

RETIREMENT PLAN  
FOR  
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 418th Meeting of the Retirement Allowance Committee was held on Monday, October 17, 1983, at 10:30 A.M., in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

Mr. C. Andersen	Mr. P. Kole
Mr. E. Flowers	Mr. D. Perk
Mr. C. Hall	Mr. J. Weatherspoon

Mr. L. Brown, alternate for Mr. A. Kasmer was present.

Mr. L. Morris, alternate for Mr. I. Thomas, was present.

Mr. R. O'Connor, alternate for Mr. J. Gallagher, was present.

Mr. R. Bartkowicz, alternate for Mr. R. Fleming, was present.

Messrs. H. Hegarty, R. Goldman and A. Kemp were also present.

Messrs. G. Nagle, J. Mullen and Ms. C. Cox were present.

Messrs. D. Lemm, W. Ashley and J. Bidwill were present.

Mr. J. Hamilton, W. Leszinske, J. Fitzpatrick and M. O'Leary of Continental Bank were present. Mr. R. Zerbst, Pension Real Estate Services, Inc., was present. Mr. B. Scholz, pensioner, was present.

Mr. R. Burke, the Plan Attorney, was present. Mr. J. Baratka, The Wyatt Company, was also present.

The Chairman called the meeting to order at 10:40 A.M.

Mr. Leszinske of Continental Bank turned the Committee's attention to a letter, dated October 3, 1983, entitled "September Market Summary," and noted that during the period from the end of August to the end of September the interest rates had worked their way modestly lower. Mr. Leszinske stated that this trend will con-

tinue throughout the balance of the year and on into early 1984 although it will be at a very erratic rate.

Mr. Hamilton of Continental Bank then informed the Committee that he was retiring effective November 1, 1983 and expressed his appreciation for the wonderful working relationship he had experienced with the Committee.

The Chairman asked for approval of the Minutes of the 417th Meeting of the Retirement Allowance Committee, held Monday, September 12, 1983. The Secretary informed the Chairman that page 3 of the Minutes had been revised and an attachment added, copies of which were passed out to each Committee Member. After perusal by the Committee, Mr. Kole made a motion to approve the Minutes as revised, Mr. Perk seconded the motion and the Committee unanimously approved the revised Minutes of the 418th Meeting, held September 12, 1983.

The Assistant Secretary then asked for approval of items 4 (a) through (i) on the agenda, which were held in abeyance from the last meeting. On a motion by Mr. Kole, seconded by Mr. Brown, the Committee unanimously approved items 4 (a) through (i) on the agenda, which were held in abeyance from the meeting of September 12, 1983.

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

The Secretary presented a total of five (5) Survivorship Options for approval. The Secretary noted that the option for Raymond Gonzalez was being approved pending receipt of favorable determination by our Medical Department. On a motion by Mr. Kole, seconded by Mr. Flowers, the Committee unanimously approved the

Survivorship Options including that of Raymond Gonzalez pending favorable determination from Medical Department.

The Assistant Secretary presented four (4) Pre-Retirement Surviving Spouse Options for approval. On a motion by Mr. Kole, seconded by Mr. Hall, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options.

The Assistant Secretary presented eight (8) Applications for Retirement which included requests that Quinton James' retirement be made retroactive to October 1, 1983 because the employee's department submitted his papers late. On a motion by Mr. Kole, seconded by Mr. Hall, the Committee unanimously approved the retirement applications including the request for the October 1, 1983 retroactive retirement of Quinton James.

The Assistant Secretary reported that five (5) employees who are receiving Disability Retirement Benefits were examined or had their file reviewed.

The Assistant Secretary presented sixteen (16) refunds of contributions, totaling \$167,131.26 for approval. The comparison figures for the same period of time one year ago were twenty (20) refunds, totaling \$144,301.43. On a motion by Mr. Kole, seconded by Mr. Flowers, the Committee unanimously approved payment of the refunds of contributions to be paid October 31, 1983

The Assistant Secretary presented the report of Deposits, Disbursements and Investments noting that as of September 30, 1983 there was a total of \$516,329,753.90 in cash and investments.

The Assistant Secretary reported that there was one (1) CTA bill, totaling \$34,265.18; seven (7) Operating bills, totaling

\$25,706.64; and, eight (8) Remittances, totaling \$271,121.03.

The Assistant Secretary also noted that the FIT Deposit was \$77,753.22. On a motion by Mr. Kole, seconded by Mr. Hall, the Committee unanimously approved payment of the bills and remittances, totaling \$408,846.07.

The Assistant Secretary submitted for approval twenty-six (26) Death Benefits, totaling \$54,500.00. The comparison figures for the same time last year were twenty-seven (27) Death Benefits, totaling \$57,000.00. On a motion by Mr. Kole, seconded by Mr. Perk, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Assistant Secretary requested that the matters concerning Terrence Murtaugh and Richard G. Rusinak be held in abeyance until the Plan Attorney was present and could give a report.

The Assistant Secretary informed the Committee that at the Real Estate Subcommittee Meeting held October 4, 1983 the subcommittee had approved the recommendation for a fee advance to Pension Real Estate Services, Inc. The Assistant Secretary noted that the amount of the fee advance was an initial \$57,000.00 to cover the period through September 10, 1983 and up to \$15,000.00 per month thereafter until such time as the fee schedule would equal the advances. On a motion by Mr. Kole, seconded by Messrs. Perk and Flowers, the Committee unanimously approved the payment of the fee advances to Pension Real Estate Services, Inc.

The Assistant Secretary recommended that the Securities Lending presentation be held in abeyance as the subcommittee did not have an opportunity to meet and discuss the matter.

The Assistant Secretary recommended that the appointment of the Plan Actuary for Plan Year 1983 be held in abeyance until the next meeting.

The Assistant Secretary informed the Committee that the Real Estate Subcommittee, at their meeting of October 4, 1984, had agreed to recommend to the full Committee investment in a project known as Country Lakes Apartments located in Naperville, IL. The Assistant Secretary noted that at the subcommittee's request a telephone poll was conducted and resulted in approval of the investment which had been recommended by Dr. Zerbst and received concurrence of Continental Bank. Dr. Zerbst then presented a report on the status of the investment noting that at present a first draft of the loan commitment had been drawn up and the final details were being worked out with the borrower. Dr. Zerbst also noted that on the financial side, basically, all the deal points were in order and the estimates show a projected yield in the range of 15.7 percent if we assume a 6 percent inflation rate which would give a 9 percent real rate of return. A discussion ensued between Mr. Hamilton, Dr. Zerbst, Messrs. Kole and Andersen during which Dr. Zerbst explained his letter of October 7, 1983 regarding the actual yield, the projected date for ground breaking and the source of the construction loan.

The Assistant Secretary informed the Committee that Betty J. Rice, who retired on disability on September 1, 1983, had returned to duty on October 6, 1983. George Kaderabek, who retired on disability on June 1, 1980, had returned to duty on August 15, 1983.

The Assistant Secretary informed the Committee that

Joseph Grzelak's B-1/2 Option was being adjusted effective August 1, 1983 due to the death of his spouse on August 4, 1983.

The Assistant Secretary informed the Committee that James Williams, Jr. who was reinstated on June 28, 1983, failed to reimburse the Fund \$2,534.30 in refunded contributions within the 90 day period as provided under Rule 21 and, therefore, would be given a new pension seniority date of June 28, 1983.

The Assistant Secretary informed the Committee that Ernest Carter had revoked his B-1/2 Option Survivorship Option which was to become effective January 1, 1984.

The Assistant Secretary recommended that the matter of the use a Power of Attooney be held in abeyance until the Plan Attorney could be present.

The Assistant Secretary informed the Committee that the Plan Booklets were printed and scheduled to be distributed within 7 to 10 days.

The Assistant Secretary turned the Committee's attention to a report on discontinued Security Department personnel, a copy of which was included in each Committee Member's pass out material. The Assistant Secretary explained each page of the report a requested that a motion be made to allow the Secretary's Office to give new Pension seniority dates to those employee's who had returned to duty and not indicated that they wanted to repay the retirement contributions which had been refunded to them. A discussion ensued between the Chairman, Assistant Secretary, Secretary and Mr. O'Connor during which the Chairman requested that this matter be held in abeyance until the Secretary's Office could meet with the Plan Attorney and

draft a form to be sent to those individuals who have returned to duty and have not expressed an interest to repay the refunded contributions.

The Chairman brought to the Committee's attention the \$33 million loan to the Authority by the Retirement Fund and noted that repayment was scheduled to begin January 1, 1984 and recommended that the Committee instruct the Plan Attorney to contact the proper individuals within the Authority notifying them that payment was expected as scheduled or legal action would be taken. Upon the arrival of the Plan Attorney, the Chairman instructed him to prepare a letter reminding the Authority of their repayment obligation; the Plan Attorney stated that he would take care of the matter.

The Plan Attorney brought the Committee up to date on the facts surrounding the Terrence Murtaugh case and informed them that the matter had been discussed with Mr. King regarding the possibility of checking the Authority records to how many other employees are in the same type of situation as Mr. Murtaugh. The Plan Attorney stated that he was informed that there is no computer run available which would supply this information - it could only be done by a manual review of each of the present CTA employees' record. The Plan Attorney also noted that after review of the Plan there is no stipulation which allows an employee to buy back service and, therefore, the matter is beyond the power of the Committee. The Plan Attorney stated that bridging of service is a matter for negotiation between the labor and management and recommended that it be placed on the agenda for the next collective bargaining negotiations.

The Plan Attorney proceeded to the matter of Richard Rusniak, a former Security Department employee who has returned to work, wishes to repay his refunded contributions but at a lower amount than has been agreed to on the repayment schedule. A discussion ensued during which the Chairman stated that if the matter was to be considered it would be necessary to present documentation supporting his reasons for this request. The Plan Attorney stated that presently there was no hardship clause in Rule No. 26 and it would have to be amended to include this clause. After further discussion, Mr. Morris made a motion that the matter be held in abeyance until Mr. Rusniak had provided the Committee with proper documentation. Mr. Perk seconded the motion and the Committee unanimously approved. Mr. O'Connor also recommended that a representative of Local 241 look into the matter and report back to the Committee.

The Assistant Secretary noted that it has been the past practice of the Secretary's Office not accept the use of a Power of Attorney because of the additional burden it would place on the Secretary's Office and stated that it is desired that this be continued in this manner. The Assistant Secretary then asked the Plan Attorney to explain the circumstances under which the use of a Power Attorney was presently being sought by one of our pensioner's family. The Plan Attorney noted that a request had been received in the Secretary's Office asking that Power of Attorney be given to the daughter of a pensioner which outlines how the funds under our direct deposit program would be executed. The Plan Attorney noted that presently there is nothing in the Plan



barring an individual who has the right to a pension from the Plan from giving a Power of Attorney - which in essence would authorize someone else to sign for the pensioner. Further, the Plan Attorney stated that he was advised by the Secretary's Office that they had not accepted Powers of Attorney because of the difficulty of verification as to whether the pensioner was still alive and active. He further stated that if the Committee desired to decline the use of a Power of Attroney he suggested that a rule be adopted to that effect. After further discussion, Mr. Kole made a motion that the Committee adopt a rule which would restrict the use of a Power of Attorney, Messrs. Perk and Hall seconded the motion and the Committee unanimously approved.

There being no further business, on a motion by Mr. Kole, seconded by Mr. Flowers, the Committee unanimously agreed to adjourn at 11:35 A.M.

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ASSISTANT SECRETARY  
RETIREMENT ALLOWANCE COMMITTEE

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CHAIRMAN  
RETIREMENT ALLOWANCE COMMITTEE

DATED \_\_\_\_\_