Top Rahm aide set herself up for sweet CTA pension

By: Greg Hinz and Robert Herguth October 22, 2011

Mayoral Chief of Staff Theresa Mintle helped enact a special early-retirement plan at her former employer—the Chicago Transit Authority—that entitled her to a $65,000 annual pension she wouldn't have qualified for otherwise.

Official records obtained in a joint probe by *Crain's* and the Better Government Assn. indicate Ms. Mintle, left, is eligible for a pension of $64,908.53 at age 65, based on just eight years of service at the agency. The early-retirement sweetener passed in 2008, when she was chief of staff to then-CTA board Chairman Carole Brown. Ms. Mintle resigned from that job last spring to assume similar duties for Mayor Rahm Emanuel.

Ordinarily, Ms. Mintle, 47, would have needed 11 years of service to qualify for a pension at the CTA, a milestone she wouldn't have reached until 2014. But in 2008, she was involved in the approval and possibly the design of an early-retirement sweetener for agency executives containing two separate clauses that, together, allowed her to buy extra service credits and lock in her pension in exchange for leaving her job by mid-2011.

After days of avoiding questions from *Crain's* and the BGA, Mr. Emanuel's office said late Friday that Ms. Mintle has decided to forgo the CTA pension. “She has no intention of participating in the program” and has not contributed the $53,000 needed to secure her benefits under the plan, a spokeswoman for the mayor's office said. “Since Mayor Emanuel started running for mayor, he has made it clear that he is committed to reforming the pension system, which is in desperate need of repair.”

However, the terms of the early-retirement plan give Ms. Mintle eight years to change her mind, make the contribution and lock in the pension.

News of Ms. Mintle's role in the pension deal comes at an awkward time for both Mr. Emanuel, who has been calling for big cuts in benefits owed to rank-and-file city workers, and for the CTA, where President Forrest Claypool last week proposed balancing his 2012 budget with tens of millions of dollars in concessions from CTA employee unions. In Chicago and across the state, pressure is building for cuts in public- employee retirement plans that have left governments with pension-funding shortfalls in the tens of billions of dollars.

It also cuts against the grain of Mr. Emanuel's promises of a more businesslike approach to city government. To prevent conflicts of interest, many companies require that independent directors approve compensation plans benefiting executives, corporate governance experts note. Allowing an executive to help shape or approve a plan he or she participates in wouldn't pass ethical muster in the corporate world.

“That's bad governance,” says Thomas Lys, a professor at Northwestern University's Kellogg School of Management who oversees the governance training program for corporate directors.

The CTA didn't respond to a request for information about any policies the agency might have had in place relating to such matters when the early-retirement plan was adopted.

DALEY COUSIN

Ms. Mintle's deal certainly is richer than that contained in a big early-retirement plan the state of Illinois rolled out in 2002 and 2003. Workers could buy up to five years' worth of credits. But to qualify for the full pension earned as of the early-retirement date, the combination of a worker's age at retirement and tenure would have had to total at least 85, according to the state's budget director at the time, Steve Schnorf.

According to the CTA, Ms. Mintle joined the agency's government relations unit in 2003 at a salary of $105,000. A cousin of former Mayor Richard M. Daley, she rose quickly in pay and status, becoming chief of staff to Ms. Brown in 2007. Among the duties she picked up was serving on the boards of both the CTA's regular pension plan and its supplemental pension plan for top agency managers.

In 2008, after a contentious refinancing of the regular pension plan that forced rank-and-file workers to accept benefits cuts, the CTA decided to begin a voluntary retirement program for those in the supplemental plan, aimed at saving $3.6 million a year by bringing in new, cheaper managers.

CTA sources are sharply divided on exactly who came up with the idea for the plan and who wrote its terms. The agency refuses to release internal papers and memos detailing those matters.

"Was she involved in the conception? No. She may have had involvement in the execution, under my direction," Ms. Brown says.

A CTA spokeswoman confirms that the plan "would have been reviewed by (the three-member supplemental pension plan board) as part of their duties, and then it would have been forwarded to the president's office and/or board for consideration." An agency source says Ms. Mintle's panel "signed off" on the early-retirement plan.

BENEFICIARIES

Besides Ms. Mintle, the supplemental plan board included the CTA's chief financial officer at the time, Dennis Anosike, and its then-comptroller, Lynn Sapyta.

Whatever happened, Ms. Mintle now is positioned to profit.

Under terms of the plan, she has an option to purchase six extra years of credits for $52,663.35. If she pays that amount—she hasn't yet, but has another eight years to do so—at age 65 she will be entitled to an annual pension of at least $64,908.53, a figure that could be adjusted upward for inflation or slightly reduced if she opts to guarantee payment of her benefits to her spouse. Ms. Mintle also made regular pension contributions during her eight years at the CTA totaling an estimated $72,000.

About 150 CTA staffers were eligible for the early-retirement program, and 69 signed up for it. Full details are not available, and it's not clear if Ms. Mintle was the only one who benefited so much—going from no pension under the old plan to locking in a $65,000 one.

For instance, former CFO Mr. Anosike will have to pay an additional $59,000 in exchange for a pension of $115,414, records indicate, but he worked for the CTA for 12 years and bridged his pension to cover 12 prior years of employment with the city. Ms. Sapyta, the former comptroller, will have to pay $52,489 for an eventual $98,405 pension, but she worked for the CTA for about 20 years. All the pension amounts would be reduced by 10% to 15% if the participants choose to extend benefits to their spouses.

CTA officials say the early- retirement program was meant to replace more expensive veterans with lower-paid newcomers. But it didn't turn out that way in Ms. Mintle's case. Joan Coogan, her successor as chief of staff, gets the same annual salary Ms. Mintle got: $175,000.

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