

THE LAW OFFICE OF
EDWARD GLEASON

MEMORANDUM

To: IBT Airline Division
From: Ed Gleason
Date: March 28, 2017
Re: UAL/CARP Grievance

I. Introduction

The International Brotherhood of Teamsters Airline Division ("Union") has received a grievance claiming that the former United Air Lines, Inc. ("United") mechanic group should be afforded full vesting and funding as participants in the Continental Airlines ("Continental") Retirement Plan ("CARP") for the period covering November 30, 2011 to the present. The CARP is a defined benefit pension plan established many years ago by Continental. Originally structured as a single-employer defined benefit plan, the CARP changed its structure and status to a multiple-employer defined benefit pension plan in April 2002. The Union has asked for an opinion whether it should further pursue the grievance. As explained below, the grievance lacks merit and is in any event untimely.

The Teamsters attorney Ed Gleason states that the CARP Pension Plan is a Multi-Employer Plan, he is wrong in his description and characterization of CARP.

CARP is a Single Employer Pension Plan [\(View Document\)](#)

In 2013, the teamsters talked about the strength of their Multi-Employer Pension Plans specifically the Western Conference Plan. They compared it to CARP which they described as a Single-Employer Pension Plan [\(Teamster Letter 2013\)](#)

In his introduction, Ed Gleason misrepresents the facts. What follows is his attempt to exonerate the teamster's leadership and the IBT for their negligence, at a cost of millions of dollars in damages to this membership.

Furthermore, the statements made in this 20-page document will clearly show the teamster union rejected United Airlines offers to provide the sub UAL mechanics with CARP defined benefits in 2010 per LOA 05-3M. [\(Ed Gleason's statements\)](#)

Every UAL Mechanic has lost between \$880.00 to \$1500.00 in Monthly CARP Benefits because of the Teamsters failure to enforce our contract as written. [\(UAL CARP Calculator\)](#)

II. Background

A. Pre-Merger United Air Lines, Inc.-Bankruptcy-Related Pension Matters

In late 2002, UAL Corp. ("UAL") and its subsidiaries, including United, filed for protection under Chapter 11 of the Bankruptcy Code. Starting in late 2004, during the bankruptcy proceeding, the mechanics' former representative developed and proposed that United terminate its then existing severely underfunded single-employer defined benefit pension plan covering the mechanics and replace it with a defined contribution plan. Eventually, in or about April 2005, after negotiations had stalled, United by-passed the negotiations altogether and entered into an agreement with the Pension Benefit Guaranty Corporation ("PBGC") whereby the PBGC took control of and terminated United's defined benefit pension plans, including the mechanics and related employees' plan. The mechanics and related employees' former representative did not object to the termination of the mechanics' pension plan, choosing instead only to object to the effective date of the plans termination.

The Teamsters attorney Ed Gleason statements above are false. Ed Gleason's statements show he has no knowledge of what happened in the 2005 UAL Bankruptcy Negotiations.

1. The Mechanics at UAL took a stand against any concessions prior to bankruptcy and during bankruptcy. The United Mechanics were the only union group during bankruptcy to vote down the first bankruptcy negotiated agreement in January 2005. [\(LINK to News Article\)](#)

2. On March 11, 2005, the PBGC seized control of the United Pension Plans several days before the union would receive an increase in guaranteed benefits. . [\(LINK to News Article\)](#)

3. In April 2005 AMFA did not develop a proposal to terminate the Mechanics Defined Benefit Plan with United as Ed Gleason stated. This is the first falsehood Ed Gleason and the teamsters tried to sell to the reader in their CARP pension denial decision.

4. UAL Mechanic negotiators voted 6-4 to fight the PBGC Plan termination at all costs. [\(AMFA UAL Negotiation Notes May 2005\)](#)

Whether the Teamsters are uninformed or attempting to cover for their own negligence, will become clear to the reader, by the end of this document.

The mechanics and related employees' former representative also entered into a letter of agreement, referred to variously as "LOA 05-03" and 'LOA 17.'" That letter of agreement is a bankruptcy exit agreement that UAL Corp. and United entered into with the labor unions that represented United's various work groups, including the mechanics and related employees.

The bankruptcy exit agreements provide for various wage and benefit concessions. All of them, including LOA 17, provide for the establishment of new defined contribution pension plans to replace the employees' defined benefit pension plans **that the PBGC had taken over and involuntarily terminated**. The new defined contribution plans, known as the "DC Replacement Plans," provided for the payment of non-elective, *i.e.*, mandatory, employer contributions to the employees' individual retirement accounts.

Moreover, as set forth in LOA 17, the United mechanics and related employees' former representative sought to mitigate the harm associated with the termination of the United pension plans as best it could and, in so doing, sought to ensure that the United mechanics and related employees would not suffer a disproportionate injury *vis-a-vis* the other United work groups as a result of the termination of the United pension plans. Thus, as set forth in LOA 17, the United mechanics and related employees' former representative agreed to:

waive[] any claim it may have (including but not limited to any claim or grievance under Letter of Agreement 02- JM of the 2003 Mechanics' Agreement) that the termination of the United Air Lines, Inc. Union Ground Employees' Retirement Plan (the "Plan") does or would violate the terms and conditions of the 2003 Mechanics' Agreement or any other agreements or status quo between the parties, and (ii) shall not otherwise oppose any efforts to terminate the Plan; provided, however, that nothing in this Letter of Agreement shall be construed, deemed or characterized by UAL or the Company as any agreement of any form by AMFA that the Plan should be terminated, or as limiting AMFA's right to proceed against the PBGC regarding the issue of the termination date of the Plan. AMFA further agrees that, under the 2005-2009 Mechanics' Agreement, the Company shall not be required to maintain the Plan, or provide any defined benefit pension benefits whether from a plan, including the Plan or other- wise, and may terminate the Plan without violating the 2005-2009 Mechanics' Agreement or any other agreements or status quo between the parties.

In 2005, United mechanics never conceded to company requests to not fight the termination of the pension plans. The 10 members of the UAL negotiating committee voted 6-4 to fight the termination of the UAL Ground Pension at all costs. [\(AMFA UAL Negotiation Notes May 2005\)](#)

AMFA union representatives met with the PBGC to request a forensic audit of the pension plans after negotiations. It became known that UAL had lost the bulk of its pension assets in the 2000 stock market fall. This was a major factor in the United bankruptcy.

LOA 17 also contains a "me-too" protective provision stating that:

Following the Plan Termination Date, the Company shall not maintain or establish any single-employer defined benefit plan for any UAL or Company employee group unless AMFA-represented employees are provided the option of electing to receive a comparable defined benefit plan in lieu of the Replacement Plan Contribution.

This contract provision LOA 05-3M Section 5 d ensures that;

In the event, United Airlines maintains or establishes a defined benefit plan for any UAL or Company Employee group, then the company MUST allow AMFA represented employees the option of receiving a comparable defined benefit plan. (LOA 05-3M Section 5 d)

The UAL Mechanics CBA language is unique in that it is the only language that has the word "maintains". All of the Unions ALPA, AFA, and AMFA had unique language, but the Mechanics were the only group to have the word "maintain" which covers the possibility of a merger with an airline with an existing Defined Benefit Plan. (UAL LOAs 05-1, 05-2, 05-3M)

Furthermore, like the bankruptcy exit agreements signed by the bargaining agents for the other affected United work groups, LOA 17, does not contain any successors and assigns provisions or any similar provisions delineating the parties' pension obligations and rights in the event of a merger involving United. To the contrary, by its express terms, LOA 17 was made and entered into *by and between UAL Corp. (hereinafter referred to as "UAL"), UNITED AIR LINES, INC. (hereinafter referred to as the "Company"? and the AIRCRAFT MECHANICS FRATERNAL ASSOCIATION (hereinafter referred to as "AMFA" or the "Union").*

As a result, it is unclear whether LOA 17 was subject to and governed by those employees' collective bargaining agreement's successors and assigns and scope provisions relating to mergers.

The above statement by Teamsters Ed Gleason is false, he is lying about our contract. There is a Successor Agreement in the UAL CBA (UAL CBA Article 3 Status Agreement)

Furthermore, the Teamsters organizers contradict their own union attorney. During their organizing campaign, they stated that they could use LOA 05-3M to negotiate a new defined benefit plan for mechanics at United Airlines. (UAL IBT Broken Pension Promises 2008)

Finally, the Teamsters and Ed Gleason are incorrect in their interpretation of contractual Successorship and intent of LOA 05-3M. The contract is between the employees and the employer, regardless of any change in representation or merger. This is basic Railway Labor Law, Read the cover page of the LOA 05-3M. (LOA 05-3M Page 1)

B. Pre-Merger Continental Airlines Pension-Related Matters

At around the same time that UAL and its subsidiaries, including United, were emerging from bankruptcy, Continental was itself facing financial difficulties and was trying to avoid going into bankruptcy. Although Continental avoided bankruptcy, it did seek and obtain wage and benefit concessions from its workforce while also cutting and postponing the payment of other operating expenses. Among the expenses, it deferred were annual contributions to the CARP. In this regard, Continental took advantage of newly enacted tax relief provisions that enabled it to avoid making pension contributions to the CARP. As a result, the already underfunded CARP's funded status significantly deteriorated.

In 2005 the Teamsters union was threatening the CAL mechanic membership to give concessions or face bankruptcy. It stated, the Mechanics must give concessions with all the other groups of face bankruptcy. This threat from the teamsters turned out to be false when the flight attendants refused to give concessions. ([Link to Triechler Excuses letter](#))

The Teamsters Airline Division acted on its own without the knowledge or consent of the negotiators, and imposed the pay cuts and pension freeze requested by the Company. ([CAL Betrayed Negotiator Email](#))

In 2005, the Teamsters Airline Division violated the Continental mechanics tentative agreement and forced the mechanics to give concessions in violation of their T/A. ([Link to Full Letter](#))

Also in 2005, the Continental pilots, through their bargaining representative, ALPA, negotiated out of the CARP. On or about March 30, 2005, ALPA and Continental agreed to freeze the Continental pilots' future defined benefit pension accruals and established two defined contribution retirement plans to provide future retirement benefits to the pilots. Shortly thereafter, on or about May 31, 2005, upon agreement with ALPA, Continental spun the pilots out of the CARP and placed them into a pilots-only, frozen defined benefit pension plan. As a frozen plan, only Continental pilots who were employed on and before March 30, 2005 were covered by the plan, and those participants' pension accruals ceased as of that date. These transactions affecting the Continental pilots did not at that time affect any other Continental employees, including the mechanics, who remained as participants in the CARP.

C. The Pension Protection Act of 2006 And The Special Airline Amortization Rules

In 2006, Congress passed the Pension Protection Act (PPA), a comprehensive statute purportedly intended to strengthen the funded status of both defined benefit pension plans. Buried in its nearly 400 pages of text are special funding provisions applicable to defined benefit plans maintained by commercial airlines that gave those airlines longer periods of time in which to fully-fund their pension plans than other industry employers that maintained single employer defined benefit pension plans. Specifically, airline pension plan sponsors of frozen pension plans could elect to fund the plan using a 17-year amortization schedule. In the case of plans that were not eligible for the 17-year amortization election, *i.e.*, that were not frozen, the airline plans' sponsors could elect to use a 10-year amortization period to fully-fund their plans, beginning with the first taxable year beginning in 2008.

The PPA's rules enabling commercial airline carriers to amortize their funding deficiencies over longer periods of time than other industry employers did not come without restrictions, however. Most importantly, PPA Section 402(g) provides that if a commercial airline that takes advantage of either the 17-year or 10-year amortization option with respect to an "eligible plan" and establishes or maintains one or more other defined benefit plans, and such other plans in combination provide benefit accruals to any "substantial number" of "successor employees," the Secretary of Treasury may disqualify such successor plans unless all benefit obligations of the eligible plan have been satisfied. Section 402(g) provides that "successor employees" include any employee who is or was covered by the eligible plan and any employee who performs substantially the same type of work with respect to the same business operations as an employee covered by the eligible plan.

Continental took advantage of the PPA's special airline funding rules with respect to both of its then existing defined benefit plans, *i.e.*, the CARP and the Continental pilots' frozen plan. Specifically, in 2007, Continental elected the PPA's 17-year amortization option for the pilots' frozen plan and the statute's 10-year amortization option with respect to the CARP. Having elected to take advantage of those provisions, Continental and its two defined benefit pension plans became subject to the restrictions set forth in PPA Section 402(g) as described above. Any breach or violation of those restrictions would jeopardize the tax qualification of the plans, a circumstance that would have resulted in very significant adverse tax consequences not only for the carrier but also the participants covered by the affected pension plans.

The PPA Pension Protection Act of 2006 has nothing to do with UAL LOA 05-3M and its application. The PPA allows a Corporation more flexibility in pension obligations which goes directly against the financial argument made by the teamsters later in their opinion.

The history of CARP shows that it is a Single Employer Defined Benefit Plan.

The newly combined carriers could well afford to pay the UAL mechanics CARP pension.

United was making record profits and could well afford to fund its new pension obligations as it began to MAINTAIN THE CONTINENTAL MECHANICS CARP DEFINED BENEFIT PLAN.

[\(Link to UAL 2011 10K Report\)](#)

D. Pre-Merger United Negotiations With The Union Relating to Pensions

In April, 2008, the Union became the United mechanics and employees' certified bargaining agent. From the start, the Union actively sought to restore the mechanics and related employees' defined benefit pension plan that had been involuntarily terminated through the bankruptcy proceeding or, barring that, to negotiate the mechanics and related employees into another defined benefit pension plan.

The teamsters and Ed Gleason state the IBT tried to restore the UAL terminated Ground Defined Benefit plan. The teamsters promised all kinds of pension benefits to the UAL mechanics in 2007 and 2008.

The stated goal from the beginning made by the teamsters was to put UAL mechanics into the union controlled Western Conference Pension Plan. This was the unions one track and single minded goal, to place all United Mechanics into a fund they profited from.

The Teamsters 6 year failed effort to put UAL Mechanics into a Teamsters controlled pension cost UAL mechanics \$880.00 dollars in monthly benefits.

UAL mechanics lost six years in pension accrual which is \$880.00 per month based on the UAL CAL CARP calculator. [\(UAL Tech CARP Loss Estimate\)](#)

[Teamsters lawyer Ed Gleason's own statements](#) will show that the Teamsters union leadership and their appointed negotiators denied UAL mechanics their contractual rights several times to join CARP a Single Employer Defined Benefit Plan beginning in 2010. [\(Gleason statements\)](#)

The Union quickly determined that the distress termination agreement between United and the PBGC effectively foreclosed any opportunity to restore the mechanics' prior, plan. It then sought to negotiate with the carrier to secure pension benefits for the mechanics through the Western Conference of Teamsters Pension Trust ("WCTPT"), a large, well-funded multiemployer pension plan that had more than \$30 billion in assets which, because of its well-funded status, was able to offer past credited service to new participants on a generous 2:1 ratio

It is clear from this opinion that the objective of the teamsters was to place UAL and CAL mechanic Retirement benefits into a Teamster controlled pension plan.

Time after time over the course of 7 years the teamsters failed to enforce the mandatory contract language negotiated by the mechanics under AMFA to provide the membership with a defined benefit plan. This is a clear case of negligence and failure to enforce the contract.

The union put the interests of the IBT ahead of the interests of the mechanics at United Airlines. This cost the UAL mechanics and their families tens of millions in accrued pension benefits. The failure to act in a timely manner shall not affect the rights of that party to enforce the terms of LOA 05-3M. This is made clear in paragraph 13 of the LOA 05-3M.

(LOA 05-3M Para 13 Amendments Waiver)

"The failure of any party at any time to require performance of any provision of this Letter of Agreement shall not affect the right of that party at a later time to enforce the same or different opinion."

Prior to the commencement of formal bargaining for an amended collective bargaining agreement covering the mechanics and related in 2009, the Union proposed that, subject to membership ratification, United join and contribute to the WCTPT, such that the mechanics and related employees would become covered participants in that plan.

United refused the Union's proposal. United's resistance in this regard was aided in no small part by a vocal group of mechanics who expressed their preference to remain covered by their defined contribution Replacement 401(k) Plan.

They also submitted a petition to the United board of directors voicing their objection to switching from their Replacement 401(k) Plan to any defined benefit pension plan. it did not provide the Union with a copy of the petition or indicate how many signatures were contained on it, United relied on the petition to justify its refusal to negotiate any defined benefit pension benefits for the mechanics and related employees craft. Notwithstanding the opposition, it had faced from management and the anti-pension mechanics and related employees, and based on demands made by the majority bargaining unit personnel to obtain pension coverage through the WCTPT, the Union continued to press for an agreement by the United to join the WCTPT.

Ed Gleason's above statements are false. The United Mechanic's petition was specific and stated that UAL mechanics were against the transfer of 401k benefits into the now failing WCTPT. Below is the exact wording on the petition. The Petition specifically stated:

Petition to stop any transfer of our current UAL Mechanics Personal 401k Defined Contribution to the Western Teamsters Conference Pension Plan. (Original Petition by UAL Techs)

The United Mechanics did not want to surrender their 401k for a Teamster pension Plan because of the long history of union corruption related to IBT controlled pension plans. As the contract states, they voted for the right to an alternative Company Defined Benefit Plan over their DC Replacement Plan, but only on the condition that the United membership would vote on any replacement.

United remained firm in its refusal to provide any defined benefit pensions for the bargaining unit, however, and effectively stalemated the Union's bargaining efforts to secure defined benefit pension coverage for the mechanics and related employees.

While the bargaining parties remained stalemated over the defined benefit pension issue, the financial markets crashed and the country slid into the deepest and most severe recession since the Great Depression. The market crash also effectively derailed the Union's effort to negotiate the Company into the WCTPT.

That is because the WCTPT, like nearly every other multiemployer pension fund in the country, lost its fully-funded status, which in turn exposed the plan's 500-plus employers to withdrawal liability if they exited the plan.

Teamsters abandoned Western Conference Teamsters Pension Teamsters shift strategy to control UAL mechanics Pension Benefits and create the "Adjustable Pension Plan" or APP

Recognizing the near certain impossibility of successfully negotiating a publicly traded airline into a multiemployer pension fund that has withdrawal liability, the Union regrouped and set out on another course to negotiate and secure defined benefit pension coverage for the mechanics and related. Working with its attorneys and actuaries, the Union developed a new defined benefit proposal. Specifically, the Union proposed that United contribute to a new defined benefit plan called a "variable defined benefit plan," or, as it was later named, an "adjustable pension plan," (the "Adjustable Pension Plan" or "APP").

The Adjustable Pension Plan was tailored after one of the retirement components of the Major League Baseball Players' pension program, and was fully vetted among and endorsed by the Union bargaining committee. It was designed as a single employer plan that could be converted into a multiemployer plan. By plan design, it had no withdrawal liability and was projected by the actuaries to be fully-funded in nearly every economic cycle. Indeed, the actuaries projected that the APP would have remained fully-funded even during the 2008 market crash. Moreover, based on its plan and investment design, the APP provided defined benefit pensions that would not evaporate in down markets, so that the benefits promised to the participants actually would be payable to them upon their retirement.

Throughout 2009 and 2010, United resisted the Union's Adjustable Pension Plan with as much vigor as it has resisted participation in the WCTPT.

The Company also did not want any part of the Union bargaining committee's new pension scheme that was "down market resistant". The union never presented this proposal to the membership for review or acceptance.

E. The UAL-Continental Airlines Merger and Its Pension-Related Impact

On May 2, 2010, UAL, Continental (including its consolidated subsidiaries), and JT Merger Sub Inc., a wholly-owned subsidiary of UAL, entered into an agreement and plan of merger (the "Merger"). On October 1, 2010, JT Merger Sub Inc. merged with and into Continental, with Continental surviving as a wholly-owned subsidiary of UAL. Upon closing of the transaction, UAL became the parent company of both United and Continental, and UAL's name was changed to United Continental Holdings, Inc. Thereafter, on or about November 30, 2011, the Federal Aviation Administration ("FAA") granted a single operating certificate ("SOC") to United and Continental. In so doing, the FAA recognized the two carriers as a single carrier for operational purposes. Despite receiving the SOC from the FAA, however, United and Continental maintained separate bargaining relationships and collective bargaining agreements with their respective work groups, as required by the RLA, and other federal laws and requirements, including the McCaskill-Bond Amendment.

2010 CAL UAL Merger triggers LOA 05-3M

The determining factor in this grievance and the triggering mechanism for the language provided in LOA 05-3M is found in the United Airlines 10k Report from 2010 where United Airlines assumed responsibility for the CARP Pension obligations. (UAL 2010 10k Report)

When United Airlines began to maintain a Defined Benefit Plan for another group of employees at UAL the LOA 05-3M provision was triggered.

Ed Gleason attempts to use the SOC as the triggering event but he is incorrect in his interpretation of LOA 05-3M (Triggering Language from LOA 05-3M)

The Merger introduced new layers of collective bargaining complexity for both the United and Continental work groups, including their respective mechanics and related employees. Both work groups were represented by the Union under separate collective bargaining agreements, and both groups were already engaged in RLA collective bargaining

negotiations when the Merger was announced.

The Union recognized that post-merger United and Continental inevitably would be integrated into one enterprise for all purposes, including collective bargaining purposes, and that the combined work group of mechanics and related employees ultimately would be covered under a single collective bargaining agreement. The Union therefore had to grapple with the fact that the two groups' then-existing collective bargaining agreements were markedly different.

In this regard, the United Air mechanics and related employees' collective bargaining agreement was a bankruptcy-forced concessionary contract that significantly cut the mechanics and related employees' wages and benefits. The Continental mechanics and related employees' collective bargaining agreement contained far better wages and benefits in comparison. Thus, if the Union immediately engaged in joint negotiations to amalgamate the two collective bargaining agreements, it risked having to defend against management demands for wage and benefit reductions on the Continental side in exchange for much needed wage and benefit increases on the United side.

To avoid this risk and the internal employee discord and disruption that such an amalgamation negotiation likely would trigger if the parties immediately engaged in amalgamation negotiations, the Union insisted on completing negotiations with both United and Continental individually and securing separate, stand-alone collective bargaining agreements with them. Once both collective bargaining agreements were amended and ratified, the Union could then enter into negotiations to amalgamate the two roughly equivalent contracts. The carriers reluctantly acquiesced to the Union's demand.

The Teamsters' Ed Gleason makes assertions that have no basis in fact or effect on the United Airlines mechanics right to the CARP Pension plan.

Ed Gleason states that UAL mechanics pay was lower than sub CAL at this point.

These statements only work to counter his previous reasons for not providing a CARP benefit to the lower paid UAL mechanics.

The CAL mechanics were placed into UAL mechanics profit sharing pool in 2011 and enjoyed a company benefit from the UAL contract. [\(UAL Profit Sharing 2011\)](#)

Then why weren't the UAL mechanics offered placement into CARP another company benefit as outlined in LOA 05-3M [\(Section 5 para d.\)](#)

(1) Stand-Alone Negotiations Relating To Pensions

The Union and Continental completed their negotiations for an amended collective bargaining agreement covering the Continental mechanics and related employees and the bargaining unit ratified it in late 2010. Armed with that new contract as a minimum standard, the Union then focused on completing negotiations to amend the stand-alone United mechanics and related collective bargaining agreement.

Changes in the CAL LOA #26-1, will show the Teamsters took this opportunity to change language in the CAL agreement to allow for the reopening of the contract to allow the union the ability to renegotiate a Teamster defined benefit plan, should the company choose to freeze CARP (LOA #26-1 CARP)

DECEMBER 9, 2010 UAL FIRST RECOGNITION AND OFFER BY UNITED TO PROVIDE CARP BENEFITS TO sub United Airlines mechanics.

In December, 2010, United signaled its desire to reach a stand-alone collective bargaining agreement covering the mechanics and related employees. In so doing, it acknowledged that such an agreement had to include a solution providing defined benefit retirement security for the mechanics and related employees.

The bargaining parties from United and the Union met in Chicago on December 9, 2010 and discussed retirement solutions. Both sides acknowledged that an eventual amalgamation of the United and Continental mechanics and related employees bargaining units required a single retirement benefit program for the combined bargaining unit. The management representatives expressed their belief that the only way to provide retirement security for the combined group of mechanics and related employees would be to include the United mechanics and related employees in the CARP. Having expressed that opinion, however, the management representatives then explained why it was impossible at that time to include the United mechanics and related employees in the CARP.

At this point, Ed Gleason confirms the Company believed the only way to provide retirement security (and to comply with the UAL Mechanics Agreement) would be to include United mechanics into the CARP Plan. (CAL CARP Pension Plan SPD)

In this regard, the management representatives explained that they could not include any of the United work groups into the CARP because each of those work groups were parties to "me-too" agreements providing that if any one of those groups secured pension coverage in a single-employer defined benefit pension plan, the other groups would be entitled to the same pension coverage.

By including the mechanics and related employees in the CARP, the management representatives explained, the United pilots would also be eligible for CARP coverage by virtue of their "me-too" agreement. Because Continental had, prior to the Merger, elected to take advantage of the PPA's special airline rules providing for extended funding amortization periods for both the CARP and Continental pilots' frozen defined benefit pension plan, the United mechanics and related employees would be deemed CARP "successor" employees under PPA Section 402(g).

For the same reason, the United pilots also could have been deemed "successor employees" of the CARP, the Continental pilots frozen defined benefit plan, or both. Thus, the management representatives explained, the consequence of the CARP and Continental pilots' frozen defined benefit plans' designations as PPA Section 402(g) "successor employees" was that the CARP, and perhaps also the Continental pilots' frozen defined benefit plan, would have been subject to tax disqualification by the United States Treasury Department unless those plans satisfied all of their benefit obligations. The satisfaction of those obligations would have required the purchase of annuity contracts or the payment of lump sum benefits to all of the plans' participants. That would have been a practicable impossibility to accomplish.

The UAL Mechanics CBA language is unique in that it is the only language that has the word "maintains". All of the Unions ALPA, AFA, and AMFA had unique language, but the Mechanics were the only group to have the word "maintain" which covers the possibility of a merger with an airline with an existing Defined Benefit Plan. (UAL LOAs 05-1, 05-2, 05-3M)

The language was a negotiated term of the bankruptcy agreement in which the company and the union have obligation honor. The terms of the LOA must be honored and enforced.

The company provided increases in pensions to every other group in their 2009 -2012 contract negotiations, every group but the IBT represented UAL Mechanics and Related.

The UAL mechanics never received an increase in Retirement 401k benefits from 2009 to 2016. In 2010, the teamsters union failed the UAL mechanics and caused significant retirement damage to the United mechanics membership and families.

Only the United mechanics represented by the teamsters had to wait 7 long years before they received any increased pension benefits.

The management officials were not certain whether the problems discussed in the preceding paragraph would disappear if and when the United interlocking "me-too" agreements were terminated, but expressed a hope that they would indeed disappear upon the termination of those agreements. After independently researching the scope of PPA Section 402(g), however, the Union concluded that even if the "me-too" agreements were terminated, the same tax qualification and "satisfaction of all benefit obligations" issues potentially would still remain until the expiration of PPA Section 402(g) in 2017.

After evaluating management's analysis regarding the CARP, the Union concluded that it would not be possible to obtain defined benefit pension benefits for the United mechanics and related employees in the immediate near-term future. **Its conclusion in this regard was based on the roadblocks identified by management relating to single employer defined benefit pension coverage**, its independent research regarding those roadblocks, its analysis regarding the current withdrawal liability status of the then existing multiemployer pension plans covering Teamster members, and its conclusion that it would be impossible to negotiate the carrier into any multiemployer pension plan that had withdrawal liability.

Although the Union considered that the legal, regulatory and practical impediments that it faced at that time to secure defined benefit pension benefits for the mechanics and related employees likely would be removed at some indefinite point in the future, such changed circumstances would come too late for the many then-current United mechanics and related employees who were anxious to retire.

Accordingly, the Union worked with the negotiating committee, the Union's counsel and actuaries to develop a pension proposal to enhance the bargaining unit's retirement benefits for the near-term.

The Teamsters failed to enforce the contract and LOA 05-3M and worked on another option that would put the pensions in the hands of the teamsters.

The unions delay in enforcing the contract cost United Mechanics and their families millions in retirement benefits. *Based on the CARP calculator in 2017 UAL mechanic lost \$880.00 in monthly benefits.* ([UAL CARP Calculator](#))

The Union then immediately set out to develop another pension proposal, namely a defined contribution, age-weighted, target benefit plan. Under the Union's proposal, the target benefit plan would provide each mechanic and related employee a monthly annuity on retirement equal to the monthly annuity that he would have received had he retired under the CARP after the same number of years of service. For example, if a mechanic retired with a 5-year monthly annuity from the CARP Plan equal to \$500, then he would receive a monthly annuity of \$500 under the target benefit plan. The Union's proposal, therefore, sought to obtain relative equivalence between the United and Continental mechanics and related employees' pension benefits.

Again, the Teamsters developed a counter proposal to the Company offered CARP plan or equivalent, that was controlled by the union. This pension proposal by the Teamsters wasted more months that led to years of pension benefit loss for United Mechanics.

SECOND OFFER BY UNITED TO PAY UNITED MECHANICS EQUIVALENCE OF CARP PLAN BUT UNION NEGOTIATORS WANT IT IN TEAMSTER DEVELOPED FUND.

United balked at the Union's target benefit proposal because the costs to maintain the plan with such an "equivalence" formula were very costly and indeed were far greater than the contribution cost it would have incurred if the mechanics and related employees had been able to participate in the CARP. United therefore countered the Union's target benefit plan proposal by limiting its annual contribution cost to the amount that it would have to pay into the CARP if the mechanics and related employees were included in that plan.

Based on Ed Gleason's written statement - This is the second Time in negotiations that the teamster negotiators were offered the United Mechanics the equivalent to CARP but the Union refused.

The Teamsters closed and secret negotiations prevented the United membership from knowing about the offer and the membership was again denied their right to a pension.

Teamsters and United Agree to an Equivalent to CARP payment but do not let UAL Technicians Vote on Joining CARP losing more years of credit in the plan.

Eventually, after several more weeks of negotiations, the parties agreed that the carrier would increase its mandatory, non-elective deferral contribution to the mechanic and related employees' 401(k) accounts in an amount that represented the difference between what the carrier was currently paying into those accounts and the annual amount that it would have to pay to the CARP to provide coverage under that plan for the mechanic and related employees. The Union and negotiating committee reluctantly agreed upon this formula knowing that it was far less than ideal.

The Company made another Pension proposal, but Ed Gleason the teamsters lawyer involved in negotiations admitted below that the teamsters were only interested in the NEW APP Adjustable Pension Plan, a pension plan they controlled.

They did so, however, in an effort to reach a comprehensive amended collective bargaining agreement that locked in other already agreed-upon gains. They also understood that they would have a second opportunity to secure defined benefit coverage for the bargaining unit in the next round of bargaining, during which the parties would be negotiating to amalgamate the United and Continental mechanics and related employees' contracts. And, moreover, the Union negotiating committee understood that the Union's attorneys and actuaries were continuing to develop and establish the Adjustable Pension Plan to serve ultimately as a new multi-employer defined benefit pension plan to provide pension benefits to the Union's airline industry employees, including the United and Continental mechanics and related employees.

Ed Gleason states that the teamsters goal was to put ALL UAL and CAL mechanics into a Teamsters controlled Multi-Employer Plan. The teamsters agreed to concessions and failed to enforce the United Mechanics contractual rights to a Defined Benefit Plan.

The Union and United reached a tentative agreement on a stand-alone collective bargaining agreement in early 2011. During the ratification process, including well-attended "road shows" across the system, the United mechanics and related employees expressed their anger over the fact that the tentative agreement changed their current medical benefits.

The UAL Membership spoke out against the teamsters terminating their United Medical Benefits for a union Healthcare Plan (IBT T/A Ends UAL Mechanics Benefits)
This was the first attempt at TEAMCARE and the UAL mechanics rejected it. Their undefined healthcare plan was linked to a termination letter for UAL mechanics medical. United mechanics did not want a Teamcare type plan and voted down the TA down. (June 2011 UAL Technicians reject Teamster T/A)

Moreover, while a majority of the mechanics and related employees also expressed anger that the tentative agreement did not provide for a defined benefit pension plan, a large and vocal number of those members within that group loudly voiced their opposition to participating in a company-sponsored pension plan or a so-called Teamster-sponsored pension plan, including the WCTPT. The United mechanics and related rejected the tentative agreement in June, 2011.

Ed Gleason is incorrect when he states UAL mechanics were against a company pension, UAL mechanics were against a teamster controlled pension. The Petition specifically stated; Petition to stop any transfer of our current UAL Mechanics Personal 401k Defined Contribution to the Western Teamsters Conference Pension Plan. (UAL Mechanics Petition)

The UAL mechanics were not against a company sponsored pension plan, the 2005 UAL mechanics contract correctly and historically documents the facts.

- 1. The UAL mechanics were not against joining CARP and had a provision in their existing agreement to be part of any company sponsored Defined Benefit plan.**
- 2. United mechanics wanted the right to vote on any Company sponsored pension plan that United may maintain or establish.**

The June 2011 rejection of the tentative agreement triggered a new round of negotiations between the parties to reach an agreement for an amended, stand-alone contract covering the United mechanics and related employees. During the renewed round of negotiations, as they had done during the prior round of negotiations, a large number of United mechanics and related employees understandably and quite rightly were still seething over the involuntary termination of their United single-employer pension plan.

The Membership spoke out against the teamsters terminating their Medical Benefits for a union sponsored Healthcare -TEAMCARE and union takeover of their 401k.

The existing sub-UAL Medical and sub-CAL CARP plan were both better options that time.

They continued to express to their Union representatives and negotiating committee representatives their strong opposition to participating in any defined benefit pension plan, especially one that was sponsored and managed only by an airline carrier, including the CARP, if it became available to them.

Ed Gleason's statement that the UAL mechanics did not want to participate in a defined benefit plan sponsored by the company is false. The UAL mechanics were against putting their 401k money into WCTPT ([UAL Mechanics Petition](#))

The Union and United reached a new tentative agreement for an amended collective bargaining agreement on November 11, 2011. In communications to the mechanics and related employees in communications relating to the ratification vote, the Union explained that the new tentative agreement had restored the members' health benefit provisions and secured additional economic provisions. The Union and the Union bargaining committee also informed the mechanics and related that they would remain in the United 401(k) Replacement Plan and that they would "not participate in Continental's 401(k) or Pension Plan (CARP) at this time."

The teamsters failed to even get a single percentage increase in retirement benefits for UAL mechanics. During this same time, all sub CAL Mechanics were placed into the Profit Sharing Program at United Airlines receiving an increase in benefits, but UAL Mechanics were locked out of CARP ([CAL Employees Participate in UAL Profit Sharing](#))

The United mechanics and related employees ratified the agreement in December, 2011. The newly amended agreement provided for a relatively brief moratorium period, and became amendable on June 30, 2013, *i.e.* approximately six months after the Continental Airlines mechanics and related employees' collective bargaining agreement became amendable.

Thus, by the end of 2011, the Union had negotiated and secured separate ratified collective bargaining agreements with United and Continental covering the two carriers' mechanics and related employees.

The FAA had likewise granted a SOC to the carriers, an event that signaled the inevitability that the two carriers would eventually be combined into one corporation and would also be deemed to a fully integrated, "single transportation system for representation purposes," the latter event which in turn would trigger formal negotiations between the carrier(s) and the Union to amalgamate the mechanic and related employees' collective bargaining agreements.

Mr. Gleason brings up SOC Single Operating Certificate again but it has nothing to do with the language in this case, the issue at hand is the merger and United maintaining a Defined Benefit Plan for other Company employees. [\(Link to UAL 2011 10K Report\)](#)

(2) Post-Merger Amalgamation Merger Negotiations

Throughout 2012, while United and Continental operated as separate, subsidiary carriers under their common holding company parent, the Union prepared for the upcoming contract amalgamation negotiations. In so doing, the Union established a steering committee consisting of mechanics and related employees from United, Continental, Air Micronesia, the third carrier involved in the Merger¹, and representatives from Teamster local affiliates that represented those employees. The steering committee was charged with developing bargaining strategies and priorities for the upcoming negotiations.

Additionally, the mechanic and related employees from both carriers selected a joint negotiating committee consisting of mechanics and related employees from both carriers. The negotiating committee was tasked with developing contract proposals and assisting the Union's chief negotiator throughout the upcoming negotiations.

Furthermore, the Union established a benefits subcommittee consisting of mechanics and related from each of the involved carriers. The benefits subcommittee was tasked with assisting the negotiating committee to develop contract proposals establishing health and welfare and pension programs covering all of the covered the mechanic and related employees employed by the three Merger carriers.

Teamcare Mandate for all UAL Technicians

During the next round of negotiations, the Teamsters would attempt to take control of the administration of the sub CAL and sub UAL Medical Benefits through their Health and Welfare Program “Teamcare” this plan is closely linked to their failing Central States Pension Plan. (Teamcare cost Comparison)

The Union benefits subcommittee played an active and important role throughout 2012 and during the subsequent amalgamation negotiations. The subcommittee worked with the Union's actuaries, attorneys and economic consultants to develop proposals that would, to the extent possible, harmonize the three existing and very different benefit programs that were in place. With respect to pension benefits, the subcommittee agreed that the Air Micronesia mechanics and related should remain as participants in the WCTPT, which had provided pension coverage to that bargaining unit for many years.

Teamsters attempt to push sub CAL out of CARP

The IBT would attempt again to take over the sub CAL and sub UAL Pension Plans and redirect them to a Teamster Pension Plan (2013 Negotiating Committee Statement on Pension)

The most difficult pension issues with which the benefits subcommittee wrestled involved the harmonization of the United mechanics and related employees' retirement system with that of the Continental mechanics and related employees. As noted above, the United mechanic and related employees lost their defined benefit pension benefits through bankruptcy. Through prior surveys and meetings with the United mechanics and related employees, the Union recognized that although a majority of those mechanic and related employees wanted to secure defined benefit pension benefits, a significant number of mechanics and related employees did not want to risk the loss of another defined benefit pension through bankruptcy and therefore, preferred that their retirement program consist exclusively of their existing defined contribution Replacement Plan 401(k) retirement accounts.

When Gleason says “harmonize” he means to transfer the Pension Benefit Plans of sub UAL and sub CAL mechanics into a Teamsters controlled pension plan.

Moreover, even those mechanic and related employees who preferred defined benefit pensions were skeptical of and, in some cases, hostile to any solution that resulted in their becoming participants in the CARP or any other defined benefit plan managed exclusively by an air carrier.

Again the Teamsters and Ed Gleason attempt to characterize the UAL mechanics as being against a company sponsored pension plan. However the 2005 UAL mechanics contract shows The UAL mechanics were not against joining CARP and had a provision in their existing agreement to Vote to join a United company sponsored pension plan. ([LOA 05-3M Para 5](#))

The vigorous debate concerning these matters was also informed by the continued deterioration of the CARP's funded status and the very real possibility that at some point in the near future the plan would have to restrict or even eliminate its popular lump sum payment option. There was also a legitimate concern that the CARP's funded status would deteriorate to such an extent that it would be taken over by the PBGC and terminated. **The Union's independent actuary** validated these concerns and advised the subcommittee that the CARP's funding shortfall rendered the plan a **"ticking time bomb."**

Now, the CARP Plan was not a "ticking time bomb" and in fact the Company gave written commitment to maintain the CARP Plan for CAL mechanics in their 2010 agreement LOA #26-1 is a commitment to MAINTAIN the CARP plan and the CARP Pension was a responsibility the new United assumed when it merged with CAL. ([CAL Techs LOA 26-1](#)). This new Pension obligation is recognized and stated in the United 2010 Form 10k ([Link to UAL 2011 10K Report](#))

**Teamsters UAL /CAL union Benefits Committee recommends
“RESIST ANY EFFORT TO INCLUDE UNITED MECHANICS INTO CARP AND
FURTHERMORE TAKE CONTINENTAL MECHANICS OUT OF CARP”**

(Appointed Negotiators push Teamsters pensions)

The Union benefits subcommittee ultimately recommended that the Union negotiating committee resist any effort to include the United mechanics and related employees into the CARP and instead push for the establishment of the above-described defined benefit Adjustable pension Plan on behalf of all of the mechanics and related employees except the Air Micronesia mechanics and related employees. The subcommittee further recommended that the negotiating committee push to secure a uniform defined contribution 401(k) retirement plan to supplement the defined benefit pension benefits of the entire bargaining unit.²

The union leadership and benefits committee chose to ignore LOA 05-3M once again and deny UAL mechanics the right to join CARP and instead chose to pursue the union sponsored Adjustable Pension Plan (APP). This action would cost the UAL mechanics 4 more years of lost credit in the CARP Plan.

The amalgamation negotiations commenced in January, 2013 under the guidance of the NMB.³ With the assistance of the NMB, the bargaining parties adopted a two-phased bargaining protocol in which they would first negotiate terms and conditions other than hard economics, benefits and work preservation (scope). Upon completion of the first phase, which they targeted for June, 2013, the parties would then enter the second phase of negotiations, during which they would negotiate hard economics, benefits and scope, as well as any unresolved "phase one" matters.

Although the parties made significant progress during the "phase one" negotiations, their "phase two" negotiations, not surprisingly, became exponentially more difficult and contentious, particularly with respect the parties' discussions regarding over hard economics and benefits. At the same time, the carriers continued to make progress with respect to their plans to fully integrate their operations. On March 31, 2013, shortly before the phase two negotiations commenced, United Continental Holdings, Inc. merged United Air Lines, Inc. into Continental to form one legal entity, and Continental's and the combined entity's name was changed to United ("new United"). Moreover, on May 15, 2013, the NMB issued a determination that that United and Continental (by that point, new United), constituted a single transportation system for representation purposes with respect to the craft or class of mechanics and related employees.

Despite these corporate and regulatory developments, however, and as noted above, new United was yet not a fully integrated company and was still required to abide by the terms of the three separate collective bargaining agreements covering the United Air Lines, Inc., Continental and Air Micronesia mechanics and related employees until such time as it reached a membership-ratified amalgamated collective bargaining agreement with the Union covering the combined mechanic and related employees work group.

UAL Mechanics Agreement Article III Status of Agreement covers any change in ownership or name.. [\(UAL Techs Art III Status of Agreement\)](#)

The Teamsters and Ed Gleason attempts to muddy the waters with the merging of Continental and United into the “NEW United”. The Teamsters were saying the exact opposite in their campaign in 2013, when they raided the mechanics at AMR and US Airways [\(AA IBT Flier about Mergers\)](#)

The Teamsters fail to recognize the successor clause in the United Airlines Mechanics Agreement. The Company is fully obligated to abide by its UAL mechanic’s agreement.

² The Air Micronesia mechanic and related employees were then, and still are, participants in the WCTP.

³ Although the parties had agreed to commence negotiations in 2012, the carrier delayed the negotiations while they continued to negotiate to amalgamate the pilots' and fleet and passenger service employees' contracts. The carrier reached an agreement with the pilots in late 2012. That contract, on information and belief eliminated the prior single employer defined benefit "me-too" agreement that had been contained in the United pilots' standalone post-bankruptcy contracts.

Although the developments noted above created both incentives and pressure to complete the amalgamation negotiations, other, industry-wide developments made it even more difficult for the parties to secure that objective. Not the least important of these developments was merger between US Airways and American Airlines. That merger and the resulting contract negotiations involving those carriers' work groups created significant upward wage and benefit increases for virtually every airline industry craft and class, including those who worked under the United, Continental and Air Micronesia collective bargaining agreements.

Over the next two years, the rates and benefits for the pilot and mechanic and related employees' crafts and classes increased dramatically. Those increases created significantly heightened expectations among the mechanics and related employees working under the United, Continental and Air Micronesia collective bargaining agreements, and the bargaining parties had to reassess and ultimately recalibrate their economic and benefit-related models and proposal.

Why did Negotiations take so long? Answer – Teamsters appointed negotiators demanded that all UAL mechanics, newly hired mechanics, and (CAL mechanics CARP pension plan contributions go into the Teamsters controlled APP Pension Plan.

This was no easy task. The parties' phase two negotiations soured significantly throughout the summer and fall of 2013. By early November, 2013, both sides locked hard into their demands. The parties' major disagreements related primarily to medical benefits and wages more so than pension benefits. At that time, the Union demanded that the mechanic and related employees working under the United collective bargaining agreement and all newly hired mechanics and related employees working under that contract become participants in the APP, while then then-existing Continental mechanics and related employees would remain in the CARP until 2015, at which time they too would become participants in the APP.⁴

The union demanded all mechanics and related be put in the teamsters controlled APP, this action went against the language in the sub-UAL Mechanics Agreement and history shows the sub-CAL mechanics preferred the CARP pension plan.

For its part, the Company agreed to participate in the APP, but only if it was established as a multiemployer benefit plan and, moreover, only if the costs associated with the new pension plan were "cost neutral" *vis-a-vis* its existing pension obligations. When the parties were unable to reach agreement, new United applied for formal mediation services from the NMB. New United's application for mediation services from the NMB pushed the parties' negotiations into an even more contentious and acrimonious phase than had already materialized during the phase two negotiations, and ensured that the negotiations would continue well into 2014 and beyond.

During the NMB-supervised mediation phase of the parties' amalgamation, the parties' wage proposals grew farther apart. This was attributable in no small part to the fact that the other legacy airlines, *i.e.*, American and Delta, had reached new collective bargaining agreements with its mechanic and related work groups and those agreements contained significantly greater economic terms than the Union had even demanded in November, 2013. As the mediation proceeding continued through 2014 and into 2015, moreover, the economic packages payable by new United's competitors to their mechanics and related employees continued to escalate. As a result, the both parties' economic packages increased dramatically.

One of the unanticipated consequences of the ever-increasing "rate war" that was taking place in the industry and affecting the parties' negotiations was that the value of the monthly pension benefits provided by the CARP, which was tied directly to participants' earnings, increased so much that the cost of providing a comparable benefit under the APP became unattainable.

The Union sponsored Pension Plan becomes too expensive and APP dies

Another example of wasted time this shows the importance of retroactive benefits in negotiations. The union had a responsibility to secure pension benefits as soon as possible but chose to ignore LOA 05-3M for 6 years to achieve the union goal of a Teamsters sponsored plan.

Union Counsel suggests CARP for all UAL and CAL Mechanics and Related. The UAL teamsters appointed negotiators say NO!

The Union's counsel explained this situation to the bargaining committee and suggested that the committee consider participating in the CARP. Expressing concern for the CARP's funded status and great distrust for employer controlled and managed defined benefit pension plans maintained by airlines, however, the Union bargaining committee remained determined not to have the mechanics and related employees participate in the CARP.

Quote from Teamster's Ed Gleason above "The union bargaining committee remained determined not to have the mechanics and related employees participate in the CARP"

The negotiating committee attempted to pull CAL mechanics out of CARP by 2015 and put them into the Teamsters Pension Plan with the UAL mechanics.

Third attempt at another Teamster Pension Plan

(Smaller Teamster Multi-employer plan? Who was it? Ask your appointed Negotiators)

In response, and in order to find a viable defined benefit pension option for the mechanics and related employees, the Union then worked with another, much smaller, labor organization that maintained a multiemployer pension plan to enable new United to participate in it for the benefit of the mechanics and related employees. The Union presented that option to new United in or around the middle of 2015. In so doing, it explained that the already-existing multiemployer pension had sufficient pooled assets to defray much of the additional contribution costs that new United would have incurred if it contributed to a wholly new plan like the APP. Although it expressed a willingness to consider participating in the pre-existing multiemployer pension plan, new United remained non-committal.

⁴ Neither the Union nor new United proposed moving the Air Micronesia mechanics and related employees out of the WCTPT.

United Company Closeout proposal in 2015 again recognizes LOA 05-3M

United Offers sub UAL Mechanics and Related a vote to join CARP

This offer by United is in contradiction to previous statements made by the Teamsters attorney Ed Gleason in this brief about the company's restrictions both financial and legal to offer UAL mechanics CARP in 2010.

Not long afterwards, in October, 2015, new United presented the Union bargaining committee with a close-out proposal that the bargaining committee determined was a "last, best and final proposal" that required membership consideration and approval through a ratification vote. Along with many other items, new United's close out proposal contained a retirement proposal. Specifically, it provided that:

sCO- status quo, CARP and 401K Match except for those with more than 30 years of CARP service- additional 1% Company 401K contribution.

sUA- technicians participate in a one-time vote (6 months after ratification) to join CARP on 1/11/2017. If majority of eligible voters vote no, all sUA technicians stay with interim "turbo" DC described below.

The United mechanics were denied this right FOR 6 YEARS, to vote as a stand-alone group on CARP as the UAL LOA 05-3M states

Interim period from date of ratification to 1/1/2017.

- *sUA- status quo, current 401(k) contribution (5% aggregate) plus interim company "turbo" DC contribution based upon years of service: 0-14 -\$100 per month; 15-24 yrs. -\$200 per month; 25+ -\$300 per month.*

Employees hired after date of ratification will receive a 401(k) match of up to 6% — 1% first year and an additional 1% match per year-of-service up to 6%

A CASE FOR OPEN NEGOTIATIONS

United agrees again to comply with LOA 05-3M in the United Mechanics Agreement and allow sub UAL technicians the right to Vote on joining CARP.

This Vote could have been taken years before, but the Teamsters closed and secret negotiations allowed the union to control the flow of information and denied the UAL membership full knowledge of the company CARP proposals.

These repeated actions by the teamsters union have caused irreversible harm to UAL mechanics and their families, and is the basis for a DFR. The teamsters have failed to abide by the written CBA agreement and to provide the membership their contractual right to a pension benefit in a timely manner.

The Unions actions caused the loss of 6 years of accrued benefits in the CARP pension plan.

Initially the Teamsters would not bring back the closeout proposal UNLESS the union sponsored Mandatory Teamcare and VEBA were included in the closeout proposal.

United Airlines agreed to place the mandatory Teamcare and VEBA language in the closeout proposal. This action would significantly increase the cost of health care to United mechanics.

The Union leadership and negotiating committee brought back the closeout proposal and were neutral on recommending or rejecting the close out Tentative Agreement.

The Teamsters Airline Division then held informational meetings and Telephone conference calls promoting their union sponsored TEAMCARE Health and Welfare Plan.

In February, 2016, by a 7,805-530 margin, the mechanics and related employees rejected new United's close-out proposal.

The UAL and CAL mechanics overwhelmingly voted against the Tentative agreement based on some of the following reasons.

- 1. Retro Active Pay – the union did not secure full retroactive pay for the profitable years United and the Teamsters failed to reach an agreement.**
- 2. Teamcare – just like a union sponsored mandatory pension plan the United and Continental mechanics wanted no part of a mandatory union sponsored Teamcare plan.**
- 3. Wages – the teamsters failed to achieve industry leading pay as promised their term changed to industry average which it was not.**
- 4. Medical Benefits lost – the closeout proposal would sunset UAL and CAL retiree medical plans which were better than the replacement VEBA that was unpopular.**
- 5. Profit Sharing – Profit sharing percentage was reduced by 2/3rds**

These were the five major concessions that the UAL mechanics did not want to give to a Corporation that had made Billions in profit.

Again, the teamsters were neutral on all these concessions and only promoted Teamcare.

UAL and CAL Mechanics Voted Down Tentative Agreement by 93%

Round Two of Negotiations

Teamcare gone and suddenly the union discovers CARP is funded

The 2016 rejected proposal from new United triggered a further round of NMB-supervised amalgamation negotiations. During that round of negotiations, the Union benefits subcommittee noted that the new United had paid significant additional contributions to better fund the CARP and to ensure that the plan return to solid financial health.

New United also committed to maintain the CARP's financial health, thereby making it a more attractive defined benefit pension plan option than it had been over the past several years. The parties reached a tentative agreement for an amalgamated collective bargaining agreement this past summer, in 2016.

Ed Gleason failed to tell the whole story the "New United" had to assume the contract obligations of Continental who committed to this funding in the 2010 Continental Mechanics Agreement prior to the formal merger date in late 2010. (CAL Tech LOA 26-1)

The mechanics and related employees voted to accept and ratify the amalgamated agreement in early December, 2016. As set forth in the amalgamated collective bargaining agreement, the former United Air Lines, Inc. mechanic and related employees were included into the CARP effective January, 1, 2017, and the "incumbent" former Continental Airlines mechanic and related employees' remained as participants in the plan. The combined bargaining unit also secured supplemental pension coverage through a unified defined contribution 401(k) plan.

Six years of accrual for United Airlines Mechanics wasted chasing three different Teamsters sponsored pension plans.

Ironically the mechanics who voted for the Teamsters 8 years earlier did so for one major reason...to restore their pensions.

The teamsters denied UAL mechanics their contractual right to CARP for 6 years, in their self serving attempt to take control of UAL mechanics future pension contributions.

III. Description of the Pension Grievance

In late September, 2016, a San Francisco-based mechanic filed the present grievance against new United, claiming that the former United Air Lines, Inc. mechanic and related employees should have been offered CARP pension coverage upon the FAA's grant of the single operating certificate to United Air Lines, Inc., and Continental Airlines on November, 30, 2011. The grievant reasons that:

[s]ince the single operator certificate was awarded November 30, 2011, the Company has not afforded this group with the option of joining CARP or any other comparable defined benefit pension plan. If we had gained entry to a defined benefit pension plan then, we would achieve full vesting on November 30, 2016." The grievant therefore seeks full vesting and contributions (pension service) for the former United Air Lines, Inc. mechanics and related employees for the period commencing November 30, 2011 to the present.

The basis for the grievance is the triggering event that causes LOA 05-3M to go into effect and that date is correctly identified by the Company in its 2011 Form 10 k Report, where it identifies the merger closing date of October 1, 2010. [\(United 2010 10k\)](#)

On this date, UAL assumed Continentals pension obligations and the MAINTAINING OF THE CARP Single Employer Defined Pension Plan. [\(CAL LOA 26-1\)](#)

This is in fact the date that UAL is responsible for maintaining the CARP plan and is responsible for providing those same benefits to the mechanics at UAL per the LOA 05-3M. [\(LOA para 5 d\)](#)

The LOA is carried forward through the successor agreement as outlined in Article III of the original Mechanics Agreement from 2005. [\(Art III Status of Agreement\)](#)

Paragraph 13. Amendments Waiver ensures the provisions and rights of this LOA shall not be diminished by the failure of any party at any time to require the performance of any provision of the Letter of Agreement. [\(LOA 05-3M Amendments Waiver\)](#)

IV. Opinion: The Grievance Lacks Merit

A. Threshold Note: Clarification re Relief Sought- Vesting

As a threshold matter, the Grievant mistakenly believes that he and his fellow mechanic and related employees who worked for United prior to the effective date of the current, amalgamated collective bargaining agreement must, upon their inclusion in the CARP, earn five years of vesting service in order to obtain a non-forfeitable, right to an accrued pension benefit. Under ERISA, however, the grievants' prior service as employees of United counts towards their CARP vesting service. Thus, the United mechanic and related employees who had worked for United for five or more years immediately prior to January 1, 2017 and entered the CARP as participants on that date are already 100% vested. The grievance, therefore, relates to the question of whether those United mechanic and related employees should also be credited with pension accrual service for their years working for United after the FAA issued the SOC on November 20, 2011. The answer to that question turns on whether United Airlines, Inc. violated LOA 05-03/LOA 17, and the answer is no.

The Teamsters and Ed Gleason are incorrect in their assumption that the triggering date of the LOA is the SOC. United Airlines merger date with Continental is the triggering event, that is the date that United assumed responsibility for the CARP a Single Employer Defined Benefit Plan. [\(CARP 5500 form\)](#) [\(IBT 2013 Statement\)](#)

B. **LOA 17 Was Not Triggered By the Merger and Subsequent Merger Events Because the CARP Is Not A "Single-Employer" Defined Benefit Pension Plan But Instead A "Multiple Employer" Defined Benefit Pension Plan**

The United 10k Report states clearly that United assumed the responsibility to maintain the Continental CARP pension plan and mentions it several times in the 10k report. [\(UAL 10 K REPORT 2011\)](#)

Teamsters claim CARP does not meet LOA 17 requirements. CARP is a Single Employer Plan [\(CARP Plan Description\)](#) United offered it three times since 2010 to UAL Mechanics.

The obligations set forth in LOA 17 (also referred to as LOA 05-03) are triggered in the event the "Company" "maintains or establishes" a "single-employer defined benefit plan" for any "UAL or Company employee group." In the present case, the grievant incorrectly assert that the CARP is a single-employer defined benefit plan. The CARP is not a single-employer benefit plan, and has not been one since April, 2002. Since April, 2002, a period prior even to the commencement of the VAL/United bankruptcy, the CARP has been a multiple-employer pension plan.⁵ Because LOA 17 is triggered by the maintenance or establishment of a single-employer pension plan, not a multiple employer pension plan, therefore, the present grievance lacks merit.

The Teamsters and Ed Gleason is lying, CARP is a Single Employer Pension Plan.
The Teamsters National organization in 2013 identified CARP as a Single Employer Defined Plan. (Teamsters state CARP is a Single Employer)
DOL FORM 5500 identifies CARP as a Single Employer Plan. (CARP Form 5500 2012)

It is also bears note that in December 2010, United represented to the Union that the CARP was subject to the "me-too" agreements contained in the United work groups' bankruptcy exit agreements. In so doing, United implied that the CARP was a single-employer defined benefit plan. United also relied on those "me-too" provisions to construct its claim explaining why it was not legally possible to include the United mechanics and related employees in the CARP at that time or into the foreseeable future.

United Identifies CARP correctly in this paragraph as a Single Employer Plan.

United signed the LOA in 2005 agreeing to provide United Mechanics a Defined Benefit. The cost in implementing the CARP option is irrelevant to the facts in the case. Ed Gleason is lying again to cover the Teamsters willing negligence to enforce the United Mechanics LOA 05-3M rights and constitutes a DFR violation.

It is unclear whether United intentionally sought to mislead the Union by trying to fit the CARP into LOA 17's "single-employer defined benefit plan" limitation when it in fact did not fit into that limitation. Based upon research conducted at that time by its actuaries and counsel, however, the Union determined that even if the CARP were a single-employer defined benefit plan subject to the me-too clauses, the impediments preventing the inclusion of the United mechanics and related employees into the CARP would still exist prior to the sunset of the PPA even in the absence or termination of those me-too provisions.

United agreed to this language in the LOA during bankruptcy to allow these union members the opportunity to participate in a Defined Benefit Pension plan, should UAL ever maintain or establish one. Ed Gleason attempts to twist this language and its intent to prevent UAL mechanics from receiving a Defined Benefit Plan. Ed Gleason's "me too clause excuse" is false and only a claim made by the Company.

Additionally, unlike the CARP, the Continental pilots' frozen defined benefit pension plans likely is characterized as a single-employer defined benefit plan. Because the plan was frozen in 2005 and the plan has neither allowed new participants nor provide accrued benefits since that date, it is highly unlikely that an arbitrator would consider it to be a single-employer pension plan "maintained by" new United.

The Pilots left the same CARP plan the CAL mechanics have today in 2005, but Ed Gleason identifies the 2005 Pilots CARP as a Single Employer Plan. In his introduction on page 1 Gleason stated CARP changed from a Single Employer to a Multi-Employer in 2002. Ed Gleason is an incompetent teamster lawyer and cannot characterize CARP as a Multi-Employer in 2002 - then a Single Employer in 2005.

⁵Under applicable pension law, defined benefit pension plans are considered as "single-employer" or "multiple-employer" pension plans. Single employer pension plans are sponsored by one employer and cover eligible workers employed by the plan sponsor. Multiple employer pension plans are sponsored by more than one employer and are not maintained under collective bargaining agreements. They are similar to multiemployer pension plans, but the latter are established and funded through and pursuant to collective bargaining agreements.

C. An Arbitrator Likely Would Conclude That LOA 17 Applied To The Maintenance or Establishment of a Single-Employer Pension Plan Only by Pre-Merger United, Not New United.

As noted above, the obligations set forth in LOA 17 when the "Company" "maintains or establishes" a "single-employer defined benefit plan" for any "UAL or Company employee group." Another critical question in this case, therefore, is whether the obligations set forth in LOA 17 attached only to pre-Merger United, *i.e.*, the employer that sponsored the United mechanics and related employees' single-employer pension plan that was involuntarily terminated by the PBGC, or whether they also were intended to attach to successor entities resulting from a merger with one or more non-related carriers that maintained or established single-employer defined benefit pension plans. As noted above, LOA 17 does not contain any successors and assigns provisions or any similar provisions delineating the parties' pension obligations and rights in the event of a merger. It is unclear, therefore, whether LOA 17 was ever intended to apply in the event of a merger.

Ed Gleason's attempt to deny the UAL Mechanics contractual language by stating it didn't apply in the event of a merger is an attempt to deny clearly written contract language, sound reasoning, and logic.

Logically the term MAINTAIN can only be used in the event of a merger, no Union on the property at United Airlines had a Defined Benefit Plan after the Bankruptcy.

The Teamsters lawyers reasoning is false. The Railway Labor Act and Article III Status of Agreement state the contract follows the employees. ([Link Status of Agreement](#))

Here is what the teamsters said at American during their failed organizing drive in 2013 in which Ed Gleason participated. ([IBT AMR Merger flier](#))

On the front page of the UAL Mechanics Agreement and the LOA it is clearly stated that this agreement is established between The Mechanics and Related Employees in the service of United Airlines and United Airlines Inc. ([link to front page of LOA](#))

The agreement is between the Employees and the Company not the Union. In any such merger or buyout, Status of Agreement protects the Contractual rights of the employees.

The Teamsters and Ed Gleason are historically incorrect. The 2005 UAL Mechanics negotiating committee and the company were aware of the possibility of a future merger and conducted several meetings related to possible merger scenarios during the bankruptcy negotiating process.

In all likelihood, an arbitrator would determine that LOA 17 was not intended to apply in the event of a merger such as the one that took place between UAL and Continental. In this regard, LOA 17 was drafted to mitigate the turmoil and wreckage caused by the UAL bankruptcy and the termination of the United work groups' pension plans. LOA 17's negotiators did not discuss or even contemplate a subsequent merger involving United and its work groups.⁶

The Teamsters and Ed Gleason were not a party to the 2005 UAL Bankruptcy negotiations, so he and the Teamsters do not know the intent of the language. His statements above are in contradiction to Teamsters campaign fliers at AMR and US Airways in 2013 ([Teamsters AMR Flier 2013](#))

More interesting are the positions taken by SFO Business Agents and Chief Stewards who claimed the LOA didn't apply in the event of a merger.

The union and its surrogates stated repeatedly to the grievant the LOA didn't apply to the CARP pension. John Laurin cited Joe Prisco a former AMFA rep as familiar with the LOA. John Laurin the Chief Steward stated to the grievant that Joe Prisco was in negotiations and knew the intent. He then stated the LOA did not apply and that the grievant had no basis for a grievance. The grievant then filed the grievance directly to HR. The Teamsters Chief Steward later told the grievant that he shredded his grievance.

The provision "maintains" a Defined Benefit Plan, covers the possibility of a merger. The negotiations process was open to the membership and several possible merger scenarios were discussed on more than one occasion during the negotiation process.

A union rep and signatory who could testify on the intent of LOA 05-3M is Jim Seitz, who served as the Chairman of the 2004-2005 AMFA Negotiating Committee and UAL Contract Administrator. His name was removed from LOA 05-3M by the Teamsters during the current negotiations. ([Original LOA 05-3M](#))

Why did the union remove his name as a signatory to LOA 05-3M?

Here is the altered document. ([Teamsters Altered page](#))

Moreover, post-Merger United and Continental were both legally required to honor their separate, respective collective bargaining agreements until a ratified JCBA was secured.⁷

The Teamsters Ed Gleason statement “legally required” would logically have to include the United Airlines Mechanics LOA 05-3M.

United Airlines gave rights to the UAL Profit Sharing Program to all Continental Employees in 2010. [\(UAL 2011 Profit Sharing\)](#)

The inclusion of UAL mechanics into CARP per their contract would be no different.

Indeed, had post-Merger United included the United mechanics and related employees in the CARP without the consent of both the United and Continental mechanic and related employees work groups, it likely would have faced liability for having violated its RLA status quo requirements and even liability for having significantly increased the already substantially- underfunded CARP's liabilities, thereby increasing the risk that CARP would have to reduce benefits for the incumbent, *i.e.*, Continental, participants or that it would fail altogether.⁸

The RLA status quo violation has no bearing in this case. The UAL mechanics have a contractual right to CARP in their collective bargaining agreement. LOA 05-3M was triggered when UAL agreed to maintain the CARP Pension Plan.

The Teamsters and their legal counsel are incorrect on the UAL mechanics right to join CARP. Their contractual rights are not dependent on approval from any other work group at United Airlines who are currently in the CARP Plan. Just like Profit Sharing [\(UAL 2011 Profit Sharing\)](#)

It is well established that UAL Corporation has made record profits over the last several years and could afford to increase the Pension Benefits for ALL employee groups at United Airlines.

And as noted above the Profit Sharing language and its formula were diluted by the merger between CAL and UAL to the detriment of UAL mechanics who had their profit sharing diluted beginning in 2011. A similar case was settled in favor of UAL ALPA Pilots who received \$32 Million in damages. [\(2016 ALPA Arbitration Profit Sharing Settlement\)](#)

The Teamster attempts to control UAL Mechanic Medical and Pension Plans as evidenced in the statements made by their attorney Ed Gleason in this brief are the reason UAL mechanics were without a Defined Benefit for 6 years after the merger.

Thus, even if the CARP were a single-employer defined benefit pension plan as described in LOA 17, an arbitrator likely would still determine that LOA 17's obligations were not triggered because those obligations attached only to pre-merger United.

This claim by Ed Gleason is false, the contract does not change during a merger and is protected by Article III Status of Agreement [\(Link\)](#) and [\(The Railway Labor Act\)](#)

Ed Gleason's statement to UAL mechanics is completely opposite of what the Teamsters stated in their AMR and US Airways campaign in 2013. [\(Teamsters AMR flier\)](#)

Ed Gleason and the Teamsters said the company must honor the individual collective bargaining agreements until a new agreement is ratified.

Was he lying then or is he lying now?

⁶ In a recent system board of adjustment decision involving a dispute between ALPA and new United in which the issue was whether pre-Merger United's profit sharing plan negotiated during the UAL bankruptcy proceeding applied not only to the pre-Merger United pilots but also, on a post-Merger basis, to the Continental pilots, Arbitrator Richard Block held that the profit sharing plan extended only to the pre-merger United pilots.

In so holding, Arbitrator Block noted that a merger of United and Continental was not contemplated at the time the profit sharing plan was negotiated and that such a merger was not the even a "gleam in [the] eyes of the corporate parent to be." *See In Re United Airlines and ALPA, Board No. 2012 GR. No. 2012-U-JI-14R Et Al., page 13.*

⁷ Their legal requirement to adhere to their respective contracts applies typically across the airline industry.

The Teamsters and Ed Gleason are trying to confuse two different issues at hand

1. **Existing Contract benefits were altered.** By diminishing UAL mechanics benefits in the contract Profit Sharing pool. [\(ALPA \\$32 Million Profit Sharing Settlement\)](#)
2. **Existing Contractual Rights not enforced.** The Teamsters failed to enforce as required, [\(LOA 05-3M Section 5 Para d\)](#) because they wanted sub UAL mechanics to be placed into a Teamster controlled pension plan.

D. Even If LOA 17 Otherwise Applied, United Has Satisfied Its Obligations Under The LOA

Even if LOA 17 otherwise was triggered and therefore applied here, an arbitrator likely would conclude that United satisfied its obligations under it. As set forth in LOA 17, United's obligation under it was only to provide the United mechanics and related employees the option of electing to receive a comparable defined benefit plan in lieu of their 401(k) Replacement Plan. LOA 17 does not specify how or when it was required to satisfy that obligation.

In the present case, if an arbitrator were to conclude that the PPA did prevent new United from providing the United mechanics and related employees the opportunity to participate in CARO prior to 2017, however, then he or she likely would also conclude that new United satisfied its obligation under LOA 2017 when it entered into the JCBA. But, even if an arbitrator were to conclude that neither the RLA nor the PPA impeded new United's ability to provide the United mechanics and employees with the opportunity to participate in the CARP, he or she likely would still conclude that new United satisfied its obligations under LOA 17.

In this regard, through its October, 2015 close-out proposal, new United offered the United mechanics and employees the opportunity to participate in the CARP.⁹ Inasmuch as LOA 17 does not specify how the obligations set forth therein must be satisfied, an arbitrator likely would conclude that, to the extent the LOA obligations were triggered, new United satisfied them when, in its 2015 close-out proposal it provided the United mechanics and related the opportunity to participate in the CARP.

The Teamsters and Ed Gleason are lying again when they state that United Airlines and the Teamsters have satisfied obligations under LOA 05-3M.

- 1. The Union did not in offer UAL mechanics the opportunity to join CARP or an equivalent plan, but instead kept the Company offer of CARP in 2010 from the membership at United Airlines. (Union opposition to CARP)**
- 2. The Union did not provide a separate vote for UAL Mechanics on LOA 05-3M as required per the LOA**
- 3. Based on Ed Gleason's statements in this denial letter by the Teamsters union itself, the Company offered CARP or its equivalent to UAL mechanics on at least three separate occasions. (Company CARP proposal offers)**
- 4. Effectivity of the obligation is clear and unambiguous in the LOA. When United Airlines assumed the Pension obligations in (2010 10k Report) and began to Maintain the CARP Pension Plan, United became liable to provide the benefits it had contractually agreed to during the bankruptcy negotiations.**

⁸The RLA's status quo requirements also render the fact that the FAA issued a SOC to United and Continental in late 2011 irrelevant. The SOC had significance with respect to new United's corporate operations, but it did not enable United and Continental to amalgamate their mechanic and related employee work groups. They were not able to accomplish that until the JCBA was ratified in December, 2016. Accordingly, an arbitrator likely would conclude that new United was neither obligated nor allowed to offer the United mechanics and related employees the opportunity to participate in the CARP in lieu of their 401(k) Replacement Plans until the December, 2016 ratification of the JCBA.

⁹ Moreover, until late last year, while a majority of the United mechanics and related employees had expressed their desire to obtain defined benefit pension benefits, a majority of them also expressed their opposition to participating in another company-sponsored and controlled defined benefit plan such as the CARP. United was well aware of these facts, as the United mechanics and related employees not only voiced their preferences electronically and in system-wide meetings, but also sent various survey results relating to their pension preferences directly to the United board of directors. At the same time, new United was well aware of the Continental mechanics and related employees' vocal desire to establish a new, more financially stable defined benefit plan. Armed with the knowledge that a large contingent of United mechanics and related employees did not want to participate in the CARP and that even the "incumbent" Continental mechanics and related employees wanted to accrue defined benefit pension benefits outside of the CARP, United clearly took comfort in not agreeing to provide the United mechanics and related employees any defined benefit pension benefits to the United mechanics and related employees for a considerably long period of time.

The Teamsters footnotes are small but inaccurate

The survey circulated clearly stated the United mechanics did not want their 401k DC money going into the then failing Western Teamsters Conference Pension Plan as noted previously. The petition in question circulated by the membership never relieved either party from its obligations under the terms of the LOA 05-3M. (Petition states nothing about CARP)

To the contrary, the petition and the plain language in the contract as written (for United Mechanics right to vote on joining CARP) should have sent a clear message to the United Airlines and the Teamsters. The mechanics wanted their contractual right to Vote on a Defined Pension Benefit offered by the Company. (LOA 05-3M Section 5 para d)

The union and its appointed negotiating committee blocked this proposed offer from the Company several times over the course of six years and caused serious financial retirement harm to all sub-UAL mechanics and related union members. (Union opposition to CARP)

The Teamsters union bears the responsibility of enforcing the contract as well as United Airlines. Their failure to do so in a timely manner does not relieve them of the financial responsibility back to the merger date. (LOA 05-3M Section 13 Amendments Waiver)

The right of UAL mechanics to enforce LOA 05-3M; its language and obligations is documented in Paragraph 13 of the LOA 05-3M.

13. Amendments: Waiver. This Letter of Agreement may be amended, modified, superseded, or canceled and any of its provisions may be waived only by a written instrument executed by all parties or, in the case of a waiver, by the party waiving compliance. The failure of any party at any time to require performance of any provision of this Letter of Agreement shall not affect the right of that party later to enforce the same or a different provision. No waiver by any party of a right under this Letter of Agreement shall be deemed or construed as a further or continuing waiver of any such right with respect to the same or a different provision of this Letter of Agreement.

E. An Arbitrator Likely Would Conclude That the Grievance Is Untimely

The present grievance is tied to the FAA's grant of the SOC to United and Continental on November 30, 2011. In the grievant's view, when United and Continental obtained the SOC, LOA 17's obligations were triggered. The FAA's grant of the SOC was widely publicized, and LOA 17 has been contained in the United mechanics and related employees' collective bargaining agreement since 2005. Notwithstanding the grievance's substantive lack of merit, therefore, it is untimely by several years.

The grievance is timely and the information revealed and presented by the union in their denial brief bolsters the grievant case even more.

The Union membership was unaware of the offers made by the Company documented in this denial, furthermore the Teamsters stated many times during negotiations that they would get Retro Pay in negotiations. It is not an unreasonable expectation from the Union or the membership to receive CARP benefits back to the effective merger date.

Furthermore, as exhibited above from the Letter of Agreement 05-3M itself
Section 5 Paragraph 13

"The failure of any party at any time to require performance of any provision of this Letter of Agreement shall not affect the right of that party later to enforce the same or a different provision."

V.
CONCLUSION/RECOMMENDATION:
THE GRIEVANCE SHOULD NOT BE
ARBITRATED

As discussed above, for several reasons the present grievance lacks merit. In this regard, an arbitrator likely would conclude that:

- The grievance is untimely by several years.
- LOA 17's obligations attach only to pre-Merger United.
- Even if LOA 17's obligations otherwise attach to post-Merger, *i.e.*, new United, the conditions giving rise to those obligations were not triggered. In this regard, LOA 17's obligations are triggered if the Company maintains or establishes single-employer defined benefit plan for any of its work groups. Here, CARP does not trigger LOA 17's obligations because the CARP is a "multiple-employer defined benefit pension plan," not a single-employer defined benefit pension plan. Moreover, although the Continental pilots' frozen defined benefit plan likely is a single-employer pension plan, the fact that it has been closed to new participants and has not provided any pension accruals since it was frozen in 2005 makes it exceedingly unlikely that an arbitrator would conclude that that plan is one this is "maintained" by the Company within the meaning of LOA 17.
- Even if its obligations otherwise attach to post-merger, *i.e.*, new United, LOA 17 does not specify when or how those obligations must be satisfied. Here, an arbitrator likely would conclude that new United satisfied its obligations under LOA 17 when it made the CARP available to the United mechanics effective on January 1, 2017 through its October, 2015 close-out proposal, or when it agreed to make the CARP available to them effective January 1, 2017 in the now ratified JCBA.

Rebuttal to Teamsters and Ed Gleason in their denial of the grievance.

1. **The Grievance is timely based on provision in LOA 05-3M paragraph 13. As to the grievant becoming aware of harm to UAL Mechanic Class and Craft, it is not the SOC as incorrectly identified by Ed Gleason but instead the merger date. United had an obligation to its Mechanics and Related and made an initial offer to join CARP on December 9, 2010. (UAL Offers CARP to Sub UAL Technicians)**

The union caused the United Mechanics and Related financial retirement damage by not presenting the 2010 Company CARP proposal. The teamsters concealed this offer, to place the United Mechanics future pension contributions into their own failing pension funds.

2. The LOA 05-3M and its obligations are in full force and effect and are carried forward just like any other contract provision under the Railway Labor Act. The Contract is an agreement between the employer and the employees as stated on the front of the contract and LOA 05-3M.

The Teamsters union and their attorney are dead wrong on their position that the contract changes upon a merger of two carriers. [\(Article 3. Status of Agreement\)](#)

The Teamsters stated the completely opposite position during their organizing campaign at AMR and US Airways in 2013 [\(IBT AMR LTR\)](#)

3. The LOA 05-3M is triggered by the merger of United and Continental when United assumed the obligation to maintain CARP in 2010. The CARP Plan 5500 description is identified as a Single Employer Defined Benefit Plan. [\(CARP Form 5500 2012\)](#)

In their desperate attempt to cover for their willing negligence to offer CARP they claim that CARP is a Multi-Employer Pension Plan, which is false. Previously the teamsters union described CARP as a Single Employer Defined Benefit Plan in the organizing campaign literature in 2013. [\(2013 US Airways IBT flier\)](#)

4. The effective Date which both parties are responsible for is clearly outlined in the LOA 05-3M. *At the Time United began to maintain a Defined Benefit for other Employees it had an obligation to provide those same benefits to the Mechanics at United Airlines.*

The Teamsters take a position that attempts to shield the union from any financial negligence after 7 years refusing Company Pension proposals and attempting to put United Mechanics into one of their three separate pension plan proposals. They failed to properly represent and enforce the contractual rights thousands of mechanics at United Airlines.

For all the foregoing reasons, therefore, I do not recommend that the Union arbitrate the grievance.

Teamsters denial of our Defined Benefit language and CARP grievance.