

Board Disposition: Adopted 20-0-0-0

R2022-25 Rev 2
 BOD MTG:
 FALL BOD 2022

SOURCE: CA Karam
 PROPOSER: CA Karam

FOR:	20
AGAINST:	0
ABSTAIN:	0
ABSENT:	0

Title: APA-ALPA Exploration and Potential Merger Process

Drafting Committee	Policy Manual Amendment:	Cons. & Bylaws Amendment:
A	4.17.F	

Departmental Review				
Legal (req'd for C&B)	Finance (req'd if money)	IT (req'd if systems/web)	Parliamentarian (req'd if PM or C&B)	Other:
Jim Clark			Kay Crews	
Departmental Comments: (Name and date first, then comments. Each Department start new line.)				

Board Disposition: Recommend adoption 10-0-0-0

DATE CONSIDERED:	OTHER AVAILABLE BOD ACTIONS:	FOR:	10
<input checked="" type="checkbox"/> 11/10/2022	<input checked="" type="checkbox"/> Amend (By Rev # -- OKd by Maker)	AGAINST:	0
	<input type="checkbox"/> Amend (Without Maker OK)	ABSTAIN:	0
	<input type="checkbox"/> Refer (To Whom? Instructions?)	ABSENT:	0
	<input type="checkbox"/> Postpone Indefinitely (Kill)	FINAL ACTION:	
	<input type="checkbox"/> Postpone to a Certain Time	<input type="checkbox"/> Adopt	
	<input type="checkbox"/> Adopt-in-Lieu Of _____	<input type="checkbox"/> Defeat	

1 **WHEREAS** the APA Board of Directors commissioned a survey to ascertain the level of interest
 2 among its membership in exploring a possible merger with ALPA, and

3 **WHEREAS** the APA Board of Directors has been presented with the results of the survey and has
 4 determined there is sufficient interest among the membership to investigate a possible merger with ALPA,
 5 and

6 **WHEREAS** the APA Board of Directors has determined that investigation of issues involving a
 7 potential merger can be done separate from Section 6 negotiations and shall in no way hinder current
 8 negotiations with the carrier, and

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10 **WHEREAS**, the APA Board of Directors believes that establishing a committee to engage with
11 representatives of ALPA and others to investigate the advantages and disadvantages of a merger is an
12 appropriate action to take at this time, and

13 **WHEREAS** the APA Constitution and Bylaws, Article XI Committees, gives the Board of
14 Directors the right to establish standing committees, and to elect the membership to those committees,

15 **WHEREAS**, changes in the existing text are noted by ~~striking through~~ changed or deleted
16 wording and noting new wording by it being **underlined and bolded**; therefore,

17 **BE IT RESOLVED**, that the PM is amended by inserting a new Section 4.17.F as follows:

18 **F. APA-ALPA Merger Exploratory Committee**

19 **1. Charter Statement**

20 **The APA-ALPA Merger Exploratory Committee’s purpose is to consult with ALPA**
21 **representatives and other relevant individuals to investigate issues that may need to**
22 **be addressed in the event the Board of Directors elects to pursue a merger with**
23 **ALPA in the future. Issues that should be investigated include, but are not limited to,**
24 **financial implications, benefit plan implications, treatment of fixed assets, staff,**
25 **governance issues, and seniority integration in the event of a merger or acquisition of**
26 **another airline, or the integration of the wholly-owned regional carriers.**

27 **2. Composition and Leadership**

- 28 **a. APA-ALPA Merger Exploratory Committee shall be comprised of at least three**
29 **members but no greater than five, to include a Chair and Vice-Chair.**
30 **b. APA-ALPA Merger Exploratory Committee members shall be elected by the**
31 **Board of Directors to 12-month terms utilizing the procedures outlined in Section**
32 **4.05. Following the election of Committee members, the Board shall elect the**
33 **Chair and Vice-Chair.**

34 **3. Authorities Granted and Duties Assigned**

- 35 **a. The APA-ALPA Merger Exploratory Committee is authorized to determine**
36 **whether the assistance of outside consultants/subject matter expert(s) may be**
37 **beneficial to their efforts at investigating issues affected by a potential merger.**
38 **Should such outside subject matter expert(s) be deemed necessary, the Chair shall**
39 **recommend the retention of such expert(s) by the Association. The APA Board of**
40 **Directors shall appoint two members of the Board to be present during the**
41 **interview process of any subject matter experts (SMEs) to act only in an oversight**
42 **capacity and provide transparency between the committee and the Board.**
43 **b. Committee recommendations for retention of outside consultants/SMEs shall be**
44 **made to the Board of Directors for its approval. If approved, the Board shall task**
45 **the President to execute engagement agreements with such counsel/consultants,**
46 **subject to review and approval of agreements by Sr. Director of Legal Affairs.**

- 47 c. The APA-ALPA Merger Exploratory Committee Chair shall have the ability to
48 request assistance from APA staff and pilot subject matter experts through
49 established APA office protocols, with work for contract negotiations taking
50 priority, as needed to complete the Committee’s investigatory goals. The APA
51 Secretary-Treasurer shall determine the most effective method of accounting for
52 the forementioned individuals’ time and expenses.
- 53 d. The APA-ALPA Merger Exploratory Committee Chair shall have the authority
54 to request (PU) for him or herself, the other Committee members and pilot
55 subject matter experts in accordance with established procedures.

56 4. Reporting Requirements/Duration

- 57 a. The Chair of the APA-ALPA Merger Exploratory Committee shall provide
58 written and/or in-person briefs to the APA BOD on a regular basis, but no less
59 frequently than at each scheduled Board of Directors meeting. At the conclusion
60 of the investigation process, the Committee shall produce a final report to the
61 Board of Directors setting forth its findings and recommendations.
- 62 b. The APA-ALPA Merger Exploratory Committee shall sunset upon the completion
63 of its final report and presentation of same to the Board of Directors.
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65 **BE IT FURTHER RESOLVED**, that the Board of Directors shall select and appoint candidates
66 to the initial APA-ALPA Merger Exploratory Committee and appoint a Chair and Vice-Chair no later
67 than the January 2023 Special Board of Directors meeting. Individuals selected shall be subject to re-
68 election at the Fall Board of Directors meeting; and

69 **BE IT FURTHER RESOLVED**, that the final report and presentation of the APA-ALPA Merger
70 Exploratory Committee is presented to the Board of Directors shall be due no later than Spring 2023
71 Board of Directors meeting, and if not presented by the Committee, this deadline may be extended by the
72 Board; and

73 **BE IT FURTHER RESOLVED**, that once the final report and presentation of the APA-ALPA
74 Merger Exploratory Committee is presented to the Board of Directors, Section 4.17.F APA-ALPA
75 Merger Exploratory Committee shall be automatically deleted; and

76 **BE IT FURTHER RESOLVED**, that if, after having received the final report and presentation
77 from the Exploratory Committee, the Board of Directors, by 2/3 vote, elects to pursue a merger in
78 accordance with Article I.3.C of the Constitution & Bylaws, the Board shall direct that a merger
79 agreement be negotiated by the ALPA Merger Negotiation Committee and be presented to the Board for
80 its review; and shall automatically amend the Policy Manual by inserting a new 4.17.F, ALPA Merger
81 Negotiation Committee, as stated below:

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83 **F. APA-ALPA Merger Negotiation Committee**

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1. Charter Statement

The APA-ALPA Merger Negotiation Committee’s purpose is to negotiate and present a tentative merger agreement for review by the Board of Directors and, if approved, for submission to the membership for ratification in accordance with the Constitution & Bylaws.

2. Composition and Leadership

- a. APA-ALPA Merger Negotiation Committee shall be comprised of at least three members but no more than five members, to include a Chair and Vice-Chair.
- b. APA-ALPA Merger Negotiation Committee members shall be elected by the Board of Directors to a 12-month term utilizing the procedures outlined in Section 4.05. Following the election of Committee members, the Board shall elect the Chair and Vice-Chair.

3. Authorities Granted and Duties Assigned

- a. The APA-ALPA Merger Negotiation Committee is authorized to engage with ALPA representatives to negotiate the terms of a proposed merger agreement in accordance with tasking received from the Board.
- b. The APA-ALPA Merger Negotiation Committee is authorized to interview and recommend the retention of outside counsel to provide legal advice during the negotiation process. The Board of Directors may appoint two members of the Board to be present during the interview process to act only in an oversight capacity and provide transparency between the Committee and the Board.
- c. The APA-ALPA Merger Negotiation Committee is authorized to interview and recommend for retention by the Association outside financial or other consultants should that be necessary. The Board of Directors may appoint two members of the Board to be present during the interview process to act only in an oversight capacity and provide transparency between the Committee and the Board.
- d. The Chair shall consult with the APA Secretary-Treasurer prior to recommending outside counsel or consultants to determine the scope of services to be provided and conduct a review of estimated fees against the Committee budget.
- e. Committee recommendations for retention of outside counsel and/or outside consultants shall be made to the Board of Directors for its approval. If approved, the Board shall task the President to execute engagement agreements with such

116 counsel/consultants, subject to review and approval of agreements by the Sr.
117 Director of Legal Affairs.

118 f. The APA-ALPA Merger Negotiation Committee Chair shall have the ability to
119 request assistance from APA staff and pilot subject matter experts through
120 established APA office protocols, with work for contract negotiations taking
121 priority, as needed to both prepare for merger discussions with ALPA and during
122 direct negotiations as necessary. The APA Secretary-Treasurer shall determine
123 the most effective method of accounting for the aforementioned individuals' time
124 and expenses.

125 g. The APA-ALPA Merger Negotiation Committee Chair shall have the authority to
126 request (PU) for him or herself, the other Committee members, and pilot subject
127 matter experts in accordance with established procedures.

128 4. Reporting Requirements

129 a. The Chair of the APA-ALPA Merger Negotiation Committee shall provide
130 written and/or in-person briefs to the APA BOD on a regular basis as directed,
131 but no less frequently than at each regularly scheduled Board of Directors
132 meeting or Special Board of Directors meeting while negotiations are ongoing.

133 b. The Chair of the APA-ALPA Merger Negotiation Committee shall notify the APA
134 President and Board of Directors of the completion of any formal negotiations
135 with ALPA regarding a potential merger agreement and the result of the
136 negotiations within 24 hours of such completion. If a proposed merger agreement
137 has been negotiated, the Chair shall provide final and tentatively agreed upon
138 language to the President and Board with the aforementioned notification or as
139 soon thereafter as practicable.

140 c. Any tentative merger agreement shall be reviewed and considered by the Board at
141 the next regularly scheduled or Special Board of Directors meeting.

142 d. If a motion to approve a tentative merger agreement for submission to the
143 membership for a ratification vote is adopted by the Board in accordance with
144 Article XII.D of the Constitution & Bylaws, the agreement shall be posted to the
145 APA website and forwarded to the membership within 24 hours, and a
146 ratification vote scheduled in accordance with Article XII.E of the Constitution &
147 Bylaws.

149 **BE IT FURTHER RESOLVED**, that following the 2/3 vote to pursue a merger, the Board of Directors
150 shall select and appoint candidates to the ALPA Merger Negotiation Committee and appoint a Chair and Vice-
151 Chair who shall serve until the Fall Board of Directors meeting, when elections for a one-year term shall be held.
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