

July 31, 2001

Mr. Mac A. Fleming
President
BMWWE
26555 Evergreen Road Suite 200
Southfield, Michigan 48076-4226

Via Facsimile – Original to Follow

Dear President Fleming;

This has reference to your letter of July 20, 2001, in response to my letter of July 17, 2001. I sincerely appreciate your response to my letter and its considered response to numerous issues.

I agree completely that the Grand Lodge Officers did give approval to the merger committee to consider the Boilermakers for a merger. They also approved a few other Unions for consideration including the BLE, and TWU. The only Union that I had a problem with was the Boilermakers. In fact when you presented the letter the Boilermakers had written to you to the Grand Lodge Officers I moved that we reply and state that we were not interested. It was only after your request that such action would be seen as disrespectful and that “you were required to work with these people” did I withdraw that motion and instead move to table it. However, you are correct, I did not vote against any potential merger candidates that you presented to the Grand Lodge Officers.

In fact discussions with the TWU and BLE were lengthy, and as you are aware, as an advisor, I attended those meeting with enthusiasm. In fact those meeting led to the creation of an alliance that would work together with the long term goal, as I recall, of an affiliation. In fact on February 6, 2000, at your request the BLE, TWU and the BMWWE merger committee agreed to include the Boilermakers in these discussions.

I acknowledge that the BLE was very hesitant to mention the word merger as they had just had a merger with the UTU fall apart, but they did agree to working together over the long term and to hopefully reach the “blood oath” for collective bargaining purposes..

You also allege that I “did not have enough respect to fulfill your assigned role as an advisor to that committee. If you had chosen to participate you would have had an ability to help shape the terms of the merger”. While I do not understand how this leads to a debate over the facts of the issue, I feel it is incumbent for me to respond to this allegation. These allegations have also been circulated in a surreptitious manner in Canada. In response I sent the attached memo dated July 13, 2001, to System Officers in Canada.

My July 13, 2001 , memo attaches a memo dated May 1, 2000, from myself to the System Federation General Chairmen in Canada updating them on the April 25, 2000, meeting between the Merger Committee and the Boilermakers. This May 1, 2000 memo states in part “Overall, in my opinion, the Boilermakers presentation was based on the advantages to the Officers of the BMWWE in making a deal. As I recall there was no mention at all as to utilizing a merger to benefit our memberships”. Included with this memo of May 1, 2001, were my notes from the meeting with the Boilermakers on April 25, 2001.

Notwithstanding my personal affront to these allegations and the foregoing information, the facts are that my involvement or the involvement of anyone else in the negotiations over the merger would change the deal that is before us today.

I also agree that the over 100 issues (111 I believe) raised by the Grand Lodge Officers were considered by the merger committee. The fact remains however, that these were legitimate issues raised by the Grand Lodge Officers and taken back to the Boilermakers. It is also factual to state that virtually all of these issues remain, many of these which detract from the merger agreement with the Boilermakers

I agree “Grand Lodge has an obligation to conduct the educational meetings to educate members and officers about the proposed merger”. I also agree “Grand Lodge is not selective in recruiting members and officers to attend”. However, Grand Lodge is being very selective as to whom will present and answer questions at these meetings. Grand Lodge in fact is funding only proponents of the merger to travel across the country to these meetings to answer questions and make presentations. If the merger agreement is something that should be adopted by the membership then there should be no concern about encouraging and having dissenting opinions at these meetings to answer questions and make presentations in the same manner the proponents are.

You asked me the question “What can be more democratic?” in regards to a membership vote. A good question which requires all of us to answer, but here are my recommendations:

- 1. Inviting those in opposition to the merger in the educational seminars as presenters and with the ability to answer questions and such to be funded the same manner the proponents are.**
- 2. Involving those in opposition to the merger in preparing the package that will be sent to the membership, if the parties cannot agree on the information allow the same amount of words for both sides to put their position forward and send that document to the membership.**
- 3. Allow equal access in mailing to officers and members by those in opposition to the merger and such to be funded in the same manner as the proponent mailings and communications.**
- 4. Allow equal access to the Web Site for both sides on a regular weekly basis with the same amount of space, no more, no less, and allow the opponents to the merger the same number of Articles (and number of words) as what the proponents have posted already**
- 5. Allow equal access to the Journal under the same conditions as number 4**
- 6. Ensure both sides agree to the voting process and act as scrutineers to the vote**

The above recommendations are both fair and reasonable. Both sides of this debate need to be heard to have a truly democratic vote. Contrary to your assertion that “Just because the vote didn’t go your way, which is the case here, doesn’t mean that the process is not democratic”, I have accepted the vote of the Grand Lodge Officers for placing this matter to the membership. I do not accept however, the marginalization of those who speak against the proposal, and the efforts made at shutting out the dissenting opinion. That is what I refer to when I say the process is undemocratic and ask rhetorically “What are they afraid of?”.

Indeed the author of the merger committee letter states “If we can’t be for truth freedom of expression and choice, then how could we call ourselves true representatives of the American trade union movement”? I couldn’t agree more.

In regards to the SEIU affiliation, I have already stated why that proposal was flawed, but did always acknowledge that 1.1 million members did give us some power in the arena of US collective bargaining. However, it came at a cost of an additional \$5.00 per month in dues and I still maintain that an affiliation, such as what was contemplated with the SEIU (not a merger) must allow an affiliate to leave such affiliation (as is the case with the AFL – CIO and CLC) and this was not the case with the SEIU affiliation.

I am amazed that you are “astonished” that I would raise the issue of dues. While we will pay the same international dues we currently pay, these dues are \$5.05 per month more than the international dues of the Boilermakers (what they call a per capita tax). In your letter you state “this is not a BMW dollar verses a Boilermaker dollar. What we are really talking about is OUR DOLLAR, a dollar of the Merged Organization”. If this is the case, there should be no inequity in International dues. We need to put this into perspective, based on 50,000 members this amounts to **over 3 million dollars per year more in dues for BMW Division** members than other members of the Boilermakers.

If we choose to eliminate the \$1.00 assessments for Legislative and Organizing which will minimize those services and also discount the \$1.00 kickback to the System Federations, we will be still **paying almost 1.25 million dollars more per year** in dues than other members of the merged organization, which I guess will help contribute to “OUR DOLLAR”.

When one looks at the merged Organization saving an additional:

BMW assets at 10%	\$ 2,014,704.00
Elimination of the US and Canadian Journal	\$ 314,424.00
Savings in Health Care	\$ 600,000.00
Savings on Detroit lease	\$ 300,000.00
Savings from our dedicated GL Staff that quit rather than Relocate to Kansas City (50% estimated)	\$ 1,250,000.00
Total Annual Savings	\$ 4,479,128.00

It is not unreasonable to expect that our membership should share in the wealth of this **over 5.7 million dollar per year** windfall. If we elect to continue funding our legislative and bargaining efforts this will amount to **almost 6.9 million dollars** per year! And to exacerbate the situation even more the Boilermakers insist we use 3.5 million from the strike fund interest and the \$1.00 rebate to the Canadian System Federations to pay our obligation for death benefits. Our contribution to the Merged Organization is a drastic one. This was one of the reasons I referred to this proposal as a takeover and not a merger of two equal Unions.

I am very confused concerning the disbandment of Local Lodges. This in fact is one of the 111 issues raised by the Grand Lodge Officers. The representatives of the Boilermakers were very clear that these provisions of the Boilermaker Constitution would apply. This was simply a statement of fact. In this regard I simply stated “It may well be that the Boilermakers will not take such action, but one never know what the future holds”. But to state that the merger agreement provides protection against this is certainly not what the Boilermaker representatives stated, nor was the agreement amended to reflect protection to Local Lodges against being disbanded.

I understand your objection to my reference to the crass and horrid way we are treating our employees. This was my opinion, and I should have clearly stated that. Notwithstanding the foregoing, my opinion still hasn't changed. Most of these employees are long service (many have over 20 years service) and we are treating them in the same manner I see the Railways treating our members. We tell them that we need you, we want you, but we want you in Kansas City. If you are not willing to go you can quit and we will give you a severance. Like the Railway, we know many of our people live in a community they like and will choose not to relocate and make the tough decision to take a severance. These employees will get whacked in a big way for railroad retirement unless they can find a position in the Railroad Industry in Detroit.

I acknowledge yet again that the Merger Committee is sophisticated and skilled at bargaining. This does not mean that one may get blood from a stone. The Merger Committee did as a fact, achieve the best deal possible with the Boilermakers. This doesn't mean it is a deal that we should accept on that basis.

It is interesting that Resolution number 50 is quoted over and over in defending the current process. This resolution referred to a blood oath by other Unions for the purposes of collective bargaining. It is factual to state that while we never achieved that we were getting close with the BLE and TWU, but chose to go a different direction with the Boilermakers and discarded that process. It is important to note that the Boilermakers did not give this "blood oath" at bargaining and in my opinion it is, at best, erroneous to quote Resolution #50 as a basis for this merger.

I acknowledge that the BMWWE will be able to nominate for 7 other vice presidents who are not assigned a division. The fact remains though that we will be a minority vote for the two BMWWE Division Vice Presidents as the BMWWE is only 1/3 of the voting strength at the convention. Every BMWWE member could vote for a candidate and that candidate could be defeated. This is an issue that has already occurred within the Boilermakers and led to wide spread decertification within that Division.

I must defer to the accuracy of your statements regarding slates within the BMWWE. The slate to which you refer was for two people and there were not four or five separate Divisions within the Union each with their own locals. However, it is safe to say that slates completely change the dynamics of an election and has led to problems within the Boilermaker Union as stated in the previous paragraph.

Also, in regards to being able to nominate and vote for the other 7 Vice President positions who are not assigned a division. I would gladly give up the right to vote or nominate for these other vice presidents in order to elect our own Division Vice Presidents, but even this is not something the Boilermakers would consider.

The discussion of a division policy to cover interim elections is interesting, however, such a policy is not subject to appeal, nor is it a guarantee for the future. It also does not address the ability to appoint a BMWWE Division Vice President for up to five years. These two issues do not advance democracy, but actually make us move backwards in that regard.

I also agree that the BMWWE Division will be the largest single block within the Boilermakers, however, I do not agree that this fact is necessarily to our advantage. The BMWWE Division may be the largest block but we would still only be 1/3 of the voting strength of the Boilermakers. It is just as accurate to say that any agenda we take to convention will be thwarted by the other 2/3 of the Boilermaker delegates as to say we will be able to push such an agenda through the convention using our 1/3 voting block.

The fact that only delegates to the Convention or International Officers may run for International Office is indeed an issue. Any impediment for a member to run for office is an impediment to democracy. Simply, it is my belief there are enough hoops a member has to jump through now to seek elected office and we do not need to make even more.

The idea of approval of the President to initiate strike action is, I agree, something that is fairly standard. However, this is an impediment to the autonomy we are claiming is being maintained in this merger. While the BMW Division President may authorize an illegal strike as set out in resolution 24, such action is less likely when we are but 1/3 of the membership of the Union. In fact, during discussions on this matter, representatives of the Boilermakers advised that their President "could authorize an illegal strike, but he won't".

I agree the Merger Committee should get praise for negotiating an arbitration clause in the agreement. This however, was one of the issues raised by the Grand Lodge Officers, as only the Executive Vice President of the BMW Division may enact the arbitration clause. This severely limits the recourse of BMW System Divisions or Local Lodges that may need to enact the arbitration process but cannot because the Executive Vice President chooses not to do so.

I am sorry to state that I do not agree with your representations regarding the issue of appeals. While the Boilermaker Constitution states that the Convention is the supreme authority, it appears that in fact the major power of the Boilermakers is vested in the Executive Council of 10 (12 if the BMW merges). Therefore, the membership is not given a voice in the very fundamental workings of their Union. I do agree that International Officers are the only ones given the opportunity to appeal to the Convention.

I am sincerely trying to understand how Disciplinary Proceedings and Trials could ever replace the Recall provisions in our Constitution. Indeed the BMW has the same type of trial proceedings but also the right of recall. The recall provisions place power directly in the hands of the membership to determine their destiny. It serves to place an ongoing democratic right for the membership to choose their leadership. It is a process determined solely by the membership and not an Executive Council of 10. This issue, in my opinion, goes to the very basic tenets of democracy, and is not something we should ever surrender.

Again, I must apologize for my stubbornness in regards to the issue of subordinate bodies only being allowed to propose amendments to the Constitution. The Union belongs to each and every member, and each should be given the right to propose changes to the functioning and structure of their Union. While it may be cumbersome at times it is important, in my mind, for every member to have this opportunity.

With the greatest respect, I must voice my disagreement over the issue of Division Funding. If this is determined to be a non-issue, then I am even more opposed to the merger than I was previously. We simply have no guarantee of funding for the BMW Division even though we fund the Boilermaker International to the tune of an additional almost 7 million per year more than other members. Saying that if the funding is not there we can raise the issue at the next convention gives me very small comfort.

Also, I believe it is unfair to make representations that the current staff will only be utilized by the BMW Division. It is my understanding that they will not be Division staff but will be Boilermaker International Staff working for the International and not the Division. For example you refer to "two Journal departments" as being in the Division. Yet we all know that both the Canadian and US Journal will cease

after the merger. Clearly, these departments will either work on the single International Boilermaker publication or simply cease to function at all.

Just as a point of clarification, I did not accuse the Merger Committee of using an age old debating technique, but did state the author of the letter had done so. Perhaps it is not fact that a million member union would give us more bargaining power than one of one hundred thousand. However, I do believe that a reasonable person would agree with this is the case.

I acknowledge that some of the items I raised as issues also exist in other Constitutions, including the Steelworkers. I believe that quoting bits and pieces of a constitution without examining the entire document in combination with a merger agreement serves no legitimate purpose other than to undermine that Unions Constitution without all the facts being presented. Notwithstanding this, if there were issues that led to lessening membership involvement, removing democratic principles, not increasing our power base, yes, I would likely take exception to those issues. At this time, this is a moot point as we chose not to delay this process for six weeks (to July 31, 2001) to have merger discussions with the Steelworkers.

In closing Brother Fleming, I thank you for your response to my concerns and I too respect your fundamental right to voice your opinion openly and sincerely appreciate your letter and its thoughtful consideration of my concerns.

Trusting this to be satisfactory, I remain

Fraternally yours,

G. D. Housch

c.c. All Officers and Appointees

Memorandum

July 13, 2001

To: System Officers in Canada
From: G. Housch

As you are likely aware, I served on the BMWWE Merger Committee as an advisor. This Committee met to discuss merger and affiliation with the unions that President Fleming suggested and received approval from the Grand Lodge Officers.

In the fall of 1999 this Committee met numerous times with the TWU, the BLE, and the ATDD (train dispatchers in the US). The Merger Committee continued to meet with these unions and, in February, agreed to a coalition with them so that they could all work together toward achieving the BMWWE's long term goal of some type of affiliation or merger at some point in the future. On February 6, 2001, President Fleming asked this coalition group if it would agree to add the Boilermakers (IBB) to the group. This was agreed to by all present at the meeting.

It was clear to the Merger Committee that such a process, involving a working merger or affiliation coalition, would be lengthy and would not necessarily culminate in a successful merger or affiliation. Therefore, a first meeting was set up April 25, 2000, with the IBB and the BMWWE exclusively. I attended this meeting, as I had all other meetings, and sent the attached memo and notes from the meeting to the System Federation General Chairmen on May 1, 2000. Unlike the other unions, the IBB were willing to discuss a merger immediately and not just work on a coalition first.

There were various reasons for this being the last meeting I attended. These range from collective bargaining to the CAW raid. However, I must admit that another reason was the move away from what I, at the outset, perceived to be an opportunity for a rail labour merger with the BLE and/or the TWU. Also, I did not believe that a merger with the IBB would add to or increase the power of our members. In fact, I came to the conclusion that such a merger would actually serve to undermine our position in Canada. As BMWWE officers, our primary function is to negotiate and to deliver good contracts to the membership. I failed to see how a merger with the IBB would assist us in this regard.

Notwithstanding these arguments, the Merger Committee elected to move forward exclusively with the IBB.

One might argue that if I had continued to attend the IBB merger discussions that we may not have been in the situation we currently are. This argument, however, is based on the assumption that a merger with the IBB is one that would allow us to deliver more to our members. Unfortunately, I saw (and continue to see) little ability to expand out powerbase or to utilize such a merger to enhance the working lives of our members. On the other hand, one could clearly see such potential with other unions. In view of this, and the many challenges we faced in 2000, I failed to attend any further meetings of the Merger Committee.

In hindsight it may appear that I should have resigned from the Merger Committee at that time. However, I honestly believed that the Committee would continue to meet unions other than the IBB. However, as things turned out, no other unions were considered by the Merger Committee.

I hope that this explains the reasons for the actions that I took. If you have any questions or would like to discuss this matter in greater detail, please do not hesitate to contact me.

Memo

May 1, 2000

To: Mr. R. A. Bowden
Mr. R. F. Liberty
Mr. J. J. Kruk

From: G. Housch

RE: Merger Affiliation Committee meeting with Boilermakers April 25, 2000

Dear Brothers;

Attached herewith please find a copy of the documents presented at this meeting, as well as an abbreviated copy of the notes taken during this meeting.

Overall, in my opinion, the Boilermakers presentation was based on the advantages to the Officers of the BMW in making a deal. As I recall there was no mention at all as to utilizing a merger to benefit our memberships.

I trust that this is satisfactory, however, should you require any further information please contact this office at your convenience.

G Housch; Notes on Boilermaker merger/ affiliation committee meeting April 25, 2000

Joe Stinger made presentation on history of Boilermakers

1. formed in 1889 as primarily a Railway Union
2. merged with the blacksmiths in 1951
3. 1984 merged with cement lime and gypsum workers
4. 1993 merged with stoveworkers

Stingers comments on merger

both are financially solvent

needs to be something in it for both parties

deal clear and in writing

open agendas

not necessarily merge into boilermakers (new entity) – although proposal was merger into boilermakers

Boilermakers Structure

Currently there are 4 Divisions and building trades is largest at 20,000

Union provides Health, Welfare and pension benefits with about 125 workers in that area in Kansas City site

No in house counsel

IBF&O was dealing with Boilermakers at the same time as SEIU and TWO and went where best deal was

Health care is self funded at \$141 single and \$340 family, no trust, works out of general funds

Dental and vision not for retirees but can purchase at \$29.00 /month

Life insurance is \$10k and 2K retirees

Separate H&W Plans for Canada

Questions:

How do system divisions fit into H&W plans?

Stinger – would be willing to consider that happening

Pensions

RR Retirement, Pensions Trust, and Officers employees plan

Pension Trust is like a multi-employer defined contribution plan

Organizational Structure – Boilermaker proposal:

One maybe 2 VP at large for BMWE

officers and staff from that division

fund set up for that division

duplication – research accounting etc. would be folded in

propose current IBB railway workers would be a conference of our division

conference would have to have elected officers from that conference

at some time all funds – including strike fund would have to be merged

all members of the IBB vote for each elected office but nominees must come from group to be represented by member elected

current 7 Vp's of BMWE become appointees for remainder of term and subject to reappointment by president of boilermakers at end of that term

currently have 9 vp's and 2 additional for BMWE

Director of Division to be appointed

would protect System Divisions

Answers to my questions

International VP would be responsible for negotiations in Canada
10,000 Canadian members mostly building trades and manufacturing
arbitration in Canada handled with staff rep and local lodges
local lodge pay for attorneys etc.
said wouldn't change current arbitration