



CITY HALL
LOS ANGELES, CALIFORNIA 90012
(213) 847-2489

OFFICE OF THE MAYOR

RICHARD J. RIGORDAN
MAYOR

August 21, 1997

Dear MTA Board members:

The withdrawal of Michael Ascher as a candidate for the position of CEO is a serious setback in our efforts to get the MTA back on track and rebuild credibility with our funding partners. We have many tough and important decisions ahead of us -- decisions that require the leadership of a strong CEO. Unfortunately, we do not have the luxury of time. Therefore, we need to immediately hire an interim CEO who can instill discipline and bring effective leadership to the MTA.

I am recommending Julian Burke, a turn around specialist with extensive experience working with companies in trouble. He has spent many years working with companies confronting the very financial, organizational, and operational challenges facing the MTA. As you are aware, he also assisted my office in our review of the MTA's budget. I believe that Mr. Burke has the qualities we need to begin turning the MTA around. He has indicated his willingness to assist the MTA on a temporary basis, at the pleasure of the Board.

I have attached for your review a copy of Mr. Burke's resume and I urge you to read it before tomorrow's special Board meeting. He is available to talk to Board members this evening and will be available to meet with Board members tomorrow morning. We need to demonstrate to the public and our funding partners that the MTA Board has the willingness and desire for the MTA to succeed. Hiring a strong interim CEO as we continue our search for a permanent candidate is the most responsible course of action at this time, and a huge step toward building a first class transportation system. I urge your support in hiring Julian Burke tomorrow as interim CEO.

Sincerely,

Richard J. Riordan

attachment

JULIAN BURKE

PERSONAL

Address: 2110 Hercules Drive
Los Angeles, CA 90045

Telephone 213-874-2215 (Home)
213-633-5400 (Office)

EDUCATIONAL BACKGROUND

B.S., Northwestern University - 1950
LL.B., Georgetown University - 1954

CERTIFICATIONS

Member of District of Columbia Bar, 1954 (Inactive)
Member of California State Bar, 1958 (Inactive)

SUMMARY OF EXPERIENCE

1975 to present	The Palmiere Company, a turnaround and workout management company. - 1983 to present, Managing Director - 1977 to 1983, Executive Vice President - 1976, Vice President and General Counsel
1962 to 1975	Senior Partner of Tuttle & Taylor, a Los Angeles law firm.
1957 to 1962	Associate of O'Meivany & Myers, a Los Angeles law firm.
1955 to 1956	Law Clerk to Stanley Reed, Associate Justice of the United States Supreme Court.
1954 to 1955	Law Clerk to E. Barrett Prettyman, Circuit Judge of the U S. Court of Appeals for the D.C. Circuit.

There follows general information on The Palmieri Company and its assignments.

The Palmieri Company

Principals

Victor H. Palmieri

Julian Burke

Peter A. Martosella, Jr.

Kip M. Seckington

Offices

New York
575 Fifth Avenue
21st Floor
New York, New York 10017
(212) 972-8060
(212) 972-7924 (fax)

Los Angeles
355 South Grand Avenue
Suite #2820
Los Angeles, California 90071
(213) 633-5400
(213) 633-5407 (fax)

SELECTED ENGAGEMENTS

<u>ASSIGNMENT</u>	<u>Approximate Initial Asset Size</u>
Mutual Benefit Life Insurance Company	\$13 Billion
Retained by the New Jersey Department of Insurance to provide general and real estate management for the Rehabilitation of Mutual Benefit in the largest rehabilitation proceeding in U.S. history. Successfully completed assignment in mid 1995.	
Confederation Life Insurance Company (U.S.)	\$6 Billion
Retained by the Michigan Department of Commerce to provide general management and strategic planning for the Rehabilitation of Confederation U.S.	
Penn Central Transportation Company	\$4 Billion
Retained by Trustees to provide Executive management and to transform Pennco and its operating companies into a profitable and growing concern which would serve as the foundation for the reorganization Penn Central Corporation. Also retained to manage and maximize value of portfolio of real estate and energy properties in excess of \$1 billion. Successfully completed assignment in early 1980's.	
General Development Corporation	\$1 Billion
Retained by committee of directors and creditors to assist management of this major real estate company in Chapter 11 proceeding in financial, management and strategic matters related to the reorganization planning process. Successfully completed assignment in early 1992.	
FSLIC, FDIC + RTC Contracts	\$1 Billion
Retained by above agencies as receiver's agent, administrator and manager of asset portfolios of various savings - loan associations. Successfully completed all projects through 1995.	

Teamsters Central States, Southeast + Southwest Areas Pension Fund \$900 Million

Retained by trustees of Fund at behest of U.S. Department of Labor and the Internal Revenue Service to manage portfolio of mortgage loans and real estate assets. Successfully completed assignment in 1985.

Oppenheimer-Palmieri Fund \$400 Million

A private limited partnership with initial capital commitments of \$100 million. The Fund was established to enhance value through the active management of investments in companies with unrealized potential. The Fund has successfully liquidated its investments.

ITT Levitt & Sons, Inc. \$300 Million

Nominated by the United States Department of Justice to serve as Court-appointed trustee and manager. Responsible for management, reorganization, and disposition of the nation's largest home-building company pursuant to anti-trust consent decree between U.S. Department of Justice and ITT. Successfully completed assignment in 1979.

NEWS

From the Office of the Mayor
RICHARD J. RIORDAN



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Los Angeles, CA 90012

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<http://www.mayorcl.la.ca.us>

**Statement of Mayor Richard J. Riordan
Regarding Michael Ascher's Candidacy Withdrawal
August 21, 1997**

I am deeply disappointed that Mike Ascher has decided to withdraw as a candidate for the position of CEO at the MTA. I believe he possesses the skills, leadership and tenacity to turn the agency around ... and his decision is a great loss for Los Angeles.

I am even more disappointed that this is the second time that political interference has derailed our ability to close a deal with a qualified candidate.

Now, more than ever, it is abundantly clear that reforms are needed at the MTA. We must remove elected officials from the board; we must restructure the board. Otherwise, this scenario may repeat itself and the MTA will never be able to attract the qualified leadership it needs.

As I have for the last two years, I will continue to push for State legislation to restructure the MTA Board. We can no longer afford to waste time or valuable taxpayer dollars.

As chairman of the MTA board, I am now considering options to ensure that the agency is able to move forward. The MTA will not regain the confidence of local, state and federal funding partners without strong, effective leadership, and I will continue to work diligently to secure this leadership.

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THURSDAY, AUGUST 21, 1997

Finalist for MTA job seeks big bucks

Official calls request 'high-seas robbery'

By David Bloom
Daily News Staff Writer

The sole finalist for the top job at the MTA wants a \$235,000 annual salary plus benefits as well as a \$42,000 annual housing allowance and up to \$100,000 in cash to cover the cost of selling his yacht, board members said.

Michael Ascher's demands, especially that the MTA pick up his brokerage and other fees for selling his \$500,000 yacht on the East Coast, have generated outrage among members of the Metropolitan Transportation Authority board.

"The MTA has been a victim of highway robbery," said Los Angeles County Supervisor Michael D. Antonovich. "Now it's being extended to high-seas robbery. We're trying to create a comprehensive transit system, not a navy."

Glendale Mayor Larry Zarian, another board member, said: "I don't think we should be involved in the transfer of or buy any boat. A boat should be a personal decision what he does with it. I don't believe it should be on the table."



ASCHER

Pay package demands irk MTA board

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The MTA board agreed last week to offer Ascher the CEO job, seemingly ending a frustrating, nine-month search to replace Joseph Drew, who quit in January after controversy over his handling of a contract award.

Since Drew left, the agency has had one top candidate, Theodore "Tad" Weigel, turn down its job offer and two others withdraw from consideration.

The withdrawals left Ascher, 53-year-old president of the Bridges and Tunnels Division of New York City's Metropolitan Transportation Authority since 1990, as the agency's remaining finalist, despite his lack of experience running a transit system.

After Ascher performed well in job interviews, the board last week authorized its executive headhunter, Norman C. Roberts & Associates, to begin negotiating with him, capping salary and such benefits as health insurance and pension at \$235,000.

The board also said it would pay standard moving expenses and cover any odd costs from transferring his pension.

That package was well below what the board offered Weigel, a highly paid Bechtel Corp. executive with wide-ranging transit experience that Ascher does not have. But it also was worth more than the compensation packages of Drew and predecessor Franklin White.

Despite the package's relatively ample size, and Ascher's own current salary of \$130,000, he has asked for even more, starting with a base salary of \$235,000, with benefits like health insurance and pension costs on top of that, sources close to the negotiations said.

Ascher, who could not be reached for comment in New York, also asked for a housing allowance equal to what was offered to Weigel, which was \$7,500 a month, or \$42,000 a year.

And he "asked to be made whole on his boat," which reportedly cost \$500,000, a source close to the negotiations said.

Rather than try to move the yacht across the country, Ascher wants to sell it, but would face a financial loss of as much as \$50,000 to \$100,000. He has asked the agency to cover those costs.

"That would not sit well with many of the board members," said county Supervisor Don Knabe, a board member who said

"The mayor totally supports Michael Ascher as the next CEO of the MTA."

— Noelia Rodriguez
Riordan press secretary

he could guarantee getting Ascher a boat slip in Long Beach or Marina del Rey if he brings the yacht West.

Because of burgeoning concern about the boat issue, Los Angeles Mayor Richard Riordan, the board's chairman, reportedly has recast the issue as a "signing bonus" that would be paid to Ascher upon inking the contract, sources close to the negotiations said.

Ascher could then use the money however he liked.

Riordan declined, through press secretary Noelia Rodriguez, to comment on the negotiations.

"The mayor totally supports Michael Ascher as the next CEO of the MTA," Rodriguez said.

"The mayor did say when he announced his support for Ascher that this is the best guy for the job and was optimistic the board will be able to work out a package that will bring him to L.A.," Rodriguez said.

Rodriguez said "official negotiations" have not begun with Ascher, but confirmed that some board members are supposed to talk today in a conference call with Ascher.

The board tentatively has set an emergency meeting for Friday to ratify a deal before Riordan leaves for vacation, board members said.

Knabe said he was concerned not only by the boat proposal but also by the size of the entire compensation package.

Many of the transit professionals who had decided against applying for the job assumed it would pay roughly what White and Drew made — about \$170,000 a year, Knabe said.

Other candidates might change their minds if the package were closer to \$300,000, he said.

"At some point, if it got way too high, we should go back out and let the whole world know about that's what we're willing to offer," Knabe said.

Gap Seen Between MTA, Candidate

■ **Transportation:** Agency has OK'd package of up to \$235,000 a year. But the prospective CEO is seeking compensation for such losses as a boat sale, sources say.

By RICHARD SIMON
TIMES STAFF WRITER

The Metropolitan Transportation Authority board, whose representatives will sit down to negotiate with the agency's prospective chief executive officer today, has authorized a compensation package of up to \$235,000 a year to attract New York transit executive Michael C. Ascher to Los Angeles.

But the agency will be fortunate if it ever lays enough track to bridge the gap between what it is offering and what Ascher has on his wish list.

Knowledgeable sources say Ascher has countered the MTA's offer by asking for a \$235,000 base salary plus a \$3,500-a-month housing allowance and a "signing bonus" of between \$50,000 and \$100,000 to compensate him for financial losses.

One particular issue on the mind of the man selected to run the county's buses and trains is his boat.

Ascher wants the MTA to help compensate him for the unspecified financial loss from the sale of his 43-foot boat, the Alexa, according to sources. Ascher apparently does not want to move the vessel to the West Coast but hopes to be made whole for whatever he may lose in a sale.

"I guess he doesn't think Santa Monica Bay is good enough for his boat," said one official. Ascher declined comment.

Ascher's negotiator, former Los Angeles City Atty. Burt Pines, said Wednesday that negotiations have yet to begin in earnest, but he

added: "In the end, he's willing to bear the loss on his boat if the package is otherwise acceptable.

Pines characterized his talks thus far as "preliminary inquiries," not demands.

The former city attorney said that in his preliminary discussions, Ascher also has asked for assurances that the MTA's board will not meddle in the agency's day-to-day operations.

Pines also said Ascher was disappointed by leaks in the early stage of discussions.

"This is not the way to attract top talent to the city," Pines said.

One MTA board member expressed anger that Ascher, who earns \$130,000 a year as head of bridges and tunnels for New York's MTA, would seek more than the maximum \$235,000 a year authorized by the board. That compensation package would make him one of the nation's highest-paid transit executives.

A spokeswoman for Mayor Richard Riordan, who chairs the MTA board, said, "The mayor supports Mr. Ascher for the CEO's job because he believes he's the right manager for the MTA. He is willing to make the tough decisions that need to be made there.

"Insofar as the negotiations go," spokeswoman Noelia Rodriguez said, "Mr. Ascher is doing what is in his best professional interest at this moment. The MTA negotiators will protect the public's interests. The mayor, who knows something about negotiations, hopes they will meet somewhere in the reasonable middle, and that Mr. Ascher will soon be negotiating to get the best

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MTA

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deals possible for the MTA."

"If I was negotiating, I'd start pretty high too," said an MTA board member.

MTA board member Larry Zarian said, "I would not be concerned about what he's asking for, providing he delivers what he has promised he can."

But another official said more bluntly: "It's not a buyer's market for us."

Ascher was offered the job last week after the mayor's two previous choices turned down the posi-

tion and a third candidate dropped out.

But County Supervisor and MTA board member Don Knabe said, "I'm not going to be put in the position to negotiate with anyone like it is the last person on Earth."

He added, "My answer is have him ship it [the boat] out here and we can get him a slip at Marina del Rey."

Other MTA board members said the board could attract other candidates if it chose to raise the ante.

But another official said that the agency's widely reported financial, organizational, political and technical troubles, not money, have discouraged candidates from seeking the job.