to end up in litigation by these individuals suing the plan. That is what is going to happen. I think that before we get to that particular point and time we should sort of cool it just a bit and step back. We had it for 2 months. I suggested a month, whether its a month, 2 or 3 months, I do not care. I think, pull back because we are coming into some very difficult waters. If we stay on this present course we are going to end up with no benefits for these individuals. We are hell bent for a lawsuit. We do not need that in addition to the problems we already have with the Plan, right now.

Mr. Collins asked Counsel a question. In the event that no additional records are produced for one or two reasons. Either there are not any or simply the organization does not produce. Where then lies the responsibility of this Committee in determining what a pension should be for an eligible person.

The Plan Attorney said, the Committee would then say we got W2's. Will we live with the W2's which is what we have and what is referenced in the order, or are we going to attempt to fashion some other relief and come to some compromise payment with these people. The people may wish to compromise the issue. But it is going to be an acceptance of the W2s or a compromise. You could basically end up with a lawsuit having a court making that decision. Those are your 3 options. The motion lost, give them a pension based upon CTA. We are right now we are nowhere. We do not have a number to click on if they should get a benefit.

Mr. Collins said when we first discussed this we talked about the auditor bringing back her report. We did not say how we were going to use that report other than this committee will look at that report at that time. Why cannot we continue until we get the auditors report and carry through with what we said in that meeting. Which was if we get the auditors report, we look at it and discuss it.

Mr. Burke said that the only problem with that is I do not think you are going to get an auditors report. Because the auditors just going to say basically, I got the authorities records I have what Ms. Black produced. I cannot complete my report. I think you may be setting up a time frame or expectancy which is not going to happen. Quite candidly, I wish it was that easy. You go with the W2's, you go with a negotiated settlement or you go to the court house and they tell you what to do. Those are our options.

Mr. Williams said there pension would be according to what our bylaws are, and they are receiving that. We don t have the ability to stop that unless we come to an agreed conclusion. Their receiving a payment. If this body thinks that there is something wrong or should not be then the body would have to take it to a court or arbitrator. If we do not come to a conclusion and have gridlock then we would have to take it further. But right now these individuals are entitled to what they are being paid. They are being paid per these bylaws and per the arbitration ruling. You brought it to 241 and 308 and said you had a problem, we disagreed. We said everything should be O.K., you said no. What is the next step. We took it to an arbitrator. The arbitrator came back and ruled that this is what my ruling. Now what you have done, you said I do not like the arbitrator ruling we want more. That is wrong. The arbitrators decision is final and binding. We must go by the arbitrators decision. The CTA handed out these individuals to retire. Now it is the boards responsibility to make a decision. Our decision, the 3 are already getting a pension. I would suggest that we move forward and if we decide that there is something wrong, there someone we want to challenge then we make that challenge through an arbitrator or take that court. In the meantime lets move forward. I do not see that being so hard and complicated.

The Plan Attorney said the difficulty I see is this the resolution approving the payments to these 3 folks is set in a time frame. That last payment was the November payment. We do not have any

authorization before the Committee to go to December. I would suggest another thing. You could set up a method of payments, the same payments their currently getting and say to the arbitrator we are going to go back to the arbitrator and we want a clarification of your opinion. Mainly, does the union have to supply days and hours. If they do not supply or cannot supply then what is the Committee,s direction. Should they live strictly with the W2's or is there some other resolution. You could go back to the same arbitrator and put the question back to them. That might be some other approach to to get out of this gridlock. You could say make a motion the payments will continue pending a decision by the arbitrator. We will go back to same arbitrator and say, is it essential that there be an hour by hour day by day calculation of what these people did. If not you tell us Mr. Arbitrator what do we have to pay on. Do we go strictly with the W2.

Mr. Thomas said that if we go to an arbitrator again, I think that it behooves us to have Counsel there with the CTA and Union attorney. You should be there because this thing effects us as a committee member.

Ms. Fuller asked, does that address the issue of the W2 and benefit eligible? Does that resolve the issue.

The Plan Attorney responded that the arbitration issue is very clear. People are coming up for pension. No one here disputes their entitled to benefits. How do we calculate the pension benefits. Must there be documentation produced to show what they did and when they did it. If that is so, then the concerns which are being articulated by Duncan Harris are aggressive in that context. If Mr. Healy says no, ball games over, then the ball games over. You pay for it pursuant to the W2s.

Mr. Sanford expressed that it is simpler than that. I do not want to know what they did or who they represented. Were they doing it and reported as time for the union and also they were on the clock for CTA.

The Plan Attorney suggested that if the Union and Authority want, I could write a letter to Mr. Healy with copies going to everyone. I am the attorney for the Retirement Allowance Committee. A question of interpretation has come up and we need your guidance on it. We have read your ruling and you speak of W2's. The Authority has raised a question about the need to account that the W2's are pension eligible earnings. That the part-time union people are not being paid for union work when there doing CTA work. Is there an obligation to only pay for work that is being either for Union or Authority but no overlapping work. Must that be documented, if so, give us the sense of how you approach the document. I could put it in a letter to Mr. Healy and ask him for a response. If he wants a hearing, he can have a hearing. The Plan is drafted by the Authority and Union and is articulated by the Arbitrator.

Mr. Williams wanted the Plan Attorney's suggestion in the form of a motion. Ms. Black seconded the motion. There was a roll call of members as follows:

Mr. D. Anosike	no	Mr. I. Thomas	yes
Mr. L. Sanford	yes	Mr. T. Collins	yes
Mr. J. Kallianis	no	Mr. J. Guerrero	yes
Mr. C. Lang	present	Mr. J. Williams	yes
Ms. L. Fuller	present	Ms. W. Black	yes

Mr. Collins exclaimed, I do not know if any of the relevant points that have been made have been listen too. We have offered many different solutions and many different opinions of what is before us today. Is there anything that I can say today to anyone on the management side that would make them or even consider changing their minds. Or are there minds already made up.

Mr. Kallianis replied, our minds are not made up. But their made up within reason. We are going to have to come to some agreement that we are both are comfortable with. I think it is unfair to assume that our minds are made up on this.

Meeting recessed. (side bar)

Mr. T. Collins, Chairman of the General Administration Subcommittee, called the meeting back to order.

On a motion by the Mr. Anosike, seconded by Mr. Sanford, The Committee unanimously approved to extend the benefits that has been provided in the previous months to the 3 individuals in question. To allow time for the parties to go back and try to seek solutions to the issue of pension benefits..

Mr. Forte reminded the Committee that we have 7 more people that are board members that have dates for January 1, 1999. How are you going to pay these guys. The Plan Attorney suggested to hold this issue and not pass upon it now because we have this other issue with the other 3 coming up in January.

Mr. Collins requested approval of items 6a through 6g.

On a motion by Mr. Thomas, seconded by Mr. Williams, the Committee unanimously approved the General Administration Report.

7. Old Business - None

8. New Business - On a motion by the Chairman, seconded by Mr. Collins, The Committee unanimously approved that Mr. I. Thomas become Chairman of Retirement Allowance Committee.

On a motion by the Ms. Black, seconded by Mr. Kallianis, The Committee unanimously approved that Mr. D. Anosike become Vice-Chairman of Retirement Allowance Committee.

The Chairman and Vice-Chairman of the Retirement Allowance Committee will assign someone to temporarily supervise the pension office due to the retirement of Mr. Forte.

9. There being no further business, the Committee adjourned at 1:30 p.m.

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Wayne Ross

Date

Chairman,  
Retirement Allowance Committee

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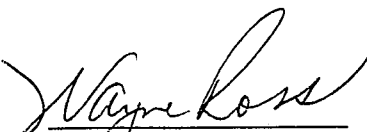
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