

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is entered into this 31<sup>st</sup> day of March, 2023, by and between the MASSACHUSETTS BAY TRANSPORTATION AUTHORITY, hereinafter referred to as the Authority, and LOCAL 589, AMALGAMATED TRANSIT UNION, AFL-CIO, hereinafter referred to as the Union.

WHEREAS, the Board of Directors of the Authority has the authority to bargain collectively with labor organizations representing employees of the Authority and to enter into agreements with such organizations over wages, hours, and working conditions, to the extent permitted by law; and

WHEREAS, the Union is a labor organization representing employees of the Authority; and

WHEREAS, the Authority and the Union are parties to a Pension Agreement, effective on the first day of July 2014; and

WHEREAS, the parties have agreed to certain changes in said Pension Agreement;

NOW THEREFORE, the Authority and the Union, in consideration of mutual promises and covenants, agree that the Pension Agreement, hereinafter the Agreement, shall be further amended as set forth herein.

1. Effective Date

Except as otherwise specified, the amendments set forth herein shall be effective as of the date of this Memorandum of Understanding

2. Duration – Article X, Amendments

Article X, Amendments shall be amended as follows:

- a. Within the first paragraph, all references to “2018” shall be deleted and replaced within “2028”.
- b. Insert a new paragraph after the first two paragraphs of the existing Article X, Amendments, as follows:

Notwithstanding the foregoing, the parties agree this Agreement and the individual provisions hereof shall continue in force and be binding upon the Authority and the Union until and including the 30<sup>th</sup> day of June, 2028 (the “amendable date”) and from year to year thereafter unless changed by the parties. The parties agree to exchange proposals regarding any desired changes to the Agreement 180 days prior to the amendable date. If an agreement is not reached, the parties further agree to submit any terms not agreed upon to mediation 90 days prior to the amendable date. In the event mediation does not result in consensual agreement on all issues, the parties

agree to move all disputed issues to interest arbitration on July 1, 2028, consistent with the arbitration procedures and provisions of Mass.Gen.Laws c.161A, §§28-32.

3. Neumeier Award

The parties agree that the interest arbitration award of August 26, 2022, shall be set aside, vacated, and of no further effect.

4. Retirement Allowances – Article IV, Benefits

Article IV, Benefits shall be amended as follows:

- a. Article IV(1) shall be renamed “Group A - Normal Retirement Allowance – Employees Who Are or Become Members of the Fund on or before June 30, 2023 (“Group A Plan)”
- b. Article IV(1)(b)(1) shall be amended by deleting “seventy-five (75)” and replacing with “eighty (80)”.
- c. Amend Article IV(1)(c) as follows:
  - (i) The qualifier “Unless otherwise subject to retirement benefits under the Group B Plan,” to the beginning of the subsection; the remaining language will remain the same, except as noted in (ii), below.
  - (ii) Delete “commences on or after December 6, 2012” and replace with “commences on or after December 6, 2012 and become Members of the Fund on or before June 30, 2023”.
- d. Amend Article IV(1)(d) as follows:
  - (i) The qualifier “Unless otherwise subject to retirement benefits under the Group B Plan,” to the beginning of the subsection; the remaining language will remain the same, except as noted in (ii) below.
  - (ii) Delete “commences on or after December 6, 2012” and replace with “commences on or after December 6, 2012 and become Members of the Fund on or before June 30, 2023”.
- e. Amend Article IV, by adding a new section (2), as follows:<sup>1</sup>
  - (2) Group B – Normal Retirement Allowance for Employees Who Are or Become Members of the Fund on or after July 1, 2023 (“Group B Plan”)<sup>2</sup>

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<sup>1</sup> All subsequent section numbers within Article IV shall be adjusted consistent with this amendment; such adjustments are reflected within this Memorandum.

<sup>2</sup> Inclusive of those who voluntarily join this Group, as described herein.

- (a) Any Member in service who has at least 10 years of creditable service, having reached the age of 55 shall be eligible to retire, with an immediate retirement allowance. However, no Member will be involuntarily retired by the Retirement Board solely because of the age of the member.

The retirement allowance shall be computed on the basis of his/her compensation, creditable service, and age only to the time of actual retirement.

- (b) The annual retirement allowance shall consist of the below enumerated percentage based upon the Member's age at the time of retirement multiplied by the average compensation in those three (3) years in which the Member had maximum compensation multiplied by the number of years of membership service, provided, however, that such allowance shall not exceed eighty percent (80%) of such average compensation.

Age at Retirement	Percentage
61 or over	2.460
60	2.375
59	2.250
58	2.125
57	2.000
56	1.875
55	1.750

- (c) Between June 30, 2023 and December 31, 2023, then-current Members of the Fund may elect to join the Group B Plan, upon written notification to the Fund, provided they do so no later than December 31, 2023. Such current Members who elect to join the Group B Plan will have all creditable service to date count toward a retirement benefit under the Group B Plan. A member of the Fund who properly elects to join the Group B Plan shall be required to accumulate at least twenty-four (24) months of creditable service from the date such Member elects to join the Group B Plan to be eligible to join the Group B Plan and obtain the Group B Plan benefits. A Member in the Group B Plan shall not be entitled to transfer back to the Group A Plan. Should such a Member not accumulate at least twenty-four (24) months of creditable service following such election, then (i) such Member's election will have no effect, and (ii) such Member will remain in the Group A Plan, consistent with their date of hire or membership in the Fund.

f. Amend Article IV(3), Disability Retirement Allowance,<sup>3</sup> as follows:

- (i) Amend subsection (a) by deleting the first clause prior to the first comma and replacing follows: “Any Member in service in the Group A Plan who has not reached his/her normal retirement date, or any Member in service in the Group B Plan who has not reached retirement eligibility as defined by section (2)(a) of Article IV, and files an application for retirement,”
- (ii) Split subsection (b) into two sub-subsections.
- (iii) The existing language of subsection (b) will be preserved as sub-subsection (b)(1), with the qualifier “For Members of the Group A Plan” added to the beginning of the language.
- (iv) A new sub-subsection (b)(2) will be added, thereafter, as follows:  
For Members of the Group B Plan, the disability retirement allowance shall become effective immediately upon retirement as provided in the foregoing Section (3)(a) of Article IV and shall be computed as if the member had retired at age 55 on the basis of their Compensation and creditable service to the time of the disability, with a minimum of 15% of the Member’s average compensation in those three (3) years in which the employee had maximum compensation. If the member is over age 55, the allowance will be calculated based upon their age at the time of the disability retirement.

g. Amend Article IV(4), Return of Contributions,<sup>4</sup> as follow:

- (i) Amend subsection (a) by adding the qualifier “Except as described in subsection (e), below,” to the beginning of subsection; the remaining language will remain the same.
- (ii) Add a new subsection (e), as follows:  
(e) Members within the Group B Plan, pursuant to Article IV(2), upon ceasing to be an employee for any cause other than death or retirement, may elect, upon written notification to the Fund, to keep their contributions in the Fund to maintain and resume creditable service in the event they become an employee again in the future. Any former Member who does not elect, by written notice to the Fund, to keep their contributions in the Fund and receives a return of their contributions shall not have their creditable service restored when such Member becomes a Member of the Fund again. In such instances, the Member shall be required to meet the requirements of Article III(3) to repay the Fund and regain their creditable service.

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<sup>3</sup> Article IV(2) under the numbering of the July 1, 2014 Agreement.

<sup>4</sup> Article IV(3) under the numbering of the July 1, 2014 Agreement.

h. Amend Article IV(8), Vesting,<sup>5</sup> as follows:

- (i) by splitting Section 8 into two subsections.
- (ii) The existing language in Section 8 will be preserved as subsection (a), with the qualifier “For Members of the Group A Plan,” added to the beginning of the paragraph.
- (iii) A new subsection (b) will be added, thereafter, as follows:

A Member of the Group B Plan shall have a fully vested deferred retirement allowance (calculated in accordance with this subsection (b)) if the following conditions are satisfied: (i) the Member has accrued 10 or more years of creditable service; (ii) the Member’s service with the Authority was terminated for any reason prior to such Member becoming eligible for a retirement allowance set out in accordance with Article IV(2); and (iii) the Member has not withdrawn their contributions from the Fund. Except as otherwise provided in this subsection (b), the member’s retirement allowance shall begin the month following the member attaining 65 years of age.

Such Member’s retirement allowance shall equal 2.46% of the average compensation of the three (3) years in which the Member had maximum compensation multiplied by the number of years of creditable service, provided, however, that such allowance shall not exceed 80% of such average compensation. A Member eligible for a retirement allowance under this subsection (b) may elect to receive their retirement allowance prior to attaining age 65, in which case that allowance shall be reduced for their entire retirement by 6% per year, or one-half percent for each month, of retirement before age 65.

i. Amend Article IV(6), Restoration to Service,<sup>6</sup> by adding the following subsection:

- (a) Notwithstanding the foregoing, a Retired Member may be rehired by, and work for, the Authority in an employment capacity for a maximum of 1,200 hours per calendar year. Such service by a Retired Member shall not count as creditable service, impact or alter the Retired Member’s retirement allowance, or impact or alter any other benefit the Retired Member receives via this Agreement. Such rehired Retired Member shall make no pension contributions, nor shall the Authority make any pension contributions on their behalf or otherwise related to their post-retirement service.

- (1) The maximum number of Retired Members rehired pursuant to this section shall not exceed 125 at any given time.

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<sup>5</sup> Article IV(7) under the numbering of the July 1, 2014 Agreement.

<sup>6</sup> Article IV(5) under the numbering of the July 1, 2014 Agreement.

- (2) To the extent that Retired Members are returned to employment in classifications covered by a collective bargaining agreement, all other terms and conditions related to their employment shall be subject to further negotiation between the Authority and the bargaining unit to which the relevant classifications belong.
- (3) The Side Letter between the parties dated September 2, 2022, and any Retired Members working pursuant to the same, shall not be affected by this provision and shall expire by its own terms.

j. Add a new section to Article IV, as follows:

(14) Cost of Living Increase

The first \$13,000 of all allowances under the plan in effect on June 30, 2018 shall be increased by a percentage ranging from 2% to 4%, based upon a formula to be developed by the parties in conjunction with the Fund, depending on the date of the Retired Member's retirement, provided that the total cost of the adjustment shall not exceed that of a 3% increase on the first \$13,000 for all allowances in effect on June 30, 2018. Such adjustment is a one-time ad hoc adjustment effective with benefits paid commencing July 1, 2018. To the extent that a Retired Member, and their surviving beneficiary, if applicable, died between July 1, 2018 and the Effective Date, they (and their heirs, administrators, executors, successors, or estates) shall receive no adjustment.

5. Article V – Contributions

a. Amend Article V(1), Contributions by Members, by adding the following new subsection (f):

(f) Notwithstanding any provision to the contrary, Member contributions shall be increased by 1.25% of Compensation above the Members' Required Contribution pursuant to Article V(1)(a)-(e).<sup>7</sup> This increased contribution shall be effective the first date of the first full pay period following July 1, 2023, and continue through the last date of the payroll period inclusive of June 30, 2028.

b. Amend Article V(2), Contributions by Authority, by adding the following new subsection (c):

(c) Notwithstanding any provision to the contrary, the Authority agrees to maintain, at a minimum, its current percentage of payroll, 25.8161%, as contributions even if such contributions constitute more than is required under this provision, until the unfunded liability of the plan is less than 20% of the actuarial liability as determined by the Fund's actuary, which is used in the calculation of the actuarially determined contributions. Should the Authority's required share of contributions be higher than 25.8161%, the Authority shall pay that required amount.

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<sup>7</sup> By way of example and for clarification, if the Members Required Contribution pursuant to Article V(1)(a)-(e) was 9% of compensation, the total member contributions as a result of this subsection would be 10.25% of compensation.

- c. Amend Article V, by adding a new section as follows:
  - (6) Retroactive pension contributions from both the Members and the Authority resulting from negotiated wage increases shall be calculated and funded at the required contribution rates in effect at the time the retroactive payment is received by the Fund.

6. Investments – Article VII, Management of Funds

Amend Article VII, Management of Funds, by adding a new section as follows:

- (1) The Trustees of the Retirement Board shall vote, as soon as practicable, to transfer 50% of the market value of all Fund assets, as of April 30, 2023, to the Massachusetts Pension Reserves Investment Trust (PRIT). Subject to the Trustees' meeting their existing fiduciary duties and obligations, the Trustees will use best efforts to effectuate such transfer of increased Fund assets to PRIT within five (5) years of the Effective Date.

7. Honorary Member

In accordance with Article VI(1)(d), the parties agree to instruct their respective appointed fiduciaries to the Retirement Board to select an Honorary Board Member no later than June 30, 2023. Should no Honorary Board Member be selected by that time, in accordance with sub-section (d), the Retirement Board shall request a list of names from the American Arbitration Association, from which the Honorary Member shall be selected. The existing language of Article VI(1)(d) shall not be affected by this provision.

8. Construction

To the extent not already addressed, all other provisions of the CBA shall be amended or interpreted consistent with the changes, herein.

**THIS SECTION IS INTENTIONALLY LEFT BLANK.**

The implementation of this MEMORANDUM OF UNDERSTANDING is subject to the approval of the membership of Local 589, Amalgamated Transit Union, AFL-CIO, and the approval of the Board of Directors of the Massachusetts Bay Transportation Authority.

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY

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Ahmad Barnes  
Sr. Director of Labor Relations

LOCAL UNION 589, AMALGAMATED TRANSIT UNION, AFL-CIO  
BY ITS AGREEMENT COMMITTEE

*James Evers*  
James Evers  
President/Business Agent

*James Bradley*  
James Bradley  
Financial Secretary-Treasurer

*Karen Maxwell*  
Karen Maxwell  
Assistant Secretary

*Jose Cruz*  
Jose Cruz  
Executive Board Member

*Scott Page*  
Scott Page  
Executive Board Member

*Roudy Jean*  
Roudy Jean  
Executive Board member

*William Berardino*  
William Berardino  
Vice President

*Wayne Peacock*  
Wayne Peacock  
Recording Secretary

*Heriberto Cora*  
Heriberto Cora  
Executive Board Member

*John Mersereau*  
John Mersereau  
Executive Board Member

*Henry Dunn*  
Henry Dunn  
Executive Board Member