

# **MEMBERS FIRST COMMITTEE**

of the

## **BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES**

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### **BOILERMAKERS ADMIT THERE IS NO PENSION FOR THE MEMBERSHIP**

**MERGER ADVOCATES ADMIT THAT SIDE LETTER SEVEN  
PROMISING PENSION TO THE MEMBERSHIP IS NOT TRUE**

**UP TO 3 ADDITIONAL PENSIONS FOR UNION OFFICERS  
STILL PROTECTED BY THE TAKEOVER DEAL**

For months, Grand Lodge has been promising that if we become a division of the Boilermakers, the Boilermakers pension fund will provide our members with big retirement bucks, in addition to our railroad retirement pension, if we make it to retirement age. That promise has collapsed as merger supporters have informed us in a letter dated August 22, 2002 and addressed to Grand Lodge and System Officers of the Union. That letter is on page 2 and 3 of this newsletter. As the letter proves the Boilermakers pension: (1) is not guaranteed; (2) has not been finally negotiated and approved and in fact has been withdrawn as an item for the membership; and (3) can be reduced at the trustees' option.

Many of us had reservations about this pension plan when it was being touted as a done deal. The deal is dead, or more accurately, has now been shown never to have existed. So much for that "important new benefit" to a merger with the Boilermakers.

Mac A. Fleming  
President



William B. LaRue  
Secretary-Treasurer

**Brotherhood of Maintenance of Way Employes**  
*Affiliated with the A.F.L.-C.I.O. and C.L.C.*

August 22, 2002

All Grand Lodge (Elect) and  
System Officers

Dear Sirs & Brothers:

This is to advise you of information reported to Grand Lodge in a telephone conversation with Joe Stinger and Len Beauchamp of the IBB on Tuesday, August 20, 2002, regarding the Carriers notifying the IBB, that because of a stock market driven decline in value of approximately 16% of the Boilermakers Pension Trust, they are, at this time, unable to follow through with their previous tentative agreement with the IBB regarding the implementation of the Boilermakers Pension Trust to the Railroad Division members as part of their contract settlement. Likewise, this will delay implementation of the IBB Pension Trust to BMWE members as provided in the proposed merger agreement with the BMWE.

What this means is that the language contained in the proposed merger agreement between the BMWE and IBB regarding the implementation of the pension will necessarily be put on hold until market conditions improve. It is also important to note that the IBB Pension Trustees could adjust past service credits as they apply to all future participants because of funding. While we hope that past service credit will continue as current under the Plan, it is not guaranteed.

It has been made clear by the IBB that they are not abandoning, nor does this change the agreement with the BMWE. It just means that railroad members' pension participation cannot be implemented at this time. However, the market is expected to improve in the coming year and when it does, the IBB intends to resume negotiations to implement the pension for its current Railroad Division workers, and if we are merged, BMWE Division as well. Let me assure you that this does not change anything in the merger. However, it will again make pension participation a bargaining priority with the Carriers. As evident from the attached article that appeared in *The Detroit Free Press* on August 21, 2002, General Motors, as well as other pension plans are experiencing similar situations.

Like others who have invested in the stock market, the Trust has incurred a decline since September 11, 2001. At the time the agreement was negotiated, the IBB Pension Trust was substantially over funded, a condition which was assumed in the Boilermakers' tentative agreement with the carriers. While the plan as of December 31, 2001, remains in an over funded condition, the percentage has declined and caused concern among the Carriers and the Board of Trustees.

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August 22, 2002

While all of us who have worked hard to bring this merger to fruition are disappointed at this turn of events, we should not be surprised or discouraged given the recent lows experienced in the stock market. We are, however, likewise optimistic that the market will fully recover, thus, enabling implementation of the pension.

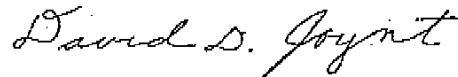
At this writing, we are moving forward with the intent of advancing the proposed merger agreement to the members for a vote as determined by actions of the recent Grand Lodge Convention. We believe that the downturn is temporary, as the situation has already begun improving and we remain steadfast in our belief that the proposed merger agreement continues to provide substantial benefits for the members.

In solidarity,

Merger Committee



William Brehl, Pacific Region  
General Chairman  
Canadian System Federation



David D. Joynt  
General Chairman  
Burlington System Division



Gary L. Cox, General Chairman  
Southern System Division



B. R. Palmer  
General Chairman  
Missouri Pacific System  
Federation



Perry K. Geller, General Chairman  
Consolidated Rail System Federation



David D. Tanner  
General Chairman  
Union Pacific System Division

Attachment

cc: Local Lodge Secretary-Treasurers  
Grand Lodge Appointees

**Side Letter Seven of Takeover Agreement  
Promises Members A Pension**

**Boilermakers Admit That Side Letter Seven Is Not True**

Side Letter 7 of the Agreement for the Boilermakers Union to takeover the BMWWE states, as follows:

"This will confirm our discussion regarding the Boilermaker-Blacksmith National Pension Trust. As you are aware, we have reached in National Negotiations. A Side Letter to that agreement provides for continued dialog on the issue of employee participation in the Pension Trust, including participation by any Organization that merges/affiliates with the Boilermakers International."

An agreement is something that exists that cannot be terminated without a second agreement between the parties. If the IBB had an agreement with the railroad companies for this extra membership pension then the railroad companies could not cancel it. Therefore, we must conclude that there was no signed agreement that would provide us with the pension at the time that the IBB was representing to the BMWWE that there was one. President Fleming wrote a letter to every member of this Union promising a fancy new pension, if we become Boilermakers, based upon the agreement that never existed. Seventy-Five percent of Education Day at the BMWWE Convention was spent trying to sell the delegates the so called membership pension, based upon the agreement that never existed. The IBB had full-time pension experts working ten hours a day at the Convention to give every convention delegate a break down of their new pension if they join the IBB, BASED UPON AN AGREEMENT THAT NEVER EXISTED! . . .

What Else In The Agreement Is Not True?

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