

EXHIBIT 17

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

RETIRED CHICAGO POLICE ASSOCIATION,)
an Illinois Non-For-Profit Corporation,)
individually and on behalf of its members)
and other individuals who are)
participants in the City of Chicago's)
Annuitant Health-care Plan, and whose)
participation began after 1987, but prior)
to August 23, 1989,)

Plaintiffs,)

vs.)

90 C 0407

THE CITY OF CHICAGO, a municipal)
corporation, RICHARD M. DALEY, Mayor of)
the City of Chicago; MIRIAM SANTOS,)
Treasurer of the City of Chicago; and)
WALTER KNORR, Comptroller of the City of)
Chicago; the POLICEMEN'S ANNUITY AND)
BENEFIT FUND OF CHICAGO; THE MUNICIPAL)
EMPLOYEES' ANNUITY AND BENEFIT FUND OF)
CHICAGO; AND THE LABORERS' AND RETIREMENT)
BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND)
OF CHICAGO,)

Defendants.)

The deposition of BARBARA MOLLOY, taken in the
above-entitled cause before SANDRA K. GRAVELLE, CSR,
and JENNIFER SEASTROM, CSR, Notary Publics within
and for the State of Illinois, at 333 West Wacker
Drive, Chicago, Illinois, on the 18th day of
December 1991, A.D., at the hour of 10:00 a.m.

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A P P E A R A N C E S:

KRISLOV & ASSOCIATES, LTD.
333 West Wacker Drive
Suite 2600
Chicago, Illinois 60606
BY: MR. CLINTON A. KRISLOV,
and MS. LISA WAISBREN,

on behalf of the Plaintiff;

MS. CHERYL J. COLSTON,
Assistant Corporation Counsel,
Litigation Division
180 North LaSalle Street
Suite 740
Chicago, Illinois 60601

on behalf of the Defendants,
City of Chicago, Richard M. Daley,
Miriam Santos, and Walter Knorr;

KEVIN M. FORDE, LTD.
111 West Washington Street
Suite 1100
Chicago, Illinois 60602
BY: MS. AVA BORRASSO,

on behalf of the Defendant,
Policemen's Annuity and Benefit
Fund of Chicago;

BOYLE & HEISS, LTD.
188 West Randolph Street
Suite 1226
Chicago, Illinois 60601
BY: MR. FREDERICK P. HEISS,

on behalf of the Defendant,
Municipal Employees' Annuity and
Benefit Fund of Chicago;

1 about it.

2 Q. They didn't express any significant
3 interest to you until --

4 MR. HEISS: I'm going to object,
5 Clint. I mean you can only beat a horse so many
6 times. She answered your questions. She can't
7 formulate an opinion based on what she knows.

8 And I don't think it's fair to
9 the economy of time in this deposition to try
10 and elicit from her something that you want but
11 that she's not in a -- who is a very capable
12 person is not in a position to formulate an
13 opinion on.

14 I don't know so I don't even know
15 how that could be relevant, but that's beyond
16 it. I think you're going beyond the bounds of
17 what discovery is for by keep harping on
18 something when she tells you she can't relate an
19 answer to it.

20 BY MR. KRISLOV:

21 Q. Can you answer the question?

22 A. Again, people listened to my
23 presentation, people asked me questions about my
24 presentation, and I tried to provide clarity and

1 information in response to their questions.

2 But I do not know how they
3 perceived their retirement or their health
4 benefits.

5 Q. So you have no opinion as to the
6 importance of health care benefits to the
7 retirees as expressed to you at those seminars?

8 A. Did I? You'll have to ask that a
9 different way.

10 Q. You have no conclusion based on your
11 attendance at those seminars as to the
12 importance which those retirees attached to
13 these benefits?

14 MS. COLSTON: Objection, form of the
15 question.

16 THE WITNESS: My opinion would be
17 that they needed in some fashion to provide
18 health benefits to themselves in retirement.

19 And whether they provided them
20 via the City's then offered coverage or some
21 other coverage available to them, the only
22 conclusion I would reach is that they needed to
23 make a decision as to how they were going to
24 cover themselves for health benefit retirement.

1 I cannot assess how importantly they felt it
2 was, how unimportant they felt it was.

3 Q. They didn't express that to you?

4 MS. COLSTON: Objection, asked and
5 answered several times.

6 MR. KRISLOV: No, that hasn't been
7 answered.

8 BY MR. KRISLOV:

9 Q. Did they express that to you? They
10 did, didn't they?

11 MS. COLSTON: Objection.

12 THE WITNESS: I don't know.

13 MR. ALLEN: Arguing with the Witness.

14 BY MR. KRISLOV:

15 Q. But you don't recall that they did?

16 A. I don't recall that they did.

17 Q. You didn't at the seminars say you
18 better go out and look for other coverage
19 because the City can change this at any time,
20 did you?

21 A. I did say that the rates were subject
22 to change as was -- as the plan says and as the
23 summary plan description says that the City
24 reserves the right to change or to amend the

1 plan.

2 Q. Is that right?

3 A. Yeah.

4 Q. Where does it say that in the plan
5 description?

6 MR. ALLEN: Wait a minute, wait a
7 minute.

8 MS. COLSTON: Wait a minute, don't
9 throw things at the Witness.

10 MR. KRISLOV: Sorry. Would you take
11 a look at Exhibit Number 2 and show where it
12 says that the City reserves that right?

13 THE WITNESS: On page --

14 MR. ALLEN: Excuse me, our objection
15 is based on the fact that the record will
16 reflect Mr. Krislov tossed the documents across
17 the table, almost knocking over a couple of
18 coffee cups.

19 MR. KRISLOV: Empty ones. I
20 apologize for it. I apologize.

21 MS. COLSTON: He threw it. He didn't
22 toss it, he threw it.

23 BY MR. KRISLOV:

24 Q. Would you please read where the City

1 reserves?

2 A. On page three it provides for
3 termination of coverage.

4 Q. What does it say?

5 A. It says in addition coverage for you
6 and your eligible dependents will terminate the
7 earliest of -- and the third bullet is the date
8 the plan is terminated.

9 The second bullet says the date
10 the plan is terminated, or the third bullet says
11 the date the plan is terminated for the class of
12 annuitant for which you are a member.

13 Q. Where is the reservation?

14 A. Well, the City may terminate the
15 plan.

16 Q. Where does it say that?

17 A. I don't know that it says that
18 directly here, but it was the intent of the City
19 to be able to terminate the coverage and/or to
20 change premiums.

21 And one of the issues that was of
22 concern to annuitants, not with respect to the
23 whole issue of retirement benefits --

24 Q. Wait a second.

1 MR. ALLEN: Wait, let her finish.

2 MR. KRISLOV: Strike it as
3 non-responsive.

4 MR. HEISS: No, it's not.

5 MS. COLSTON: Let her finish her
6 answer.

7 MR. HEISS: That's right.

8 MS. COLSTON: Finish your answer.

9 MR. KRISLOV: Go ahead, finish your
10 answer.

11 THE WITNESS: One question that
12 generally arose was whether or not premiums were
13 subject to change. And my answer was that
14 premiums are subject to change.

15 MR. KRISLOV: Striked as
16 non-responsive. What I asked you was --

17 MR. HEISS: Wait a second.

18 MR. KRISLOV: She answered.

19 MR. HEISS: You said to strike that
20 not responsive. And I'm going to object to that
21 aspect of it because you told her at the
22 beginning of the deposition to add anything at
23 any time to clarify any question. And she just
24 did that right now.

1 MR. KRISLOV: Well, okay. But I want
2 the record to reflect the fact that her answer
3 is based on her information and what she told
4 people at these seminars and that's what she's
5 saying.

6 I asked her what the language was
7 in the booklet. Let's keep going.

8 BY MR. KRISLOV:

9 Q. Your statement was the City's intent,
10 right? Would you read back her answer?

11 Let me refer back. You said it
12 was the City's intent, you said it was the
13 City's intent to reserve the right to change the
14 program or coverage. What was that?

15 A. That's correct. This was the City's
16 intent to be able to make changes in the plan as
17 necessary; or if it arose later to terminate the
18 plan and not provide financial support.

19 Q. How do you know that?

20 A. I know that from conversations with
21 Sharon Gilliam.

22 Q. Who else?

23 A. Possibly Walter Knorr.

24 Q. Anybody else?

1 A. Certain Coopers and Lybrand people.

2 Q. Anybody else?

3 A. Not that I recall.

4 Q. Now Coopers and Lybrand aren't the
5 City, but -- and it was never the -- did the
6 City Council ever express that to you as a body?

7 A. No, the City Council did not express
8 that to me.

9 Q. Okay. Now did Sharon Gilliam express
10 that to you or may have?

11 A. She did.

12 MS. COLSTON: Are you referring to
13 conversations that occurred around 1985?

14 THE WITNESS: That's correct, I'm
15 referring to conversations in 1985.

16 BY MR. KRISLOV:

17 Q. In connection with that plan book,
18 the SPD?

19 A. Yes, that's correct.

20 Q. And Walter Knorr did or might have?

21 A. Might have. Walt, I was reporting to
22 Walt at the time and Sharon and Walt were both
23 members of the Benefits Committee at the time.

24 Q. Okay. But there is no -- do you find

1 any -- I mean take your time, look through that,
2 tell me if there is any statement that the City
3 reserves such rights.

4 This is at will that you are
5 referring to, the City's intent is to reserve
6 this right or change or terminate at will?

7 A. It says coverage will stop the date
8 the plan is terminated.

9 Q. That's not what I asked. I asked
10 what your statement of the City's intent is to
11 your understanding of the City's intent as
12 expressed by you?

13 A. Yes.

14 Q. Is the right to that it reserves the
15 right to change or terminate this or any
16 annuitant retiree plan at will?

17 A. That would have been the City's
18 intention, yes.

19 Q. Okay. And you base that belief of
20 the City's intention on conversations that you
21 had with Sharon Gilliam and possibly
22 conversations with Walter Knorr?

23 A. And Coopers and Lybrand people.

24 Q. And Coopers and Lybrand, okay.