

RETIREMENT PLAN
FOR
CHICAGO TRANSIT AUTHORITY EMPLOYEES

The 422nd Meeting of the Retirement Allowance Committee was held on Tuesday, February 21, 1984, at 10:30 A.M., in the Board Room, Room 734, Merchandise Mart. The following were in attendance:

Mr. C. Andersen	Mr. D. Perk
Mr. A. Kasmer	Mr. J. Weatherspoon
Mr. P. Kole	

Mr. A. Kemp, alternate for Mr. C. Hall, was present.
Mr. L. Morris, alternate for Mr. I. Thomas, was present.
Mr. H. Hegarty, alternate for Mr. E. Flowers, was present.
Mr. R. O'Connor, alternate for Mr. J. Gallagher, was present.
Mr. R. Bartkowicz, alternate for Mr. R. Andrzejewski, was present. Messrs. L. Brown, R. Goldman, R. Jania, and Mrs. A. Curtis were also present. Messrs. G. Nagle, J. Mullen, and Ms. C. Cox were present. Messrs. W. Ashley, D. Lemm, and J. Bidwill were present. Messrs. J. Fitzpatrick, W. Leszinske and M. O'Leary of Continental Bank were present. Mr. R. Burke, the Plan Attorney, was present. Mr. J. Baratka, of The Wyatt Company, was present. Messrs. R. Harrell and C. Heatter of Lowry, Raclin, Harrell & Howerdd were present. Dr. R. Zerbst and Ms. B. Camdon of Pension Realty Services, Inc. were present. Mr. B. Scholz, Pensioner, was also present.

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

Mr. Leszinske turned the Committee's attention to a

letter, dated February 15, 1984, entitled "January Market Summary." Mr. Leszinske noted that there was not a great deal of change in interest rates during the month. Mr. Leszinske further noted that around late spring or early summer there would be a moderation in interest rates.

Mr. Fitzpatrick informed the Committee that the interest payment on the property at 3660 N. Lake Shore Drive which was due on January 15, 1984 had been received in the amount of \$544,000. He further noted that the total outstanding principal is \$4,139,000 after taking into consideration the final disbursement of the loan proceeds in the amount of \$539,000.

The Chairman called for approval of the Minutes of the 421st Meeting, held January 16, 1984. On a motion by Mr. Perk, seconded by Mr. Kasmer, the Committee unanimously approved the Minutes of the 421st Meeting, held January 16, 1984.

The Assistant Secretary noted that several items had been omitted from the agenda and requested that reports by Mr. Harrell and Dr. Zerbst be presented at this time.

Mr. Harrell noted that a review of the quarterly report was presented at an earlier meeting with Committee Members and staff during which everything was found to be in good order. Mr. Harrell further noted that a review of the long term and recent performance of managers was done and a discussion held regarding a recommendation pertaining to redollar weighting the equity sector of the portfolio and giving additional consideration to new investment managers which will be brought before the Committee within the next 90 days.

Dr. Zerbst presented a brief report on the present status of the Pension Real Estate Income Trust A, and brought the Committee uptodate on the status of the investment properties located at 3660 N. Lake Shore Drive, Country Lakes Apartments, 20 N. Michigan Avenue, and the Woodfield Business Center. Ms. Barbara Camdon presented and explained the preliminary quarterly report from Pension Realty Services, Inc., which had been passed out to the Committee Members.

The Assistant Secretary informed the Committee that there were several items which were not completed at the last meeting, were omitted from this meeting's agenda, and requested that they be included under "Unfinished Business" as follows: 13(aa). The Renewal of Dr. Zerbst's contract, 13(g). Bobby Culbertson, 13(h). Willie Poole, and 13(i). Gustav Zehles.

The Assistant Secretary brought the Committee uptodate on the present status of the relocation of the Pension Office noting that a possible location had been found at 440 N. Wells Street. A discussion ensued between Committee Members during which Mr. Kole made a motion that the Assistant Secretary continue to pursue the 440 N. Wells Street location and work with the Plan Attorney in securing a lease in the event this site is found to be appropriate. Mr. Kemp seconded the motion, and the Committee unanimously approved.

The Assistant Secretary informed the Committee that the refund of contribution checks for retired employees will be mailed on February 24, 1984.

The Assistant Secretary presented a total of six (6)

Survivorship Options for approval. On a motion by Mr. Kole, seconded by Mr. Hegarty, the Committee unanimously approved the Survivorship Options.

The Assistant Secretary presented four (4) Pre-Retirement Surviving Spouse Options for approval. The Assistant Secretary noted that this is the last meeting at which the presentation of these options will be made due to the recent negotiated changes in the Plan. On a motion by Mr. Kole, seconded by Mr. Perk, the Committee unanimously approved the Pre-Retirement Surviving Spouse Options.

The Assistant Secretary presented twenty-one (21) Retirement Applications for approval; including a recommendation for a retroactive retirement for Donald P. Lemm and James E. Wilson. On a motion by Mr. Kole, seconded by Mr. Kemp, the Committee unanimously approved the Retirement Applications, including retroactive retirement for Donald P. Lemm and James E. Wilson.

The Assistant Secretary reported that seventeen (17) employees who are presently receiving Disability Retirement Benefits were examined or had their file reviewed.

The Assistant Secretary presented twenty-one (21) refunds of contributions, totaling \$183,983.18, for approval. The comparison figures for the same period of time one year ago were twenty-nine (29) refunds, totaling \$319,587.83. The Assistant Secretary noted that the refund for Angel Colon is possibly subject to a temporary restraining order and Mr. George Lynch of the Plan Attorney's office is handling the matter and will advise accordingly. On a motion by Mr. Kole, seconded by Mr. Hegarty, the Committee unanimously approved

the refunds of contributions to be paid February 29, 1984.

The Assistant Secretary presented the report of Deposits, Disbursements and Investments noting that as of January 31, 1984 the Fund had a total of \$538,804,187.39 in cash and investments which has a market value of \$585,989,730.27.

The Assistant Secretary reported that there was one (1) CTA bill, totaling \$58,493.50; twelve (12) Operating bills, totaling \$126,495,091.00; ten (10) remittances, totaling \$653,625.42 for a sub-total of \$838,614.83. The Federal Income Tax Deposit for the first month, first quarter of 1984 was \$79,240.13. On a motion by Mr. Kole, seconded by Mr. Kasmer, the Committee unanimously approved payment of the bills and remittances, totaling \$917,854.96.

The Assistant Secretary presented for approval thirty-six (36) Death Benefits, totaling \$76,500. The comparison figures for the same period of time one year ago were twenty-eight (28) Death Benefits, totaling \$75,500. On a motion by Mr. Kole, seconded by Mr. Kasmer, the Committee unanimously approved payment of the Death Benefits, as per the attached list.

The Assistant Secretary brought to the Committee's attention the recommendation of the Real Estate Subcommittee for approval of Dr. Zerbst's contract, which was held in abeyance at the last meeting. The Assistant Secretary noted that a revised contract had been drafted and asked the Plan Attorney to expound on the matter. The Plan Attorney reviewed and explained the contract to the Committee. A discussion ensued during which Mr. Kole made a motion for approval of Dr. Zerbst's contract for a period of one year (January 1, 1984 to December 31, 1984), Mr. Kasmer seconded the motion and the Comm-

ittee unanimously approved. The Plan Attorney recommended that renewal of the contract for the next year be placed on the agenda in December, 1984.

The Assistant Secretary turned the Committee's attention to a report in the pass-out material regarding the status of the ex-security employees. A discussion ensued during which Mr. Perk recommended that new pension seniority dates be given to the employees in question who did not repay their refunded contributions. Mr. Perk then turned the recommendation into a motion, Mr. Kasmer seconded the motion. Messrs. Hegarty and Morris voted No to the motion. The remainder of the Committee voted Yes which caused the motion to pass by a majority vote.

The Assistant Secretary turned the Committee's attention to a report in the pass-out material on ex-security employees who have retired. He noted that this report was prepared at the Committee's request in conjunction with the Bobby Culbertson matter and stated that this would be reviewed under item 13(g).

The Assistant Secretary turned the Committee's attention to a report by Mr. O'Connor on James A. Williams who had requested an extension of reimbursement under Rule 21, which had been held in abeyance at the last meeting. Mr. O'Connor stated that he originally agreed to pursue this matter to ascertain whether the employee had been discharged unjustly. Upon investigation, he found that the discharge was for just cause and, therefore, it was irrelevant to the Committee's final decision. The Assistant Secretary noted that the question before the Committee at this time was whether or not

Mr. Williams should be granted his request for a special repayment program of refunded contributions under Rule 21. A discussion ensued during which the Plan Attorney recommended that, after a calculation is made to reflect what Mr. Williams would have received under the present refunding of contributions as a result of recent negotiations, a letter be sent requesting a lump sum payment of the new amount owed. Further, the letter should stipulate that unless payment was received in the Secretary's Office on or before April 1, 1984 a new pension seniority date would be assigned. Mr. Morris turned the recommendation into a motion, Mr. Kole seconded the motion, and the Committee unanimously approved.

The Chairman requested that item 14(i), Report by Plan Attorney on Certificate of Indebtedness, be discussed next as he had to leave the meeting, and appointed Mr. Kole to Chair the remainder of the meeting upon his departure. At the Chairman's request, the Plan Attorney informed the Committee that in light of the approval of the modification of the collective bargaining agreement it would be appropriate that the Certificate of Indebtedness be redrafted to reflect the new payment schedule and interest calculation. The Chairman interjected that a new Certificate of Indebtedness had been prepared and a copy was being forwarded to the Plan Attorney for his perusal prior to presentation to the Committee.

The Chairman asked the Plan Attorney to inform the Committee on the status of the delinquent contributions owed by the Authority. The Plan Attorney informed the Committee that the matter had been resolved.

Mr. O'Leary of Continental Bank brought to the Committee's attention a letter from Continental sent to the Plan Attorney regarding several questions pertaining to the extension of the note. The Plan Attorney explained the facts to the Committee and noted that his office would respond to the letter as counsel for the Plan.

The Assistant Secretary turned the Committee's attention to a report on agenda items and asked Mr. Andersen to expound. Mr. Andersen informed the Committee that, as requested by the Chairman at the last meeting, Messrs. Nagle, Ashley, Burke and himself had met to ascertain which items on the monthly meeting agenda require distribution of materials to Committee Members and Alternates prior to the meeting in order that they could be better informed with regard to matters which required a vote. A discussion ensued during which Mr. O'Connor made a motion that the distribution of materials as outlined in Mr. Burke's letter (a copy is attached to these minutes) be accepted and initiated by the Secretary's Office, Mr. Kemp seconded the motion, and the Committee unanimously approved.

The Assistant Secretary brought to the Committee's attention the withholding of payments to the Authority as approved at the last meeting and asked for approval to release the payment. On a motion by Mr. Andersen, seconded by Mr. Kasmer, the Committee unanimously approved release of the payments to the Authority.

The Assistant Secretary turned the Committee's attention to a contribution refund approval at the last meeting, pending the outcome of a court litigation known as O'Neal vs. O'Neal. He noted that

the matter is still pending and he requested that the matter be held in abeyance until the next meeting. Mr. O'Connor made a motion that the matter be held in abeyance until the next meeting. Mr. Kasmer seconded the motion, and the Committee unanimously approved.

The Assistant Secretary turned the Committee's attention to the request of Bobby Culbertson which was held in abeyance at the last meeting. He referred the Committee to the report on retired ex-security employees and noted that three of them had to take reductions in their retirement benefits. Mr. Baratka of The Wyatt Company reviewed and explained his valuation report to the Committee. He noted that the cost to the Retirement Plan, if Mr. Culbertson's requested was granted, would be approximately \$37,000. A discussion ensued between the Plan Attorney and Committee Members during which Mr. Kasmer made a motion that Mr. Culbertson's request be denied, Mr. Perk seconded the motion. On the question, further discussion ensued after which the Chairman requested a show of hands vote. Messrs. Hegarty, Perk, Kasmer, Morris, Kemp, and Andersen voted to deny the request. Messrs. Kole and O'Connor voted against denial of the request. Due to the necessity to have another representative from management vote, Mr. Bartkowicz was asked to participate in the vote. Mr. Bartkowicz voted against denial of the request. This resulted in a tie vote, the Association voting against the request, and Management voting for the request, therefore, the motion failed. Further discussion ensued during which Mr. Bartkowicz made a motion that the matter be held in abeyance until the next meeting, Mr. O'Connor seconded the

motion. On a show of hands vote, Messrs. Hegarty, Kole, O'Connor and Bartkowicz voted to hold the matter in abeyance until the next month. Messrs. Perk, Kasmer, Morris, Kemp, and Andersen voted against holding the matter in abeyance until next month. Again, there was a tie vote and as a result the motion failed.

The Assistant Secretary requested that the matter regarding Willie Poole, which was held in abeyance at the last meeting, be held in abeyance until the next meeting pending receipt of a medical report. On a motion by Mr. Hegarty, seconded by Mr. Kasmer, the Committee unanimously approved the holding in abeyance the matter pertaining to Willie Poole.

The Assistant Secretary requested that the matter regarding Gustav Zehles, which was held in abeyance at the last meeting, be held in abeyance until the next meeting pending receipt of a doctor's statement. On a motion by Mr. Hegarty, seconded by Mr. Kasmer, the Committee unanimously approved the holding in abeyance the matter pertaining to Gustav Zehles.

The Assistant Secretary informed the Committee that the following employees who were on Disability Retirement had returned to duty: Eddie L. Baines, Maynard Bell, Harry L. Brown, Henry A. Bruckner, Selmon Echols, and Robert S. Adams.

The Assistant Secretary requested that Automatic Data Processing (ADP), a payroll service bureau, be brought in to do a parallel run of the monthly retirement benefit check processing on a trial basis for two months at no cost to the Plan. He further noted that any recommendation to enter into a contract with ADP

would be brought to the Committee at a later date. After discussion, Mr. Kasmer made a motion to allow ADP to do a parallel run for two months, at no cost to the Plan, Mr. Kemp seconded the motion, and the Committee unanimously approved.

The Assistant Secretary informed the Committee that the full amount of the retroactive premium payment was being made to the insurance carriers.

The Assistant Secretary requested authorization to purchase two typewriters for the Pension Office. On a motion by Mr. Kasmer, seconded by Mr. Hegarty, the Committee unanimously approved purchase of the typewriters.

There being no further business, on a motion by Mr. Morris, seconded by Mr. Kasmer, the Committee unanimously agreed to adjourn at 1:08 P.M.

SECRETARY
RETIREMENT ALLOWANCE COMMITTEE

CHAIRMAN
RETIREMENT ALLOWANCE COMMITTEE

DATED _____