

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 421st Meeting of the Retirement Allowance Committee was held on Monday, January 16, 1984, at 10:30 A.M., in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

Mr. C. Andersen	Mr. A. Kasmer
Mr. R. Andrzejewski	Mr. D. Perk
Mr. E. Flowers	Mr. I. Thomas
Mr. J. Gallagher	Mr. J. Weatherspoon

Mr. R. O'Connor, alternate for Mr. P. Kole, was present. Mr. A. Kemp, alternate for Mr. C. Hall, was present. Messrs. R. Goldman, H. Hegarty, L. Brown, L. Morris, and R. Jania were present. Messrs. G. Nagle, J. Mullen and Ms. C. Cox were present. Messrs. W. Leszinske and J. Fitzpatrick of Continental Bank were also present. Mr. R. Burke, the Plan Attorney, was present. Mr. J. Baratka, The Wyatt Company, was present. Dr. R. Zerbst and Mr. S. Grant, of Pension Real Estate Services, Inc., were present.

At the request of the Chairman, the Vice Chairman called the meeting to order at 11:00 A.M.

The Assistant Secretary informed the Committee that in the absence of the Secretary it would be necessary to appoint a Secretary Pro Tempore. A discussion ensued during which the Plan Attorney stated that according to the by-laws the Secretary Pro Tempore had to be a member of the Committee. He further explained that the Assistant Secretary would continue to function as in the past and would have the minutes prepared and presented to the Secretary or Secretary Pro Tempore for signature. Mr. Thomas made

a motion to appoint Mr. Perk as Secretary Pro Tempore.

Mr. Andersen seconded the motion, and the Committee unanimously approved.

Mr. Leszinske of Continental Bank turned the Committee's attention to a letter, dated January 12, 1984, entitled "December Market Summary." Mr. Leszinske noted that interest rates continued to fluctuate, however, it is anticipated that they will begin to decline during the coming year.

The Vice Chairman called for approval of the Minutes of the 420th Meeting, held December 19, 1983. On a motion by Mr. Perk, seconded by Mr. Thomas, the Committee unanimously approved the Minutes of the 420th Meeting, held December 19, 1983.

The Assistant Secretary made a request for a motion that item 14(e), under New Business on the agenda, be discussed next. Mr. Flowers made a motion that item 14(e), under New Business, Recommendation of the Real Estate Subcommittee, be made the next item for discussion. Mr. Kemp seconded the motion, and the Committee unanimously approved. The Assistant Secretary noted that the Real Estate Subcommittee had recommended that the renewal of Dr. Zerbst's current contract be extended to the next meeting. In response to a request by the Vice Chairman, the Assistant Secretary explained that the current contract was for services through December 31, 1983. Mr. Perk made a motion that the contract be extended to the next full Committee Meeting in February. Mr. Flowers seconded the motion, and the Committee unanimously approved.

Mr. Perk also noted that the Real Estate Subcommittee had recommended investing in a property located in the Woodfield Business Center in Schaumburg, Illinois. A discussion ensued in which it was noted that Alternate Members had not received sufficient information, on a timely basis, to make a decision with respect to this investment. Mr. Thomas made a motion that the recommendation of the Real Estate Subcommittee be held in abeyance until the next meeting. The Vice Chairman asked that Mr. Thomas hold his motion until the matter of the alternates being provided sufficient information was addressed. Mr. Thomas agreed to hold his motion.

A discussion ensued between Committee Members during which Mr. Andersen expressed dissatisfaction with the present procedures for dissemination of materials for both the Real Estate Subcommittee and regular Retirement Allowance Committee Meetings.

At the request of the Vice Chairman, the Assistant Secretary explained the present dissemination procedures and noted that his office is open for suggestions. The Vice Chairman asked Mr. Andersen to meet with the Assistant Secretary and Plan Attorney on improving the current dissemination of materials procedure and report back to the Committee at the next meeting.

Pursuant to a request by the Vice Chairman, Dr. Zerbst explained the procedures he uses and addressed the problems involved. He further noted that after working with the Real Estate Subcommittee during the past year the procedures were developed and agreed upon. Dr. Zerbst suggested that if the Committee Members want to be completely informed they should attend the Real Estate Subcommittee Meetings where the full presentation is made. He further stated

that he would be happy to provide a copy of the proposals to all Committee Members and Alternates.

At the request of the Vice Chairman, the Plan Attorney addressed the matter and stated that it is important that the Committee know and understand the investment proposals prior to moving ahead and suggested that the Committee not vote on the current investment proposal today. However, he suggested that the deal should continue to go forward and that the Assistant Secretary conduct a telephone poll of Committee Members for their input no later than Friday of this week.

A discussion ensued between Mr. Perk, Mr. Kasmer, the Vice Chairman, Mr. Weatherspoon, and the Plan Attorney regarding the possibility of setting a time frame of approximately 5 days for Committee Members and Alternates to receive and peruse any material pertaining to proposed investments. The Plan Attorney stated that a hard, fast rule may be difficult to adhere to due to the nature of the real estate business and possible complexities involved.

The Vice Chairman reiterated the three issues at hand:

- (1) Mr. Andersen being appointed to meet with the Assistant Secretary and Plan Attorney to discuss the dissemination of material pertaining to the regular committee meeting agenda,
- (2) That the dissemination of materials pertaining to the Real Estate Subcommittee Meetings be made to all Committee Members and Alternates, and,
- (3) That with respect to the specific real estate proposal at hand, the Real Estate Subcommittee's recommendation be delayed until such time as the Assistant Sec-

retary's Office can conduct a telephone poll of all Committee Members no later than Friday. Mr. Thomas agreed to amend his motion as outlined by the Vice Chairman above. Mr. O'Connor seconded the motion, and the Committee unanimously approved.

Mr. Perk emphasized the importance of all Committee Members and Alternates presence at the Subcommittee Meetings in order that they have an opportunity to hear the presentation and ask any questions.

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

The Assistant Secretary presented a total of four (4) Survivorship Options; including an option for K. C. Davison and William L. Thomas pending receipt of a report of good health from our Medical Department. On a motion by Mr. Thomas, seconded by Mr. Kemp, the Committee unanimously approved the Survivorship Options, including the option for K. C. Davison and William L. Thomas pending receipt of notification of good health.

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

The Assistant Secretary presented twenty-nine (29) Retirement Applications for approval; including a recommendation for a January 1, 1984 retroactive retirement for James H. Strong, and informed the Committee that Mr. Strong's application arrived in the Assistant Secretary's Office late due to no fault of the employee. On a motion by Mr. Kasmer, seconded by Mr. Perk, the Committee unan-

imously approved the Retirement Applications, including the January 1, 1984 retroactive retirement for James H. Strong.

The Assistant Secretary reported that seven (7) employees who are presently receiving Disability Retirement Benefits were examined or had their file reviewed.

The Assistant Secretary presented sixteen (16) refunds of contributions, totaling \$113,325.22, for approval. The comparison figures for the same period of time one year ago were nineteen (19) refunds, totaling \$161,950.16. The Assistant Secretary requested that the payment to Beatrice O'Neal be subject to review by the Plan Attorney. On a motion by Mr. Thomas, seconded by Mr. Kemp, the Committee unanimously approved the refunds of contributions to be paid January 31, 1984.

The Assistant Secretary presented the report of Deposits, Disbursements and Investments noting that as of December 31, 1983 the Fund had a total of \$535,566,187.43 in cash and investments, which have a market value of \$604,478,000.96. Mr. Flowers inquired as to why contributions by the employer had not been made. A discussion ensued between Mr. Flowers, the Vice Chairman, Plan Attorney, Mr. Weatherspoon, the Assistant Secretary and Mr. Fitzpatrick during which it was noted that the payment was due and owing. Mr. Mullen interjected that the contributions from employees for the 10th and 11th fiscal periods, the periods in question, totaled \$387,643.88 and there had been no contributions made by the employer for these periods. Further discussion ensued between Mr. Perk, Mr. Fitzpatrick, Mr. Thomas, the Vice Chairman, the Assistant Secretary, and the Plan Attorney during which the Plan

Attorney recommended that a demand, in the form of a letter, be made of the Authority to meet its liability. Upon a request by Mr. Flowers for the amount of the monies owed by the Authority, Mr. Mullen stated that for the 10th fiscal period, the amount due is \$2,001,406.18; and, for the 11th fiscal period, the amount due is \$2,007,880.70 for a total of \$4,009,286.88. The Vice Chairman asked the Plan Attorney if the letter would be sufficient to protect the Committee Members in their fiduciary responsibilities to the Fund. The Plan Attorney responded that it would and that the letter should specify the loss of the principal and earnings thereon. Mr. Thomas made a motion that the Plan Attorney take the necessary steps to protect the interest of the Fund and that a letter be written over the signature of the Chairman of the Retirement Allowance Committee demanding immediate payment. Mr. Kasmer seconded the motion. On the question, Mr. Perk inquired as to whether the Committee is the administrative force of the Plan document. The Plan Attorney responded in the affirmative. The Vice Chairman then asked for a roll call vote, which resulted in unanimous approval by the Committee.

Mr. Thomas requested that the Plan Attorney provide a copy of the letter to all Committee Members and Alternates. Mr. Andersen requested that prior to any further action and subsequent to the letter being sent that Committee Members be apprised as to what that action will be. The Vice Chairman concurred and also suggested that a special meeting be called if the liability was not met in order that further action could be taken. Mr. Flowers put the Vice Chairman's above stated recommendation in the form of a motion.

Mr. Perk seconded the motion, and the Committee unanimously approved.

The Assistant Secretary reported that there was one (1) CTA bill, totaling \$40,415.81; eleven (11) Operating bills, totaling \$37,200.03; and, ten (10) remittances, totaling \$281,178.20, for a sub-total of \$358,794.04. He further noted that the Federal Income Tax deposit for the third month, fourth quarter, is \$76,764.28. The Assistant Secretary informed the Committee that the bill for the Travelers Insurance for retirees was computed on rates in effect on December 31, 1983 and these rates have been increased by Travelers and various HMOs and were effective as of January 1, 1984. The Assistant Secretary requested that this matter be held in abeyance for discussion under New Business, item 14(d), on the agenda. Mr. Weatherspoon put the Assistant Secretary's request in the form of a motion and added that CTA payments be withheld until such time as their liability to the Fund was resolved. Mr. Thomas seconded the motion, and the Committee unanimously approved.

The Assistant Secretary presented for approval twenty-nine (29) Death Benefits, totaling \$81,500. The comparison figures for the same period of time one year ago were twenty-four (24) Death Benefits, totaling \$58,500. On a motion by Mr. Thomas, seconded by Mr. Perk, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

At the request of the Vice Chairman, the Assistant Secretary reported on the status of the appointment of the Plan Actuary. The Assistant Secretary noted that the present contract with The Wyatt Company has expired and in order that an Actuarial Valuation of the Fund be done it was necessary that a Plan Actuary be appointed.

The Assistant Secretary passed out to the Committee Members, for their perusal, a letter from The Wyatt Company showing an estimate of their current fee schedule. The Vice Chairman recommended that the vote on this matter be held in abeyance until later in the meeting in order that the Committee could peruse the document.

The Assistant Secretary reviewed for the Committee the various action that his office had taken with respect to the rehired ex-security employees. In compliance with Rule No. 26, they were notified in July 1983 that they had 30 days to commit to repayment. This deadline was then extended another 30 days. On November 21, 1983, the Committee recommended that the Assistant Secretary's Office notify, for a third time, the ex-security employees who had not made arrangements to repay their refunded contributions. The CTA Manager saw to it that these notices were personally delivered to the employees. The Assistant Secretary then reviewed the report which summarized the results of that third notification. (A copy of the report is attached to these Minutes).

At the Vice Chairman's request, the Assistant Secretary outlined the four issues before the Committee: (1) The 6 people who did not respond; what action should be taken. (2) Can new pension seniority dates be assigned to the 13 people who indicated they wanted them. (3) That the 3 people who indicated they would like to repay be given a deadline, and (4) The request by Mr. Daniel Martiniak for special repayment terms of \$100 per month. Mr. Kasmer made a motion, based on a suggestion by the Plan Attorney and Mr. Thomas that a letter be sent, via Registered Mail, to the nine people outlined in #2 and #3 giving them up to 2 weeks to make

arrangements for a repayment program. If those arrangements are not made, a new pension seniority date will be assigned immediately.

The Vice Chairman suggested that all 4 issues be taken at one time. The Assistant Secretary reiterated the 2nd issue: That the 13 people be assigned new seniority dates. With respect to the 3rd issue, those 3 people would be notified in the same manner as the 6 people noted in the 2nd issue. On the 4th issue, a discussion ensued between the Vice Chairman, Mr. Perk, the Plan Attorney, the Assistant Secretary, Messrs. O'Connor and Thomas. The Assistant Secretary noted that many of the ex-security people who already committed to a program of repayment suffered financial difficulties and were led to believe that Rule No. 26 was the absolute last thing that was going to be done for them. He further noted that it was amended three times and it was somewhat unfair to the people who committed to the repayment program in July 1983 to be giving extended terms to others. Mr. Kasner stated that we should stick to Rule No. 26. Mr. O'Connor noted that if Mr. Martiniak was given 10 years to repay and happened to retire or die in 7 or 8 years, we would be doing him a disservice in that he (or his spouse) would not be entitled to any retirement benefits because the obligation was not fully met. Mr. Thomas felt that a temporary repayment schedule of \$100 per month would be in order. He suggested that Mr. Martiniak be granted a 8 to 12 month repayment of \$100 per month, with the balance to be repaid within the confines of Rule No. 26. Mr. Weatherspoon noted that we adopted Rule No. 26 and that it was amended several times and he suggest we stand by it.

It was then decided that the special repayment requests of

Mr. Rusinak and Mr. Rodriguez would be considered in conjunction with Mr. Martiniak's request. Mr. Kasmer expanded his motion to assign new pension seniority dates to the 13 people, outlined in issue #2, and to abide by Rule No. 26 - thereby rejecting the requests for special payback terms. Mr. Perk seconded the motion. Upon the request by the Vice Chairman for a roll call vote, Messrs. Andersen, Andrzejewski, Gallagher, Weatherspoon, Kemp, Flowers, O' Connor and Kasmer responded with a Yes vote. Mr. Thomas responded with a No vote. Therefore, the motion was unanimously approved.

The Plan Attorney brought to the Committee's attention a matter that was not on the agenda. The Plan Attorney informed the Committee that there is apparently litigation pending in Federal Court, to which the Committee is not a party, by certain individuals who were Security Department personnel in regard to the circumstances of their discharge. The litigation is captioned, Arnold versus Burn. The litigation involves two individuals, Mr. Bobby Culbertson and a Mr. Paul Wallace, who are non-union Security Department personnel. Messrs. Culbertson and Wallace, through their attorney, Mr. Adelman, have been negotiating with counsel for the Authority and are attempting to consummate a settlement which would call for action by this Committee. The request being made by Mr. Adelman is that Mr. Wallace be granted 3 years within which he can be reemployed by the CTA and maintain his continuous service. That is, if the settlement of the law suit took place today, it would be 3 years from January 16, 1984. My recommendation to you is that the Committee not accede to

that request because you are extending to one individual this 3 year period and in all fairness you would have to extend it to all other individuals. Mr. Kasmer made a motion that the Committee not accede to the request, Mr. Perk seconded the motion, and the Committee unanimously approved.

With respect to Mr. Bobby Culbertson's proposed settlement, the Plan Attorney informed the Committee that the request was that Mr. Culbertson be placed on inactive status with the CTA with the following understanding: (1) His monthly retirement benefit would cease to be paid at that time. (2) He and his wife would continue to be covered by the CTA Medical Insurance Plan. (3) His continuous service with the CTA would be deemed to have continued from March 11, 1954. (4) He would be free to retire on April 1, 1984. The Plan Attorney suggested that the Assistant Secretary's Office should determine the impact of the fact that the individual has received a number of monthly retirement benefit payments which he would now not be giving back. However, the impact of this on the future retirement benefits should be considered so that the Fund, effectively speaking, does not pay more to Mr. Culbertson than his just due. Mr. Perk made a motion that the Actuary look at the payments that were made and figure the necessary monetary adjustments. At such time as the Committee is informed of these figures, then they can rule on whether or not they can accept Mr. Culbertson's request. Mr. Kasmer seconded the motion, and the Committee unanimously approved.

The Assistant Secretary turned the Committee's attention to a request submitted by James A. Williams for an extension of

payback under Rule No. 21 and explained the circumstances involved. A discussion ensued between the Committee Members and the Plan Attorney after which Mr. Thomas made a motion to grant Mr. Williams' request for repayment. There being no second, the motion failed to carry. After further discussion, Mr. Perk made a motion that Mr. Williams' request be denied, Mr. Andersen seconded the motion. On the question, Mr. Flowers stated that it was his opinion that unfair discharge of employees should be considered and that the possible revision of Rule No. 21 be considered sometime in the near future. Mr. O'Connor suggested that the motion be withdrawn and the matter be deferred until the next meeting in order that a more detailed study could be made of the case and presented to the Committee. Mr. O'Connor further stated that he would volunteer to look into the matter and report back to the Committee at the next meeting. Mr. Perk withdrew his motion.

The Assistant Secretary informed the Committee that Mr. John Debro, a disability retiree, had returned to duty on December 20, 1983.

The Assistant Secretary informed the Committee that John P. O'Connor revoked his B-1/2 Survivorship Option which became effective January 1, 1984.

The Assistant Secretary informed the Committee that the Pension Section was provided with the listing of the new insurance rates and a letter had been sent to all of the retired employees, which was passed out to the Committee for their perusal. The Assistant Secretary noted that the new rates became effective on January 1, 1984 and, therefore, the bill as presented in the

payment was incorrect. The Assistant Secretary stated that he was requesting of the Committee approval to pay the correct amount in the January 31, 1984 payment. A discussion ensued after which a motion was made by Mr. Andersen for the payment of bills and remittances, including the correct amount for retirees' insurance premiums, Mr. Kemp seconded the motion, and the Committee unanimously approved.

The Assistant Secretary informed the Committee that an Application for Retirement had been received from Willie E. Poole, however, an evaluation had to be made by the Workers' Compensation Department to determine whether the employee could return to duty. The Assistant Secretary suggested that the application be held in abeyance until after the evaluation was received at which time a request for a retroactive retirement would be made depending on the outcome of the evaluation.

The Assistant Secretary turned the Committee's attention to the letter of explanation on the non-deduction of contributions from employees which would be included in employees' paycheck.

The Assistant Secretary turned the Committee's attention to the matter of Gustav Zehles, a disability retiree, and informed them that he failed to appear for a medical examination. The Assistant Secretary noted that he received a call from Mr. Zehles who informed him that an up-to-date physician's statement was forthcoming. Therefore, he was requesting that the matter be held in abeyance until the next meeting. On a motion by Mr. Kemp, seconded by Mr. Thomas, the Committee unanimously approved deferment of action on Mr. Zehles until the next meeting.

The Assistant Secretary informed the Committee that due to President's Day being observed on the day of the next Committee Meeting it was necessary to change the meeting date. After a brief discussion, Mr. Kasmer made a motion that the February Committee Meeting be held on Tuesday, February 21, 1984, Mr. Kemp seconded the motion, and the Committee unanimously approved.

Mr. Weatherspoon indicated that he desired to place before the Committee a motion to clear up any questions regarding the staffing of the Committee's Assistant Secretary's Office.

Mr. Weatherspoon made a motion to reaffirm and reclarify that the Committee has the authority and power to ultimately decide who is hired onto the staff of the Assistant Secretary's Office.

Mr. Andersen seconded the motion, and the Committee unanimously approved. This approval was made by roll call vote.

The Vice Chairman turned the Committee's attention to the appointment of a Plan Actuary. Mr. Kasmer made a motion that The Wyatt Company be retained as Plan Actuary, Mr. Perk seconded the motion, and the Committee unanimously approved.

There being no further business, on a motion by Mr. Weatherspoon, seconded by Mr. Perk, the Committee unanimously agreed to adjourn at 2:07 P.M.

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SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED: _____