

# **A G E N D A**

## **For the 605<sup>th</sup> Retirement Allowance Committee Meeting of June 22, 1999**

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 604<sup>th</sup> Meeting held May 25, 1999.
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) Janice Davis - #2850 - (disability) - request for retro-activity to 11-01-98.
  - d) Presentation of Death Benefits for approval.
  - e) Presentation of Refunds of Contributions for approval.
  - f) Presentation of Bills and Remittances for approval.
7. Old Business
8. New Business
9. Executive Session
10. Adjournment

# RETIREMENT PLAN FOR CTA EMPLOYEES

## NOTICE

**To:** Retirement Allowance Committee Members and Alternates  
**From:** Pension Department  
**Date:** June 18, 1999  
**Re:** **RETIREMENT ALLOWANCE COMMITTEE MEETINGS**

---

THIS IS TO ANNOUNCE THAT THE MEETINGS LISTED BELOW WILL BE HELD TUESDAY, JUNE 22, 1999 AT THE NORTHERN TRUST COMPANY 50 S. LASALLE STREET, IN THE DIRECTOR'S DINING ROOM ON THE 6<sup>TH</sup> FLOOR.

- THE SUBCOMMITTEE ON GENERAL ADMINISTRATION AT 8:30 A.M.
- THE INVESTMENT SUBCOMMITTEE AT 9:30 A.M.
- THE REAL ESTATE SUBCOMMITTEE AT 10:30 A.M.
- THE RETIREMENT ALLOWANCE COMMITTEE MEETING AT 11:30 A.M.

## RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY

The 605<sup>th</sup> Meeting of the Retirement Allowance Committee was held on Tuesday, June 22, 1999, at the Northern Trust Company, 50 South LaSalle Street, 6th Floor. The following were in attendance:

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

Mr. D. Anosike, Vice Chairman  
Ms. S. Leonis  
Mr. R. Winston  
Mr. M. Acosta  
Mr. J. Kallianis

Alternates also present were L. Morris, J. Guerrero, and P. Beavers. 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. C. Wesley, C. Spears, D. Washington, B. Bradley, L. McCollum and H. McGhee 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. Collins, seconded by Mr. Brown, the Committee approved the Minutes of the 604<sup>th</sup> Meeting.
4. Mr. Williams, Chairman of the Investment Subcommittee, reported on the meeting held this date.

The Plan Attorney stated that ABN AMRO and First American Asset managers were both approved for a \$45 million investment. I have been informed by Mr. Ross that he and Mr. Joachimi have determined the Plan will allocate \$50 million from Amalgamated Trust and \$35 million from Chicago Trust Company's fixed accounts. The two managers will each be funded initially for \$35 million. That would be \$35 million would go to ABN AMRO and First American as the beginning of those funding. That would be by the basis of cash security selected working with Mr. Joachimi's office from the accounts which are being terminated. I have a letter today for Mr. Thomas to sign for those funding.

We have also prepared also for Mr. Thomas to sign in regards to an amendment to the Weiss, Peck and Greer Venture Associates five. This is a funding order for the \$11 million investment which has been approved by the Committee.

I also have a nomination letter for the Mr. Thomas to sign in regard to Capri Capital management which was approved. At the last Committee meeting there were two real estate managers approved, Walton Real Estate fund and Paine Webber Real Estate each funded for \$15 million. Walton under the terms of our trust relationship with Northern Trust each of the investment managers of funds has to be a registered investment manager with a significant history in investing sums. Walton Street does not meet those requirements because of their operating history. Paine Webber's counsel is somewhat uncomfortable having Paine Webber act a registered investment advisor and then choosing one of there own funds.

This is a concern that we have had with other funds as well. We need to have an investment manager in place to effectuate the Paine Webber and the Walton Street management. We could have Townsend, which is a registered investment advisor and has a investment management agreement with the fund act as the investment manager for these two funds and designate these entities. We have raised this with Townsend to see if they were receptive to doing it. They said they would. They are looking at what the charge would be for that service. If you wish to authorize us to proceed down that path pending clarification in regard to what that fee will be I will report back to you next month.

Mr. Thomas said I do not have a problem with that, unless somebody on the Committee has I would encourage that you proceed.

The Plan Attorney added that the last item is MDL Capital which was authorized for \$15 million of the funds. Basically those coming from Amalgamated Trust and Chicago Title & Trust and I have a letter of direction for the Mr. Thomas to sign for the transfer of those funds.

Mr. Joachimi introduced the managers who were giving presentations. After the presentations he stated that based on today you have three decisions; alternative products, index funds and index plus funds.

On a motion by Mr. D. Anosike, seconded by Mr. S. Leonis, the Committee unanimously approved to putting \$100 million towards Northern trust in the pure index fund and splitting the \$100 million in the index plus fund with Aeltus and Invesco each getting \$50 million, and Luke Capital as one of our brokers to the fund.

Mr. Collins said we had one other presenter, Pharos Capital Group, that was here today who I thought made an exceptional presentation. Mr. Williams stated I do not think we really have objections to Pharos but Ms. Black has some unreadiness. Deferred to next month.

a) 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 May 31, 1999 was \$1,800,880,374 with a monthly performance -1.67%.

On a motion by Mr. D. Anosike, seconded by Mr. S. Leonis, the Committee unanimously approved the Investment Subcommittee Meeting.

5. Mr. L Brown, Vice-Chairman of the Real Estate Subcommittee, reported that there was no meeting held on this date.

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

Mr. Ross gave a report on refunds of contributions, death report, retirement application to be approved and bills for the Pension Office.

Mr. Collins addressed the Plan Attorney on the Larry Murphy issue.

The Plan Attorney said we have advised the Authority that we would not be contributing towards the settlement. We are prepared to proceed ahead at the court hearing when it comes up. The Authority may settle and we should be picked up in that same settlement.

The Plan Attorney gave the Committee a status report. Last month there was a discussion regarding Howard McGhee and requesting the Authority to reconsider his assigned date for the retirement program. I did write a letter to that affect to Mr. Czech and provided a copy to the retirement office. There is a carry over from last month in regard to the Selmon Broughton and Jose Salis matter. Those issues are not on today's agenda.

Mr. Collins said I understand that there is one other person that is suing the Plan who was on a Disability with thirty one years of service and felt that they should have been notified of the Incentive.

Plan Counsel said service was just made upon us and I would anticipate service will be made upon Local 241. The issue is the individual is claiming that he took Disability Pension and did not know of the very early retirement incentive program. Had he known of it he would not have taken that pension he would have chosen to the participation. He is saying that he should have been told about this. He took this in the fall of the year prior to the conclusion of the collective bargaining negotiations. He is saying you should have told him in advance of the negotiations.

The issue which is presented would be at what stage and time do you tell someone. I was not involved with the negotiations, but my experience from observing them they are not concluded until they are concluded. You do not really know basically what is going to happen and if you start going into early dialogue on that you open the door to

everything. Local 241 has also been sued. I would be happy to talk to Local 241 counsel because what he is saying is that they breached their duties as his union for not telling him about this.

Mr. Ross gave an update on the two postings. There were 35 respondents to the union job as a retirement clerk. Shelly Burnette was in the early stages of reviewing those 35 responses.

Plan Counsel said last month meeting there was approval for the retention of the firm of Hill & Taylor to do the 1998 audit. They have agreed to undertake the audit. The quote which they have given to conclude the audit is \$27,430.00. That contrast with the fees that were paid to Ernst & Young 1997 audit of \$40,300 and their quote for 1998 was \$41,100.00. The difference between the Ernst & Young quote and the commitment from Hill & Taylor is just shy of \$14,000.

Mr. Ross said in regards to Robert Baughn and the list of conflicts. I went through that and pulled out his hourly rates and subtracted based on a hour for each item on that list. I came up with an adjusted amount and a new pension figure. Currently Robert Baughn is \$3,686.77 a month. When I adjusted his years that were in conflict in 94 and 95 I came up with a pension allowance of \$3,678.60 for a reduction of about \$8.00 a month.

Mr. Collins said the question to the Committee is; based on these adjustments can we make the changes and then put this issue to rest. Mr. Thomas said at the last meeting we said that we would accept what ever the calculations would be once we had the final numbers.

On a motion by Mr. I. Thomas, seconded by Mr. L. Brown, the Committee unanimously approved to accept the figures on the Robert Baughn issue and put the Robert Baughn issue to rest.

Mr. Ross said In regards to the union officers and board members, as the Pension Plan should we be inputting the wages that have not been put in from 95 going forward in to our system. Currently the only thing it shows for Officers and Board members are CTA earnings.

Plan Counsel said it would seem appropriate that the full-time officers time should be in the system and the contributions should be made. We should move forward. The part-time officers we should follow the guidelines of the Arbitrator award and make the calculation as to the appropriate contribution from the Authority.

Mr. Ross said at the interview process I believe Mr. Collins will sit in on that interview process for the union job and was a management person going to sit in on the interview process for the management pension representative job. Mr. Thomas said I do not think it is management sitting in because these are management job or union. Mr.

Collins being the Chairman of that particular Committee should be in both interviews and management if that is their desire they could be also.

Mr. Williams said I would ask the Chairman to let us give one more shot at trying to get that office in line. Maybe you could appoint someone to work on it. I would be glad to work with Mr. Anosike about getting the vacancies filled over there in the top offices. We need to work that out. Mr. Morris expressed with the new Chairman taking over next month that decision should be made then.

Mr. Anosike asked do we track calls that come from our retirees in respect to customer service issues from Northern. Mr. Ross answered no. Mr. Anosike said we should be able to get that information from the bank. That would give us some sense of the level of service the bank is providing to our retirees.

Mr. Thomas said if they are not getting proper service they would not be calling the bank. They would be calling Local 241 and 308. Every once and awhile we get a few complaints concerning lost checks, but as far as the bank is concerned their service is very adequate.

Mr. Collins addressed Mr. Ross and stated from the last meeting you were asked to contact an outside agency about filling the Gloria Cage job and then there were some statements about overtime I believe in a way of filling it. You were asked to identify two different names.

Mr. Ross said I went through the CTA and I got a list of personnel temporary services they have used. I have seen the interview process going so I did not go any further and call any of these in regards to using there service.

Mr. Thomas said we agreed at the last meeting that you were going to bring Ms. Huston back. Mr. Ross said the process was that if we did she would probably have to go back through one of these temporary services because of all of the sticky issues in regards to a retiree coming back as even a temporary. I have the list of temporary services and I have not called any of them in there. I can do that going forward and see which would offer us the best service.

Mr. Thomas said I would suggest that you start that process this week. If possible start it today. First you have to get in touch with Ms. Huston. Mr. Collins said there may be an issue with pay. Because if she goes through an agency they will not pay her probably what she is expecting to be paid. When you talk to her I think that issue needs to be raised with her. Mr. Ross replied I could just pick two out of this six and call them and see what information they give me.

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

On a motion by Mr. Brown, seconded by Ms. Leonis, the Committee unanimously approved the General Administration Report.

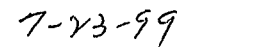
7. Old Business - none

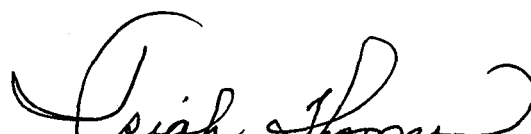
8. New Business - none

9. Executive Session - none

10. Adjournment - There being no further business, the Committee adjourned at 12:00 p.m.

  
\_\_\_\_\_  
Wayne Ross

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Chairman,  
Retirement Allowance Committee