

UNITED TRANSPORTATION UNION

"Manhattan to Montauk & Staten Island Too"



Moving Right Along...

MICHAEL J. CANINO - GENERAL CHAIRMAN

October 2004

UTU SAYS IT! - UTU DOES IT! 4 YEAR CONTRACT - NEW PENSION - NO GIVE BACKS -

For well over two years, General Chairman Canino has said that he and his committee were exploring every avenue that would lead to an "earlier" pension benefit for our members on SIR. He firmly said, *"We will not sign an agreement that does not include a pension plan that will enable our members to retire at a reasonable age. Furthermore, we will not pay for our medical. Finally, we are not giving up any work rules."*

He promised and he delivered! With the ratification of this contract, SIR-UTU members will enjoy the same defined pension benefit that the LIRR management and LIRR-UTU members now have. New members will not be required to contribute over \$140 per month for the medical plan as they now do on Metro North, and we will not be giving up any work rules as they did at the NYCTA in order to get wage increases.

The contract has a four year term. All members will receive

a \$1,000 lump sum benefit for 2003 based on their months of service in the calendar year, with a 3% wage increase beginning on Dec. 15, 2003, 3% on Dec. 15, 2004 and 3% in Dec. 15, 2005. The contract will expire on December 31, 2006.

According to Vice General Chairman Bob Bilello, this agreement breaks the wage pattern of the NYCTA contract by adding an extra year and an extra 3%.

Bilello said, *"The time frame of this agreement now coincides with the LIRR-UTU agreement and quite possibly could be helpful during the next round of collective bargaining."*

In addition, the agreement provides a benefit for domestic partners that will become effective January 1, 2005.

With the MTA's record budget deficit, the search for more State and Federal funds and

impending fare increases, it doesn't take a rocket scientist to figure out what a great agreement this is. *"Not a single work rule was given up and most of all, we don't have to pay for medical benefits,"* said Local Chairperson Dee Vandenburg.

"This contract is the result of an awful lot of hard work behind the scenes for a very long time. This is a tribute to the experience of our leadership, the relationships they've cultivated and the strength of our union," said Local Chairman Dee Vandenburg.

INSIDE...

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- * Your ballot & voting instructions

WAGES AND TERMS OF AGREEMENT

Term: December 15, 2002 through December 31, 2006

Wage Increases : Pro Rata Lump sum payment of \$1,000 for all members who performed service in 2003. Eligibility for lump sum payment: Employee must have been on the payroll January 1, 2003 and January 1, 2004

December 15, 2003 - 3%

December 15, 2004 - 3%

December 15, 2005 - 3%

NEW PENSION PLAN

Subject to ratification, effective January 1, 2005, all members will be placed in the MTA Defined Benefit Pension Plan. (This is the same plan that LIRR employees and managers are in.)

This is a defined benefit pension plan. This type of plan provides you with a specific dollar amount of monthly income when you retire. The exact dollar amount is determined based on a combination of length of service credited under the plan and rate of pay.

Under the new pension, Normal Service Retirement would occur if you satisfy one of the following conditions:

- 1) age 62 and have completed at least 5 years of service, or
- 2) age 55 and have completed at least 30 years of credited service.

This plan also has an early-service retirement on a reduced basis if you are age 55 and have completed at least 10 years of credited service.

PENSION PLAN FORMULA:

If an employee retires with more than 20 years of credited service, his/her benefit will be calculated as follows: FINAL AVERAGE COMPENSATION x 2% PER YEAR UP TO 30 YEARS AND 1.5% FOR EVERY YEAR OVER 30

Example: An employee retires at age 55 with 32 years of service. The pension would be calculated at 63% of his final average compensation.

If an employee retires with less than 20 years of service, the employee would receive 1.67% for every year of service.

This plan has a railroad retirement offset of only the Tier 2 portion of railroad retirement.

DOMESTIC PARTNER MEDICAL BENEFIT

Effective January 1, 2005, the current medical benefit plan will include domestic partners.

About The New Contract

A Message From Our Chairman...

Dear Brothers and Sisters,

I am very pleased to be writing to you at this time. On October 21, 2004, on your behalf, a tentative agreement with the MTA was reached.

As I have told you on many occasions, I heard your pension concerns and I totally understand the inequity created by a system that does not treat all employees under its umbrella the same way. Though we did not create this situation, we saw it and successfully addressed it in this contract. The work that went into making this deal has been in progress for well over two years. The key was to walk away with an agreement that enhances the pension benefits, provides annual wage increases, does not require our members to pay for medical benefits and does not sacrifice work rules.

The new pension plan is highlighted and discussed within. The new pension plan will take effect January 1, 2005 and credit you for all past service. The 3% contribution will remain in effect, but only as it exists under the current plan. You will be given credit for the years you have already contributed, and once you have reached 10 years, you will no longer have to make this contribution. For example, if you have reached 10 years and are no longer contributing, then you're done!

In addition to wages and pension benefits, there is also a new domestic partner medical benefit that will become effective on January 1, 2005.

One important note - before this agreement was put forth for your consideration, every aspect of it was discussed and considered with your local chairperson. I am pleased to report that there is unanimous support and recommendation for ratification of this agreement. I would like to express a note of appreciation to Vice General Chairman Bob Bilello and your Chairperson Dee Vandenburg, who spent countless hours assisting me and setting the stage for attaining an equitable agreement for all SIR-UTU members.

In closing, I urge each and every member to exercise the most important right you have - that is to vote. Best wishes for a happy, healthy holiday season.

Fraternally,

Michael J. Canino
General Chairman

MEMORANDUM OF UNDERSTANDING

Agreement made between the MTA STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY (hereinafter referred to as "Staten Island Railway") and the NEW YORK CITY TRANSIT AUTHORITY (hereinafter referred to as "New York City Transit Authority") and jointly referred to as the "Authorities") and the UNITED TRANSPORTATION UNION (hereinafter referred to as the "Union").

It is mutually agreed that the collective bargaining agreement between the Authorities and the Union shall be amended as follows:

1. TERM

This agreement shall commence on December 15, 2002 and continue in effect through December 31, 2006. This agreement is subject to approval of the Metropolitan Transportation Authority ("MTA") Board and ratification of the membership of the Union.

2. WAGES

- a. As soon as practicable and following full and final ratification by the membership and MTA Board ratification, the Authorities shall pay a one-time non-recurring lump sum payment of \$1,000 to each employee who meets the eligibility requirements specified herein.

In order to be eligible to receive the above referenced lump sum payment, the employee must have been on the payroll on January 1, 2003 and January 1, 2004. However, if an employee was hired before January 1, 2003 and

retired, was injured on duty or was otherwise off pay status, for reasons other than those mentioned below, prior to January 1, 2004, the employee will be entitled to a pro-rata share of the lump sum. Fifteen days or more on the payroll in a month shall constitute a month of service. Fourteen days or less shall not. Example: an employee retires on September 1, 2003. Such employee had eight months on the payroll and shall receive 8/12ths of the lump sum amount. Employees who were terminated or voluntarily resigned during 2003 shall not be entitled to the lump sum payment or any pro-rata share of the lump sum payment.

- b. Effective December 15, 2003, the hourly and daily wage rates and annual salaries in effect on December 14, 2003 shall be increased by (3) percent.
- c. Effective December 15, 2004, the hourly and daily wage rates and annual salaries in effect on December 14, 2004 shall be increased by (3) percent.
- d. Effective December 15, 2005, the hourly and daily wage rates and annual salaries in effect on December 14, 2005 shall be increased by (3) percent.
- e. The December 15, 2003 retroactive wage increase of (3) percent shall be granted only to current employees for service performed in 2004, and on a prorated basis for employees for service performed in 2004, and on a prorated basis for employees who, during 2004: 1) retired; 2) died; 3)

resigned while having a vested right to a pension under the Staten Island Rapid Transit Operating Authority Pension Plan; 4) were dismissed and subsequently reinstated or rehired with seniority restored.

3. PENSION PLAN

- a. Effective upon full and final ratification and approval of this agreement, the parties agree to amend the Staten Island Rapid Transit Operating Authority Pension Plan (hereinafter referred to as the "SIRTOA Plan") to provide that for a sixty (60) day period following such full and final ratification and approval, current employees, who are not members of the SIRTOA Plan, will be offered the opportunity to join the SIRTOA Plan. Such employees shall be entitled to credited service for employment with SIRTOA on or after May 2, 1989 and will be required to pay retroactive required member contributions for all "such credited service" in accordance with Article 4, Section 4.01 of the SIRTOA Plan.
- b. The Union agrees that it is the present intention of the Authorities to merge the SIRTOA Plan with the MTA Defined Benefit Plan, creating a new defined benefit program within the Plan (hereinafter referred to as the "New SIRTOA Program") and the union has no objection to said merger. Furthermore, in the event the intended merger occurs, the Union will take no action to aid, encourage or support (financially or otherwise) any person who commences or pursues legal action of any kind challenging the merger.

- c. Effective January 1, 2005, the pension benefits of the employees in the SIRTOA Plan will be changed as follows: all members of the New SIRTOA Program will be eligible for a service retirement after 30 years of credited service at age 55, pursuant to the same terms and conditions as the MTA DB Plan; all members will vest after 5 years of credited service and will be eligible to collect a retirement benefit, pursuant to the MTA DB Plan, at age 62; all members shall be entitled to early vesting, early retirement, and have the ability to purchase military time which occurred prior to their SIRTOA employment, pursuant to the same terms and conditions as the MTA DB Plan; all vested members will have the same death benefit coverage as the MTA DB Plan; and members with more than 5 but less than 10 years of credited service will be eligible for a refund of employee contributions pursuant to the same terms and conditions as the MTA DB Plan.
- d. Upon merger the New SIRTOA Program will be administered in accordance with the terms and conditions of the MTA DB Plan and will be governed by the MTA Board of Pension Managers. Additionally, all administrative functions, including the Medical Board, for the New SIRTOA Program will be established pursuant to the same terms and conditions as the MTA DB Plan.
- e. The merger described above will take effect only after all of the unions representing members in the SIRTOA Plan have full and final ratification as well as MTA Board approval of agreements supporting the merger of the SIRTOA Plan with the MTA DB Plan.

- f. Effective upon full and final ratification and approval of this agreement members will not be entitled to take any new pension loans. Any and all pension loans issued pursuant to the terms of the SIRTOA Plan shall continue to be repaid pursuant to the existing terms and conditions until paid in full. Any balances remaining at time of retirement shall be governed by the rules of the SIRTOA Plan in effect prior to the full and final ratification and approval of this agreement.
- g. Recognizing that the anticipated merger of the SIRTOA Plan and the MTA DB Plan is a material condition for the benefit enhancements agreed to herein, the parties agree that in the event there is any successful or partially successful challenge to the anticipated merger, the benefit provisions in effect prior to the full and final ratification and approval of this agreement will be reinstated and the benefit enhancements provided in this agreement will cease immediately.

4. HEALTH BENEFITS

Domestic partner coverage shall be added under the same rules applicable to non-represented employees of the MTA NYCT.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the 21
day of October, 2004.

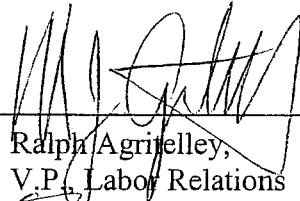
New York, New York

FOR THE UNITED TRANSPORTATION UNION

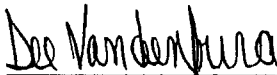
FOR THE NEW YORK CITY
TRANSIT AUTHORITY



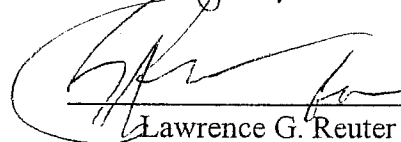
Michael J. Canino,
General Chairman



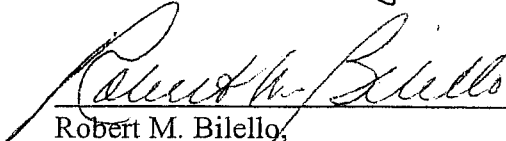
Ralph Agrifelley,
V.P., Labor Relations



Dee Vandenburg,
Local Chair



Lawrence G. Reuter
President



Robert M. Bilello,
Vice General Chairman