



APA ALPA MERGER EXPLORATORY COMMITTEE REPORT

APA ALPA MERGER EXPLORATORY
COMMITTEE

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May 26, 2023

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INTRODUCTION

This Report is submitted by the APA-ALPA Merger Exploratory Committee (the “Committee”), pursuant to Board of Directors Resolution R2022-25 Rev 2 (the “Resolution”). As discussed below, the principal charge of the Committee under the Resolution is to “investigate issues that may need to be addressed in the event the Board of Directors elects to pursue a merger with ALPA in the future,” and “produce a final report to the Board of Directors setting forth [the Committee’s] findings and recommendations.” As also discussed below, the matter for the Board of Directors to act on at its Special Meeting on June 1 and 2, 2023 is not the approval or disapproval of a merger with ALPA. Rather, the immediate issue before the Board of Directors is whether to “direct that a merger agreement be negotiated by the ALPA Merger Negotiation Committee and be presented to the Board for its review” – what the Committee has referred to as “Phase 2.”

The Report below summarizes the Committee’s analysis of issues identified in the Resolution and relevant to the consideration of a possible merger with ALPA by the APA Board of Directors and, ultimately, the APA Membership. This Report is lengthy, but is only a summary of the extensive information gathered, reviewed and considered by the Committee in arriving at its findings and recommendations. The body of the Report includes hyperlinks to significant source materials with additional detail on specific issues for the reader’s reference.

Because members of the Board of Directors and APA members may have relatively less familiarity with ALPA, some portions of the discussion below will include a relatively brief discussion of APA’s structure, and provide relatively more detail regarding ALPA, with reference to appropriate source material available for deeper review.

APA and ALPA serve the same ultimate function under the Railway Labor Act, namely, serving as the designated bargaining representative of the pilot groups that have chosen them as their representatives – the American Airlines Pilots in the case of APA; the Pilots of currently 40 separate airlines in the case of ALPA. Both unions provide vigorous representation for their constituents. Accordingly, the unions’ respective Constitutions & Bylaws state similar and overlapping institutional objectives. The two unions’ respective Constitutions and Bylaws can be reviewed at [link to APA and ALPA C&Bs] and a comparison of the two governing documents. [Link] The two unions’ policy manuals can be reviewed at [link to APA Policy Manual, ALPA Administrative Manual]. ALPA’s structure can also be reviewed in the ALPA Resource Guide, which can be reviewed at [link to ALPA Resource Guide].

The ultimate issue for the American Airlines Pilots is which union’s structure would be more effective in carrying out those similar objectives, and delivering the greatest overall value for the American Airlines Pilots.

As stated in Part Four of this Report, “Findings and Recommendations,” the investigation summarized in this Report frames two basic issues for the Board of Directors and Membership:

- APA and ALPA have different governing structures, presenting policy choices for the American Pilots –

- APA has a single-airline structure, in which the Union is independent and free to chart its own course, and has more flexibility in responding to changes in circumstances. However, as a result of that single-airline structure, the Union has less coordination with other union pilot groups' representatives, and less peer and professional resources.
- APA's National Officers are elected directly by the membership, while ALPA's National Officers are elected by the ALPA Board of Directors, and MEC Officers are elected by the members of the MEC. The APA structure is designed to be responsive to the will of the membership, but creates added possibilities for conflict between the Officers and Board of Directors.
- In ALPA's highly-developed layered, multi-airline structure, including longstanding formal National and MEC Strategic Plans, each pilot group's MEC retains autonomy in representing its pilots, but acts within that coordinated ALPA strategy. ALPA also has the depth of peer and professional resources that are constantly bargaining and advising numerous pilot groups on strategies and tactics; and which may react less quickly to changing circumstances, but maintains more stability and continuity in strategy and tactics.
- It is clear from the Committee's investigation ALPA provides resources and support to its constituent pilot groups in numerous areas that add value to the Union's representation of those pilots, which would become available to the American Pilots in a merger with ALPA. Those resources may come at an increased dues cost. The Board of Directors and the APA Membership will have to weigh that cost/benefit proposition, and consider the extent to which that added value could be replicated in APA's current structure, and at what cost.

Based on its investigation, the Committee unanimously recommends that the Board of Directors vote to proceed to "Phase 2" under the Resolution – the creation of a Merger Negotiating Committee to negotiate the specific terms of a proposed merger agreement, to be presented to the Board of Directors for a decision whether to submit the proposed agreement to the APA Membership for ratification pursuant to the APA Constitution & Bylaws. Since the terms of such a Merger Agreement cannot be known until it is negotiated, it would be premature to form a final recommendation for or against consummating a merger with ALPA. And, as noted, that is not the decision before the Board of Directors at this time. But, as we have concluded from the investigation summarized below, including the recent experiences of other pilot groups merging with ALPA and our interactions with ALPA leadership and SMEs, the Committee believes that proceeding to Phase 2 is supported by the Committee's investigation, and may result in proposed terms that the Board of Directors would find acceptable to forward to the APA Membership for a ratification vote.

PART ONE - BACKGROUND

I. GOVERNING BOARD OF DIRECTORS RESOLUTION AND CHARTER STATEMENT

The Committee was authorized unanimously by the Board of Directors at its Fall 2022 meeting, in Resolution 2022-25 Rev 2. The Resolution recited the Board of Directors' finding that "establishing a committee to engage with representatives of ALPA and others to investigate the advantages and disadvantages of a merger is an appropriate action to take at this time." The Resolution included the following Charter Statement for the Committee:

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

The Resolution provided as follows with respect to the Committee's report and recommendations to the Board of Directors, and the Board's action on the basis of the report and recommendations:

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

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

BE IT FURTHER RESOLVED, that if, after having received the final report and presentation from the Exploratory Committee, the Board of Directors, by 2/3 vote, elects to pursue a merger in accordance with Article I.3.C of the Constitution & Bylaws, the Board shall direct that a merger agreement be negotiated by the ALPA Merger Negotiation Committee and be presented to the Board for its review ...

At its Special Meeting on March 7-9, 2023, the Board of Directors voted to schedule a single subject SBOD for June 1-2, 2023 "to deliver the Committee's final report and presentation."

II. THE COMMITTEE'S MEMBERSHIP AND SMEs

Pursuant to the Resolution, the Board of Directors appointed the following members of the Committee:

- Captain Tom Duncan, Chairman. Tom Duncan is a DFW A-320/International Captain, with lengthy experience with both ALPA and APA, including:
 - 1992-1996, American Eagle, Flagship Airlines, SPC Volunteer, APA Domicile Chairman 1995 until becoming ALPA FO Rep and LEC Chairman after ALPA prevailed in a Single Carrier Petition
 - 1996-2001, TWA line pilot
 - 2001-2003, American Airlines line pilot, Furloughed 5/1/2003, Recalled 7/5/2011
 - 2003-2004, CSX Railroad, Freight Train Conductor
 - 2004-2011, American Eagle, Flow-Back CA under Supplement W of the Green Book; heavily involved in Supp W Grievance FLO-0802, which sought to preserve the Flow-Back rights of approximately 25 American Pilots at American Eagle after May 1, 2008
 - 2011-Present, American Airlines
 - 2013, TWA Pilots LOA 12-05 (Supplement CC Arbitration) Committee
 - 2013-2016, American Airlines Pilots Seniority Integration Committee (AAPSIC)
 - Legacy AA Pilots Dispute Resolution Committee (LAA-DRC)
 - APA Negotiating Committee (Deputy Chair and a very short period as Chair)
 - APA Scheduling Committee (Deputy Chair)
 - Ad Hoc Equity Distribution Trust Committee

- Captain Eric Ferguson. Eric Ferguson is a DFW A-320/Domestic Captain with lengthy volunteer experience at APA, preceded by years of volunteer work at USAPA (the US Airways pilots' union from 2008 to 2014) and for ALPA at America West before that. Eric's experience includes:
 - 2003-2008, Member of ALPA Councils located in PHX and LAS
 - 2008, Member of ALPA-America West Merger Committee
 - 2008-2014, Member, US Airline Pilots Association
 - 2009, LAS Chair on USAPA's Board of Pilot Representative (BPR)
 - 2010-2014, PHX Vice-Chair on USAPA BPR
 - 2014-2017, PHX Vice-Chair on APA BOD
 - 2015-2016, Member APA- LUS West Merger Committee
 - 2017-2018, APA Negotiating Committee (Chair from May to October 18)

- 2019-2022, APA President
- Captain Robert Hamilton. Robert Hamilton is a CLT 737/International Captain, who formerly flew for the company as an FO on the A-320 and E-190. Robert has a notable history of union volunteerism at both ALPA and APA. Robert’s service to his fellow pilots includes:
 - 2006-2014, System Board of Adjustment Member presided over two dozen arbitrations.
 - 2008-2016, MEC Security Committee (Chair for 7 of 8 years)
 - 2012-2016, MEC Government Affairs (Chair 2014-2016)
 - 2014-2016, MEC Negotiating Chair
 - 2010-2016, ALPA National Security Chair
 - Elected unanimously for two of three terms.
 - Co-developed the FBI Laser Awareness Campaign
 - Did over 300 related media interviews, including MSNBC, CBS Nightly News, Wall Street Journal, and LA Times.
 - 2012-2016, ALPA National Director of Security Training and Development
 - 2014 Presidential Security Award Winner for outstanding achievement in Aviation Security
 - 2017-2019, CLT Domicile Contract Compliance Volunteer
 - 2017-2022, APA Security Committee (Vice-Chair 2019-2022)
- First Officer Ryan Mauldin. Ryan Mauldin is a DFW A-320/Domestic First Officer, who flew from American Eagle/Envoy Airlines in 2018. He has been a member of both ALPA and APA.
 - 2018-Present American Airlines
 - 2023, APA-ALPA Merger Exploratory Committee
 - 2006-2018, American Eagle/Envoy Airlines
 - 2016-2018, Negotiating Committee Chairman/Member
 - 2015-2016, Scheduling Committee Member

The Committee brings extensive experience working for APA, as well as extensive experience with ALPA.

At its January meeting, the Board of Directors approved the Committee’s engagement of the following Subject Matter Experts to advise the Committee:

- Wesley Kennedy, Legal Counsel. Wes Kennedy has been a union lawyer for nearly 40 years – since 1995 as a founding shareholder of Allison, Slutsky & Kennedy, P.C., www.ask-attorneys.com, and for 11 years before that as an associate and partner in the firm Cotton, Watt, Jones & King following his graduation from The Yale Law School. Wes has extensive experience in aviation-related labor issues, including work for APA and related Committees:

- AA/TWA
 - Negotiation of Supplement CC
 - Work on NMB Single Carrier Proceeding
 - Work on LPP Legislation
 - Ensuing Litigation & Disputes
- AMR Bankruptcy
 - LOA 12-05/Supplement C Arbitration (L-AA Committee)
 - Post-Supp C Litigation (Witness)
- US Airways Merger
 - MOU
 - SLI Protocol
 - SLI Arbitration (AAPSIC)
 - Post-SLI Disputes (AAPSIC; Supp C System Board Arbitration [Witness])
- Local Counsel in Litigated Matters

Wes has also represented numerous other employee groups under the Railway Labor Act, including a number of ALPA-represented pilot groups, and independent pilot groups, which have since joined or merged with ALPA.

- Jalmer Johnson, Consultant. Jalmer Johnson has been a pilot union analyst, executive and advisor for over 40 years. He worked for ALPA for 31 years, where he built and ran ALPA's Economic & Financial Analysis Department as Manager and Director for 14 years, and was ALPA's lead professional negotiator on economic issues. He then was ALPA's General Manager (Chief of Staff) for another 14 years, managing ALPA's activities and resources in the areas of collective bargaining, contract administration, organizing, air safety and security, communications, association administration (including finance, accounting, membership, real estate, human resources, information technology), law and litigation, and government relations. While GM at ALPA, Jalmer negotiated ALPA merger agreements with 8 independent pilot unions.

Since retiring from ALPA in 2013, Jalmer has been the Managing Principal of Jalmer Johnson Consulting, LLC. He has worked as analyst and negotiator on economic, financial, bargaining, corporate and strategic issues for unions in contract negotiations, including pilots at UPS, Southwest, Air Canada and American, and flight attendants at United. Between his work at ALPA and as a consultant, Mr. Johnson has been directly involved in well over 200 negotiations on pilot contracts. He has also been an economic advisor and expert witness in litigation and in pilot seniority integration negotiations, mediation and arbitration, including for Virgin America pilots in the AS-VX merger, for American pilots in the AA-US merger and for the JetBlue pilots in the pending B6-NK merger. He also assisted in the negotiations of the recent ACPA/ALPA Merger Agreement.

These SMEs bring substantial experience to the Committee's work, including experience with both APA and ALPA, and experience with American and other carriers.

III. THE COMMITTEE'S INVESTIGATION

The Committee has undertaken a number of activities to assure a thorough investigation of the issues identified by the Resolution. Among other things:

- The Committee made an extensive request for information from ALPA regarding its operations relevant to the issues identified in the Resolution. At ALPA's Request, ALPA legal counsel and the Committee's legal counsel (with the approval of APA Legal) negotiated a Non-Disclosure Agreement regarding the treatment of information designated by ALPA as Confidential. Thereafter, ALPA produced the extensive information requested, which the Committee has reviewed.
- The Committee similarly made a request for information from APA regarding matters relevant to the issues identified in the Resolution. APA produced the requested information, which has also been reviewed by the Committee.
- The Committee has made more particular use of APA's staff and other resources in reviewing the issues, including the information produced by ALPA and APA. Among other things, the APA Benefits Department has provided a detailed analysis and comparison of the APA and ALPA pilot benefit programs. The APA Finance Department has provided assistance on APA's finances and financial structure. The Committee conducted interviews with (including, but not limited to) APA's Aeromedical Advisors the Aeromedical Committee and its subcommittees; the APA Safety Committee (and each of its subcommittees); the Security, CADC, Strategic Planning, Government Affairs and Membership Committees; and APA's Parliamentarian.
- The Committee has reviewed 10 previous merger agreements by which other independent pilot unions have merged with ALPA. Those prior merger agreements can be reviewed at [1997 ALPA Canadian Airline Pilots Association, 2001 ALPA FedEx, 2001 ALPA Continental, 2003 Kitty Hawk, 2007 ALPA TAG, 2007 ALPA Capital Cargo, 2008 ALPA First Air Pilots Association, 2009 ALPA Air Tran, 2011 ALPA Canadian North Association, 2016 ALPA Frontier, 2023 ALPA Air Canada. In particular, the recently-ratified merger of ACPA and ALPA has been particularly instructive. The ACPA/ALPA merger agreement and explanatory materials can be reviewed at [link to ACPA/ALPA materials].
- At ALPA's invitation, the Committee attended the annual ALPA Leadership Training Conference (LTC) in McLean, Virginia on February 7-9, 2023. The LTC is a three-day, intensive training event for new LEC and MEC representatives. The presentations from the LTC can be reviewed below. In addition, the LTC provided the Committee with opportunities to interact with ALPA pilot leadership and staff.

- Agenda
 - Job of Representative
 - MEC Meeting/Roberts Rules
 - Dues Dollar
 - First VP Report
 - E&AS Safety Security
 - Staff Support
 - ALPA Polling
 - Effective Collaboration
 - Strategic Planning
 - Council Services
 - Communication Support
 - Canadian Issues
 - Government Affairs
 - Inclusive Leadership
 - ALPA Aeromedical
 - MEC Roles in Negotiations
 - Airline Economics
 - Legal Review
 - Online and Electronic Communications
- On March 15 and 16, 2023, the Committee and its SMEs met in McLean with ALPA staff and pilot leadership to receive presentations in a number of subject matter areas relevant to the issues under the Resolution. The written presentations can be reviewed below. The meetings provided another opportunity for direct interaction and information sharing with the ALPA National Officers, Directors, and SMEs, and provided invaluable insight into ALPA's operations.
 - Strategic Plan: Spring 2023 Progress Report
 - ALPA's Strategic Communications Approach
 - ALPA's Governance Structure Review
 - ALPA E&AS
 - ALPA ASO
 - ALPA E&FA
 - The Committee requested the opportunity to observe the APA New Board Member Orientation on May 2-3, 2023, in order to compare the APA orientation process to the ALPA LTC. For reasons unknown to the Committee, this request was ultimately denied by the Board of Directors, and the Committee was unable to observe the New Board Member Orientation.

As required by the Resolution, the Committee has reported to the Board of Directors at each Board meeting since the Committee's formation, including the Regular Board meetings on

May 11, 2023, and the Special Board meetings on Feb 3, 2023, March 02, 2023, April 06, 2023, April 24, 2023

PART TWO - CONTEXTUAL FACTORS

IV. HISTORICAL EXPERIENCE

In considering a possible merger with ALPA, the Board of Directors is not writing on a clean historical slate. More pilots have chosen ALPA over any other form of representation. The pilots of American Airlines separated from ALPA and formed the Allied Pilots Association in 1963, when 1334 of the 1571 eligible American Pilots voted in an NMB representation election to do so, because of growing dissatisfaction with ALPA for a number of reasons. [See “APA History: The First 25 Years” found on the public side of the APA website under [Link]] Since that time, only three other large pilot groups – Continental, FedEx and US Airways -- broke away from ALPA. Continental and FedEx later returned to ALPA, and US Airways merged with American, bringing those pilots from their independent union, USAPA, into APA.

There have been previous investigations of the possibility of returning the American Pilots to ALPA; and there is a significant history of independent unions merging with ALPA.

A. Prior APA Consideration of ALPA

APA has entertained the possibility of affiliation with ALPA, and/or compared its structure to ALPA, on at least two previous occasions.

In 2000, pursuant to Resolution R2000-124 Rev. 1, the Board of Directors appointed an ALPA Exploratory Committee. That Committee issued a report in March 2001, which can be reviewed at [link to 2001 ALPA Exploratory Committee Report]. No further action was taken at that time. It is important to note that this took place during the AA-TWA acquisition followed soon thereafter by the 9/11 terrorist attacks and the extended downturn in the sector which resulted therefrom. Any apparent energy directed toward a possible merger with ALPA was likely overcome by the environment faced by the Association and the industry at that time.

In 2018, pursuant to Resolution R2017-51 Rev. 1, the Board of Directors created a Comparative Airline Benchmark Ad Hoc Committee to compare APA’s governance structure with the structures of DAL/ALPA, ALPA and SWAPA. That Ad Hoc Committee issued a report in the Second Quarter of 2018, which can be reviewed at [link to Ad Hoc Committee Report]. APA leadership did adopt some of the recommendations stemming from this report in effort to improve its effectiveness, including:

- Adoption of Board Meeting Subcommittees (Drafting Committees)
- Additional reporting requirements for Committee budget variances
- Additional professional online surveying and scientific polling
- Rotation of offsite Board Meetings among domiciles

B. Prior Union Mergers With ALPA

Over time, a number of independent pilot unions have merged with ALPA pursuant to written merger agreements. Those agreements reflect significant historical experience in dealing with many of the issues raised by a possible merger with ALPA. That experience includes the following merger agreements, which can be reviewed at [link to past ALPA Merger Agreements]:

- ALPA-CALPA
- ALPA-Independent Association of Continental Pilots
- ALPA-FedEx Pilots Association
- ALPA-First Air Pilots Association
- ALPA-Kittyhawk Pilots Association
- ALPA-Canada North Pilots Association
- ALPA-Capital Cargo Crewmember Association
- ALPA-The Aviators Group (Evergreen)
- ALPA-National Pilots Association
- ALPA-Frontier Airline Pilots Association
- ALPA-Air Canada Pilots Association

C. The Recent ACPA/ALPA Merger Agreement

The recently-ratified merger between ACPA and ALPA is particularly instructive, since it represents the views of current ALPA leadership with respect to these issues. The ACPA/ALPA Merger Agreement and explanatory materials can be reviewed at [link to ACPA/ALPA agreement, etc.] The result of the ACPA-ALPA merger agreement ratification vote was announced on May 1, 2023, with 84.2 percent of 91.6 percent of eligible voters voting to support the merger. The ALPA Executive Committee gave final ALPA approval to the merger at its May 2023 meeting.

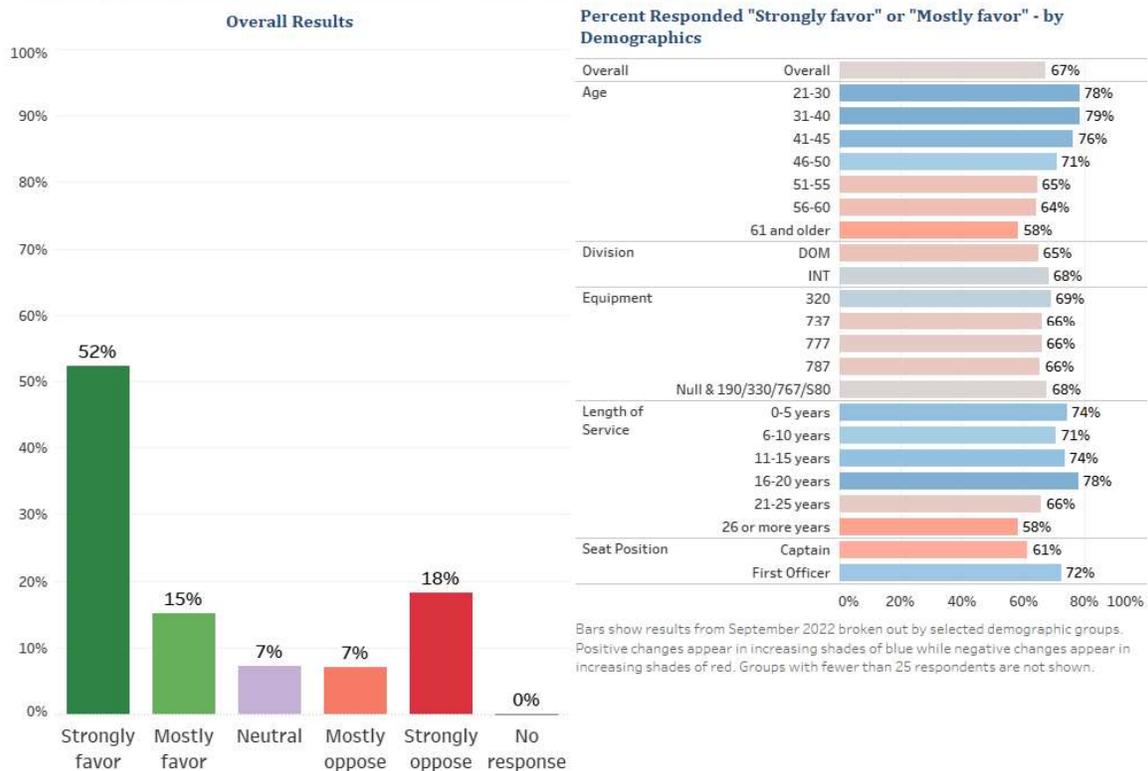
As the Committee discussed in its presentation to the Board of Directors at its Special Meeting on April 5, 2023, the ACPA/Merger Agreement anticipates a number of concerns and potential issues, and provides guidance on how those issues may be addressed in a potential APA/ALPA Merger. [[link to Committee Presentation 4/5/23](#)] ([APA Web 2.0 Link](#))

V. THE COMSTOCK SURVEY AND APA'S CHANGING DEMOGRAPHICS

A. The Comstock Survey

The Resolution and creation of the Committee has resulted, in part, from a survey of the APA membership by The Survey Center of the University of New Hampshire, commissioned by the Board of Directors in August 2022 to measure pilot interest in a possible merger with ALPA. Phil Comstock from Lescault & Walderman, Inc. , who assisted in the development and analysis of the survey, [reported the results of his survey \(APA Web 2.0 Link\)](#) at the regular Board of Directors meeting in November 2022. The full report on the survey can be reviewed at [link to Comstock report]. The following slide from Mr. Comstock's presentation summarizes some of the survey's most significant results:

The APA Board of Directors is considering the possibility of exploring a merger with ALPA. To what extent do you favor or oppose the APA Board of Directors exploring a possible merger with ALPA?



As presented in the table on the right, 78% and 79% of pilots in the 21-30 and 31-40 age groups, respectively, "strongly favor" or "mostly favor" exploring a merger agreement with ALPA. For pilots in their 40s, the figure is in the 71% to 76% range. Nearly two-thirds of the pilots in their 50s "strongly favor" or "mostly favor" exploring a merger agreement with ALPA, while support from pilots in the age group 61-64 is less than 60%.

B. APA's Evolving Demographics

These data reflect, among other things, the changing demographics of APA's membership, resulting in more familiarity and experience with ALPA. The substantial attrition of senior pilots has resulted in the hiring of a large number of pilots. Many of those pilots come to American Airlines from regional carriers where they were represented by ALPA, including flow-through pilots from the wholly-owned regional partners. Since the airline began hiring again in earnest around the time of the last merger, half of those pilots hired for some time were sourced the combined airlines wholly-owned carriers, where all pilots have been represented by ALPA. Even as the wholly-owned flow-through pilots have become a smaller percentage of the total hired over the last few years, the vast majority of new hires are still from regional airlines that are overwhelmingly unionized, with the preponderance of those carriers represented by ALPA. For instance, of the 1763 pilots hired during the first 10 months of 2022, 1337 (over 75 percent) came from regional airlines, other airlines or freight airlines. A large majority of new hire pilots now come from union backgrounds, other than APA, and more likely than not were members of ALPA.

VI. POSSIBLE PROCESSES FOR ALPA AFFILIATION

Given the level of interest in exploring a merger with ALPA reflected in the UNH/Comstock survey, and the changing demographics of APA's membership, one factor to consider is that this is not a binary choice between a merger agreement with ALPA and remaining an independent union. The third possibility is a "card drive" by ALPA's proponents to support a petition to the National Mediation Board (NMB) to change bargaining representatives from APA to ALPA. A comparison of the processes involved in a merger agreement and a card drive is appropriate.

A. A Negotiated Merger Agreement

The process for a possible negotiated merger agreement with ALPA is laid out in the APA Constitution and Bylaws and the Resolution:

- Pursuant to the Resolution, the Board of Directors votes to proceed to "phase 2," and appoints a Merger Negotiating Committee to negotiate the proposed terms of a merger agreement with ALPA. That proposed agreement would set forth the details of the transition to ALPA representation, including the subject matters identified in the Resolution. Parallel with that process, the Board of Directors will have the opportunity to do its own "due diligence" with ALPA, similar to the interactions that the Committee has had during its investigation, as summarized above.
- Assuming that the Merger Negotiating Committee arrives at a proposed merger agreement with ALPA, the Board of Directors reviews the proposed agreement and determines whether to submit the proposed agreement to the APA membership for ratification.
- If the Board of Directors approves the merger agreement by a majority vote, both one-man, one-vote and weighted vote, the agreement would be forwarded to the affected membership for a ratification vote, with a simple majority of the votes cast determining the outcome pursuant to Article I, Section 3.B and Article XII, Section D of the APA Constitution & Bylaws.
- If the merger agreement is ratified by the APA membership, the agreement is submitted to the ALPA Executive Board for final approval on behalf of ALPA.
- Upon those approvals, the implementation of the merger and the transition to ALPA representation are governed by the pre-negotiated terms of the merger agreement. That would facilitate a relatively seamless transition in day-to-day representation from APA to ALPA.

B. A Card Drive and NMB Petition

The process for a possible change in representation based on a card drive is governed by the NMB's representation procedures under the Railway Labor Act, which can be found in the [NMB Representation Manual](https://nmb.gov/NMB_Application/wp-content/uploads/2022/01/Rep-Manual-2022-1.pdf). (https://nmb.gov/NMB_Application/wp-content/uploads/2022/01/Rep-Manual-2022-1.pdf). APA would have less control over this process, which would likely result in a more chaotic transition in representation:

- The process begins with a card drive – the solicitation group such as “AA Pilots for ALPA” of authorization cards from pilots supporting ALPA to serve as their bargaining representative. That can result in a representation petition filed with the NMB.
- The NMB makes some preliminary determinations before ordering an election based on the authorization cards submitted. Among other things:
 - The NMB is required to confirm the “craft and class” involved in the petition. Normally, this would be straightforward – confirmation that the craft and class is the pilot employees of American Airlines, including active pilots and those with the prospect of returning to active status in accordance with the NMB rules. At the same time, this is also an opportunity for a party (including from a regional partner or the carrier itself) to assert that the craft and class should be larger, e.g., that it should include one or more regional carriers as part of a single transportation system. That is an unlikely outcome, but it is possible.
 - The NMB determines whether there a sufficient “showing of interest” to require an election. Under current NMB Rules the threshold is 50 per cent plus one of the entire craft and class.
- If there is a sufficient showing of interest, the NMB directs a secret ballot election in the craft and class. Under the NMB's Rules, the ballot would include three choices – the incumbent union (APA), the challenging union (ALPA), and “No Union.” To be certified, a representative must receive a majority of the ballots cast. If no option receives a majority of the votes cast, the NMB conducts a runoff between the two options receiving the most votes (including “No Union” as the case may be). There is thus at least a theoretical possibility that the result would be no union representation.
- If ALPA wins the election, the NMB terminates APA's existing certification as the representative, and issues an entirely new certificate to ALPA. The change in certification happens instantaneously, without any transition period.

- Unlike a merger agreement – in which APA’s assets would be transitioned to ALPA, and the transition and continuity in representation would be negotiated in advance – none of those issues would be resolved in advance. Following ALPA’s certification:
 - ALPA would be the certified representative, but without any structure in place specific to providing representation to the American Pilots in bargaining, contract administration, safety, security and pilot support, staff support, committee structures, and the like. All of that infrastructure would have to be created. ALPA has experience in responding to such a turn of events, which indicates that ALPA has the capacity to create the necessary structures expeditiously. However, in at least the immediate term, the result for the American Pilots would be significant disruption in their day-to-day union representation.
 - APA would continue to exist as a legal entity, with all of its assets, but with no right to represent any employee group. APA would have to determine how to proceed, subject to the dissolution and/or other provisions of the Constitution & Bylaws.

PART THREE - FACTORS TO BE CONSIDERED UNDER THE RESOLUTION

As recited above, the Resolution requires the Committee “to investigate issues that may need to be addressed in the event the Board of Directors elects to pursue a merger with ALPA in the future. Issues that should be investigated include, but are not limited to, financial implications, benefit plan implications, treatment of fixed assets, staff, governance issues, and seniority integration in the event of a merger or acquisition of another airline, or the integration of the wholly-owned regional carriers.” In this Report, the Committee has organized these issues into the following topics – Union Governance and Administration; Staff Issues; Professional and Technical Resources; Representation in Contract Negotiations and Enforcement; Safety, Security, and Pilot Assistance; Airline Mergers and Seniority Integration; Union Benefits; Government Affairs; Union Finances; and Litigation and “Due Diligence” Issues.

VII. UNION GOVERNANCE AND ADMINISTRATION

A. APA’s Governance Structure

Because APA represents a single pilot group, its governance structure is relatively flat and uncomplicated, consisting of the Domiciles, the Board of Directors, and National Officers, as defined in the APA Constitution & Bylaws and Policy Manual, [links to APA Constitution & Bylaws, Policy Manual].

- **Domiciles.** The APA member pilots in each Domicile elect a Domicile Chair and Vice Chair to 24-month terms. Those representatives are limited to four consecutive full terms. In the election process, the top 3 nominees for either position proceed to an election phase where the pilot must receive a majority of votes. If no candidate receives a majority, the top 2 finishers proceed to a runoff election. The Domicile representatives are assigned to four Election Groups, creating staggered terms and contributing to regular attrition and change on the Board of Directors.
- **Board of Directors.** The Board of Directors consists of the Domicile Chairs and Vice Chairs. Under the APA Constitution & Bylaws, “The Board of Directors is the supreme policy making authority within APA, and it has the authority to review and disapprove actions taken by the National Officers; however, absent a specific vote disapproving an action taken by a National Officer, the action shall be presumed valid.” In general, “the Board may vote, by simple majority, to take an action (or actions) that either explicitly or implicitly deviate(s) from the Policy Manual.”

The Board of Directors acts by either “Senatorial” voting in which each Board member has an equal vote; or Roll Call Voting, in which each member of the Board has a weighted vote based on 50 per cent of the active members in good standing at his or her domicile.

- National Officers. APA's National Officers are elected, by direct election by the APA membership, to simultaneous three-terms, through a nomination and election process defined in the Constitution & Bylaws and Policy Manual. There are three National Officers.
 - President. The President is the Chief Executive Officer of the Association. Under the Constitution and Bylaws, among other things:
 - "The President shall conduct the affairs of APA consistent with this Constitution and Bylaws and with the policy and directives set by the Board of Directors. While the President's actions are subject to review by the Board of Directors, the President's actions shall be presumed valid unless the Board of Directors elects to review and disapprove a particular action taken by the President."
 - "The President shall appoint and remove, employ and discharge, and fix the compensation of all employees and agents of the APA other than its officers. The President shall have the authority to direct the day-to-day affairs of APA. The employees and agents of APA, and Committee members other than those serving on the Financial Audit Committee and Appeal Board, shall report to the President." However, "...any change, modification, and/or termination involving staff members in the following titles within the Pilot Negotiations division of APA's Department of Pilot Negotiations and Contract Administration requires Board of Director approval by a majority vote (unweighted)."
 - Vice-President. Under Article I, Section 8.B of the APA Constitution & Bylaws: "The Vice President shall assist the President in the discharge of all duties. He or she shall also preside when called upon by the President and at times when the President may be temporarily unable to discharge his or her duties."
 - Under Article I, Section 8.C of the APA Constitution & Bylaws; "The Secretary-Treasurer shall take charge of all books and effects of the Association. He or she shall keep a record of all proceedings at all regular and special meetings of the Board of Directors." "He or she shall be responsible for all funds of the Association, receiving all dues, fees, and special assessments assessed the Association as a group. He or she shall keep an accurate record of all expenditures and receipts of the Association. He or she shall keep an individual record of all dues and assessment of each member. He or she shall prepare and submit under his or her signature all reports required under law. He or she shall present his or her books at the end of each fiscal year for audit by a certified auditor. He or she or his or her successor will

present this audit, together with a current accounting of APA funds, at the next following Board of Directors meeting."

APA conducts paper ballots for all National Officer and Domicile Representative nominations and elections, pursuant to a settlement with the U.S. Department of Labor. Electronic voting is currently permitted for contractual ratification and other purposes unrelated to the election of union officers. A possible return to electronic voting has been a longstanding and ongoing debate within APA, and action was taken by the Board during the 2023 Spring BOD meeting aimed at investigating new technologies that might permit the use of electronic voting for union officers at APA in the future.

Pursuant to the APA Policy Manual, APA is required to record and post for membership viewing, all "open session" portions of a BOD meeting, subject to some limited redaction following legal review.

B. ALPA's Governance Structure

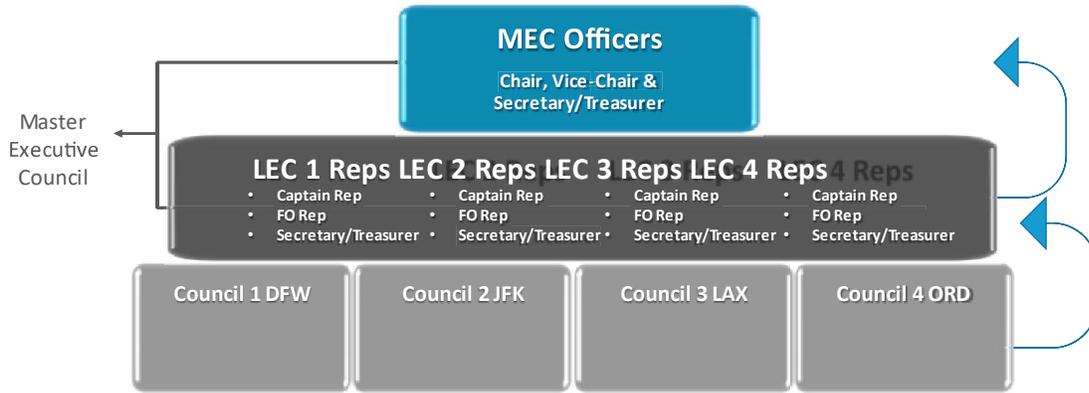
Since ALPA represents multiple pilot groups, its governance structure is of necessity more complex than the unitary structure of APA.

ALPA characterizes its international governance structure as a "bottom-up" organization, as depicted in the following charts:



ALPA Individual Airline Overview

ALPA is a "Bottom Up" Organization



These charts depict the relationship of Local Councils, single-airline Master Executive Councils, and the Association's national governing bodies.

1. Local Councils

Local Councils represent pilots and pilot interests at the domicile level, with Council representatives elected by line pilots.

- ALPA's local governance structure is based on Status Representatives, organized by Captain and First Officer Representatives or Seniority Block Status Representatives at a given domicile. The standard structure is one Captain ("CA") and one First Officer ("FO") Status Representative per Local Council.
- Within the CA/FO representation structure, ALPA also has an optional Large Council model, where Local Councils with more than 1,000 members and at least 25% of the active membership of the pilot group. This structure allows for two CA and two FO Status Representatives to cover the additional work associated with a larger council, should the pilot group elect the Large Council model.
- ALPA's Local Council representation structure also has LEC (Local Executive Council) officers - a Chairman, Vice-Chairman, and Secretary/Treasurer. The Chairman and Vice-Chairman are elected from the Local Council Status Representatives. The Secretary/Treasurer in a four Status Local Council will be

elected from one of the four Representatives; in two Status Local Council, the S/T is elected separately.

- ALPA has three Election Groups governing the timing and terms of each Status Representative, with each Local Council assigned to an Election Group. Status Representatives are elected to three-year terms.

ALPA's Local Council representatives are elected through a process defined by the ALPA Constitution & Bylaws and Policy Manual, including pilots expressing their "willingness to serve;" formal nominations; and election. ALPA's elections are conducted by electronic ballot; the Committee is not aware of any recent legal challenge to that process.

As of May 2023, ALPA has for the first time established policies on the recording, streaming and videoing of LEC meetings. LEC meetings can be virtual between central and satellite meeting rooms. Informational portions of LEC meetings can be webcast and recorded, but not the business portion of the meetings.

2. The MEC

Each airline's Master Executive Council functions as the coordinating council for the entire membership of the pilot group. The decisions of the MEC are considered the decisions of the pilot group's members, and are acted on accordingly.

- MECs have a Chair, Vice-Chair, Secretary/Treasurer (or a Secretary and a Treasurer). These officers are elected to two-year terms by the members of the MEC. Many larger airlines split Secretary and Treasurer into two positions.
- Pursuant to the MEC's respective MEC Policy Manual, the MEC develops, administers, and oversees MEC funds; establishes MEC committees and appoints committee chairs; and gives direction to the MEC Negotiating Committee regarding collective bargaining for the pilot group.
- Per ALPA's Constitution & Bylaws (C&BL), MEC voting can be either one-person, one-vote, or by roll-call voting based on the number of active members represented by each Status Representative.
- ALPA MECs have their own MEC Policy Manuals to provide rules and procedures for the MEC and its officers and committees to assist them in carrying out the primary duty of the MEC as a coordinating council for all ALPA members of a given pilot group. This gives each MEC some latitude in the conduct of its business, provided that the Policy Manuals do not deviate from the ALPA C&BL or Administrative Manual. An example of an MEC Policy Manual can be reviewed at [link to DAL MEC Policy Manual].

As noted, MEC Officers are elected by the LEC Representatives comprising the MEC, in contrast to the direct election of Officers by the APA membership.

As of May 2023, ALPA has for the first time established policies on the recording, streaming and videoing of MEC meetings. MECs are permitted to record and stream informational portions of MEC meetings, but the business portions of MEC meetings cannot be recorded or broadcast.

The role of the MEC in various subject matter areas is discussed below. As will be discussed, MECs enjoy substantial autonomy in decision making on behalf of their pilot constituents in these areas.

3. The Board of Directors

The ALPA Board of Directors is ALPA's highest governing body, meeting bi-annually in even-numbered years. The BOD is comprised of all ALPA local Status Representatives, totaling 220 as of May 2023. The BOD elects ALPA National Officers, approves ALPA's Strategic Plan, and approves changes to the ALPA Constitution & Bylaws. National Officer reports to ALPA Board of Directors meetings are streamed and made available to line pilots on video. The entire non-closed session of a Board of Directors meeting is transcribed, but the transcription is not published.

4. The Executive Board

The ALPA Executive Board is comprised of all MEC Chairpersons. It meets twice each year. It approves changes to ALPA policy, approves union merger agreements, and provides direction on ALPA strategic priorities.

5. National Officers

ALPA has the following National Officers, elected every four years. The duties of those Officers are defined by the ALPA Constitution & Bylaws, [[link to ALPA Constitution & Bylaws](#)].

President. The President is the Chief Executive and Administrative Head of the Association. The President supervises the affairs of the Association, its functions and shall coordinate its activities. They shall be responsible for and supervise the managerial functions within the Association. The President's duties are detailed in Article X of the Constitution & Bylaws.

First Vice President. Pursuant to Article XI of the Constitution & Bylaws, the First Vice President function under the jurisdiction of the President in carrying out the policies of the

Board of Directors and the Executive Board. In the event the office of President becomes vacant for any reason, the First Vice President shall become acting President, assuming those jurisdictions and duties provided in Article X. Currently, the First Vice President is designated as ALPA's National Safety Coordinator, serves as the Treasurer of ALPA-PAC, and oversees various National Committees, including Cargo, Reduced Crew, Remote Operations, and Flight Time/Duty Time.

Vice President, Administration. The Vice President, Administration is responsible for a wide range of functions necessary to ALPA's day-to-day administration detailed in Article XII of the Constitution & Bylaws. The VP-Administration is responsible for ALPA's membership and balloting issues; and oversees the IT Advisory Committee and the Professional Development Group, which includes the Education Committee; the Diversity, Equity, Belonging, and Inclusion Committee, Or DEBI; the Leadership Committee; and the Membership Committee.

Vice President, Finance. Pursuant to Article XIII of the Constitution & Bylaws, the Vice President, Finance is responsible for overseeing the financial affairs of the Association, including numerous specific duties described in Article XIII of the Constitution & Bylaws. The VP-Finance oversees ALPA's finances; MCF grants, budgets and expenditures; and special committees such as the Structure, Services, and Finance Review Committee.

In contrast to APA's direct election of National Officers by the Union's membership, ALPA's National Officers are elected by the Board of Directors at every other biannual meeting.

6. The Executive Council

The Executive Council is ALPA's main fiduciary body. It consists of the four National Officers, and Executive Vice Presidents elected by the members of the Board of Directors from various "Groups" – 7 EVPs from Group A, including airlines with more than 4,000 members, each of which is entitled to an EVP (Air Canada, Alaska, Delta, FedEx, JetBlue, Spirit, United); 3 EVPs from Group B, which include all U.S. non-Group A carriers; 1 EVP from Group C, comprised of Canadian pilot groups; and the Canada Board President. The Executive Council is responsible for interpreting the ALPA Constitution and Bylaws and ALPA Policies.

7. National Committees

In addition to Committees maintained by MECs at the individual airline level, ALPA maintains a number of standing National Committees, including "Continuing Committees;" "Presidential Committees;" "Special Committees;" and "Constitution and Bylaws Committees:"

Continuing Committees

- Air Safety Organization (ASO)

- Cargo
- Collective Bargaining
- Flight Time/Duty Time
- Professional Development
- Reduced Crew Operations
- Remote Operations
- Retirement & Insurance
- Special Compensation Review
- Strategic Planning

Presidential Committees

- Fee-for-Departure
- Information Technology Advisory
- Headquarters Planning
- Special Representational Structure Review
- Structure, Services & Financial Review

Special Committees

- Organizing Task Force
- Strategic Preparedness & Strike
- Strike Oversight Boards

Constitution & Bylaws Committees

- Appeal Board
- BOD Steering Committee
- Election & Ballot Certification Board
- Hearing Board
- Master List of Pilot Board Members

For a detailed description of these Committees, see the ALPA Resource Guide, [[link to ALPA Resource Manual, Section 3](#)].

8. **Strategic Planning**

One of the most significant points of contrast between APA and ALPA is in strategic planning.

a. **The APA Strategic Plan**

Section 4.17.D of the APA Policy Manual establishes a standing Strategic Planning Committee, appointed by the President, to “advise the National Officers and Board of Directors on the planning of APA’s long-term strategic direction.” However, although the APA President, per the APA C&B Article IV is obligated to “...conduct the affairs of APA consistent with this Constitution and Bylaws and with the policy and directives set by the Board of Directors,” their commitment to do so may be less

than absolute since the Board has little influence over the election or conduct of the directly-elected National Officers and the Strategic Planning Committee. In addition, the Strategic Planning Committee is appointed by the President, and therefore may change. This structure can inhibit continuity in the strategic planning process over time.

Moreover, the APA Strategic Planning Committee (SPC) is not actually tasked with developing or maintaining a strategic plan. Rather, the SPC is tasked to "update the National Officers and Board of Directors on strategic issues facing APA on a 1-year, 3-year, and 5-year horizon at each regularly scheduled Board meeting". There is no formal process for the review and updating of APA's Strategic Plan.

The result is a 2-page document and a few pages in the APA Policy Manual that was last updated in 2013, prior to the consummation of the American/USAirways merger. [link to APA Strategic Plan].

b. **The ALPA Strategic Plan**

In contrast, since 1991 ALPA has maintained a formal strategic planning process, at both the National and MEC level, which has been periodically updated, including in 2008 and 2016, resulting in a detailed Strategic Plan which is periodically updated through a formal process involving all stakeholders, [link to ALPA Strategic Plan]. For a history of the ALPA strategic planning process,[Link].

i. **The ALPA National Strategic Planning Process**

As presently constituted, the ALPA National strategic planning process involves stakeholders at all levels of the Association, including the MEC level and the National level. The process results in a standing Strategic Plan which is formally updated biannually, and survives changes in the elected pilot leadership. Thus, as summarized by ALPA, the 2022 Strategic Plan resulted from the following process:

Prior to the 2022 BOD Meeting

- The Executive Council reviewed the proposed delegate committee names and assignments (i.e., delegate committee chairs, alternates, and members), reflecting their subject matter and incorporating new and/or ongoing issues. BOD delegates received their Delegate Committee assignment in August 2022 and had the opportunity to request a change in committees, if desired, based on interest of work.
- National committee chairs and other pilot and staff subject-matter

experts met as a group to review their roles and responsibilities at the BOD. They also conducted a SWOT analysis (i.e., strengths, weaknesses, opportunities, and threats) in groups based on their delegate committee subject matter, and incorporated the information in the proposed Strategic Plan language.

- The MEC Chairs received an advance copy of the proposed language after the National Committee Chairs' meeting in July 2022, to review with their MECs at their summer and/or fall meetings. As a result, MECs came to the BOD meeting in October 2022 prepared for the discussions and with proposed amendments to the plan.

At the 2022 BOD Meeting

- In plenary, delegates had a final opportunity to request moving to another committee based on their area of interest and/or expertise.
- Each delegate committee was assigned a pilot facilitator to assist in the Strategic Plan discussion, ensuring that the delegate committee chair, alternate, and members could fully participate in the process. National Committee Chairs and other SMEs were also assigned to each delegate committee based on their areas of expertise and available to answer questions. A staff scribe made the delegates' edits using track changes to the proposed language in real time.
- Delegate committee chairs reported on their strategic plan discussions to the full BOD in plenary; these reports included an overview of the issues covered as well as any proposed amendments to the strategic plan agenda item.
- The final agenda item-approved unanimously by the BOD-included goals, objectives, and initiatives.

After the 2022 BOD Meeting

- National committees and department directors/SMEs have developed and implemented tactics to achieve the BOD's priorities. This includes creating task lists and timelines.

The ALPA Strategic Plan provides the national officers, national committee chairs, and senior staff with a guide on how to prioritize and process work. This plan also provides guidance and a framework for building the budget for the next year.

The BOD receives progress reports in the spring and fall prior to each Executive Board meeting, summarizing the actions, events, and accomplishments in each area.

ALPA gathered updates from the national committees and department directors/SMEs, for the May 17-19 Executive Board meeting. Work on the 2024 BOD strategic plan will begin later this year with a review of the process, delegate committee names, and reporting structure.

The ALPA Strategic Plan provides the national officers, national committee chairs, and senior staff with a guide on how to prioritize and process work. This plan also provides guidance and a framework for building the budget for the next year.

The Strategic Plan provides the framework in which ALPA's leadership and staff carry out their various responsibilities, and guides the leadership and staff in the overall direction of their conduct of ALPA's operations, priorities and resource allocation.

ii. The MEC Strategic Planning Process (“Go Teams”)

ALPA also makes a formal strategic planning process available to individual MECs through ALPA “Go Teams,” including in preparation for Section 6 bargaining. [link to ALPA Go Team PPT]. Among other things, an MEC Strategic Plan is one of the prerequisites for funding from the ALPA Major Contingency Fund (discussed below). An ALPA “Go Team” includes representatives from several constituencies:

- ALPA's Strategic Planning Committee (SPC)
- ALPA's Strategic Preparedness & Strike Committee (SPSC)
- Staff from Communications, Economic & Financial Analysis, Representation, and Strategic Member Development and Resources (SMD&R) departments
- MEC Staff

The Go Team provides the MEC with a comprehensive overview of resources and support available; and works with the MEC to build a strategic plan to assist the group in achieving its goals. While an MEC Strategic Plan is significantly focused on strategies for Section 6 bargaining, it is not always going to be negotiations-based strategic planning. The Go Team assigned to the pilot group remains engaged throughout the entire process, providing additional resources, support, and training for MEC leaders and committee chairs.

The Go Team initially connects with the MEC officers to discuss ALPA's coordinated support; the desired goals for the pilot group; and how strategic planning will be conducted. The Go Team then makes a presentation during the MEC meeting, including:

- an Overview presentation on the Go Team & strategic planning
- an "ALPA 101 presentation"
- Presentations from E&FA and Communications

During the meeting, facilitated by the Go Team, the MEC conducts a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis of the pilot group's situation; and formulates mission, goals and objectives, initiatives, tasks, oversight, and timelines. The Go Team then discusses the results that the MEC would like to see in a tasking chart; discusses how the MEC will use the plan going forward; and reviews how the plan will be drafted and timeline for MEC's review of the proposed plan. The Communications team discusses how a complementary Communications plan will be developed to support the MEC's goals.

The Go Team then assists with the preparation of a draft formal MEC Strategic Plan. MEC Strategic Plans typically include elements such as consideration of the pilot group's environment, including threats and opportunities; the MEC's strengths and weaknesses; strategic goals for the pilot group; analysis of the MEC's objectives, initiatives and resources; task assignments and schedules for implementation; and measures of accountability.

After the MEC's officers review the draft plan, the Go Team presents it to the MEC. The MEC reviews the proposed goals, objectives, initiatives, and tasks. The Communications Team provides an updated Communications plan. The discussion includes the SPSC team if appropriate. Ultimately, the MEC approves the Strategic Plan. [Link to ALA MEC Strategic Plan Executive Summary]

The Go Team continues to consult, advise, train, and assist the MEC throughout the execution of the MEC Strategic Plan. Among other things, the Go Team schedules and conducts negotiations training for new committee members and/or any who may have missed the ALPA Collective Bargaining Seminar; holds P2P, Family Awareness, and SPSC training; and conducts leadership training for any newly elected representatives and/or MEC officers (above and beyond the ALPA Leadership Training Conference). The Go Team is also available to coordinate and host an MEC committee chairs summit.

An MEC's Strategic Plan reflects its particular interests and the particular inputs of its stakeholders. However, ALPA's governance structure facilitates communication and coordination among MECs through interaction at the Executive Council, Executive Board, and the Board of Directors (which has responsibility for ALPA's National Strategic Plan). In short, although ALPA is a multi-layered organization representing numerous diverse groups, its governance and the formalized strategic planning process create a structure which permits continuity in the organization's overall strategic direction, and continuity and coordination in MECs' strategic direction in representing their constituent pilot groups.

C. Treatment of Governance Issues in ACPA/ALPA Merger Agreement

The ACPA/ALPA Merger Agreement dealt with governance issues similar to those which would arise in a potential merger with ALPA. Under that agreement, those issues are addressed as follows:

- Transfer of Representation
 - There is no impairment or interruption in the representation of the Air Canada Pilots.
 - The agreement maintains the continuity of the Collective Bargaining Agreement(s).
 - All CBAs remain intact and in full force.

- Governance
 - The agreement establishes an Air Canada MEC and LECs.
 - The agreement provides for continuity of ACPA Officers and Representatives.
 - An ALPA "Large Council" is established at YYZ.
 - The Air Canada Pilots' participation in ALPA National Governance is confirmed:
 - on the ALPA Executive Council;
 - on the ALPA Canada Board;
 - on the ALPA Executive Board;
 - on the ALPA Board of Directors; and
 - on specified ALPA National Committees.

D. Issues To Be Considered in a Possible APA-ALPA Merger Agreement

In a possible merger with ALPA, the APA Officer and Domicile Representative structure would likely become the American Airlines Master Executive Council. Among the issues to be considered and addressed in a possible merger with ALPA are the following:

- APA's BOD would need to decide which Local Council representation structure to adopt for the American Airlines' pilot group at ALPA - Captain and First Officer Status Representatives or Seniority Block Status Representatives. This structure would be codified in the merger agreement.
- To ensure a smooth transition with continuous representation following the merger, the merger agreement would need to provide for a process to allow incumbent Domicile Chairs and Vice-Chairs to continue serving as Local council Status Representatives and as LEC Chairs and Vice-Chairs under ALPA. If the incumbent Chairs and/or Vice-Chairs are unwilling to serve, temporary Status Representatives and LEC officers would be appointed by the American MEC until permanent successors are elected.
- Similar to incumbent domicile officers, the merger agreement would need to include a provision to allow the incumbent President, Vice-President, and Secretary-Treasurer to continue to serve the American pilots as the American MEC Chair, Vice-Chair and Secretary-Treasurer. If the incumbent officers are unwilling to serve, the MEC would elect new officers to fill the applicable vacancies.
- An American MEC Policy Manual would need to be developed. Existing ALPA MEC policy manuals could be used as templates.
- American pilot participation would be automatic on all three union governing bodies.
- The American MEC would elect its Group A EVP to the Executive Council.
- APA should identify which National Committees it would like to have American pilots nominated as members following the effective date of a merger.

More broadly, the unions' respective governance structures frame some basic policy issues to consider in a possible merger. The decision whether to conclude a merger with ALPA will involve balancing these considerations.

- As discussed above, because APA represents a single pilot group, its structure is by its nature flatter than that of ALPA. That structure leaves APA with relatively more flexibility to respond quickly to adapt to changing circumstances. ALPA's multi-level structure can make formulating and executing Union policy somewhat slower to respond to changing conditions; but it has greater depth of peer and professional resources, and more stability and continuity in strategy and tactics.
- This is underscored by the structural differences in the respective Unions' governance. ALPA's multi-layered structure is more complex, and is therefore less flexible in responding to the changing circumstances of one or more pilot groups. On the other hand, while ALPA is still subject to swings in policy as circumstances change, its governance

structure may facilitate more stability and continuity in the administration of the union and representation of its members.

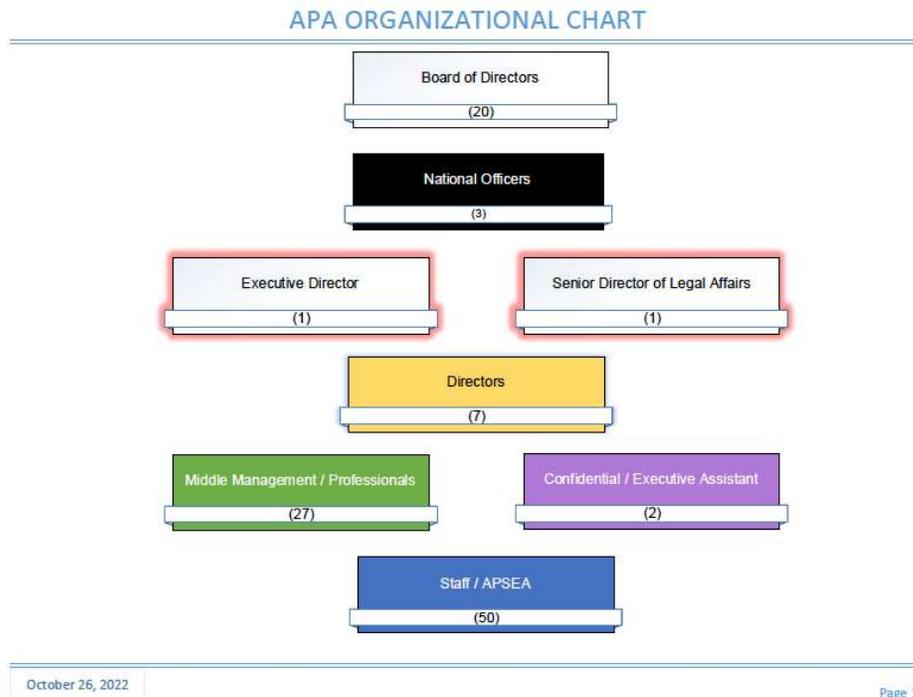
- For instance, ALPA’s National Officers are elected by the Board of Directors (the elected Local Council representatives of the membership), and are therefore accountable to those elected representatives.
- Similarly, MEC Officers are elected by the LEC Representatives on their airline, and are accountable to those representatives. MEC Officers are subject to recall by the MEC. This structure facilitates a unitary strategy in the representation of the pilots of the affected airline.
- In contrast, APA’s Officers are elected directly by the membership, rather than by the Board of Directors. This tends to make the Officers more directly responsive to the will of the membership. On the other hand, since the Officers are not elected by the Board of Directors, their interests may not be fully aligned with the Board, they might be less committed to accomplishing the will of that body. This can create conflicts between one or more Officers and the Board of Directors, which can prevent the adoption or execution of a single, unified policy agenda, and/or lead to unpredictable changes and swings in policy and personnel (whether staff, contractors, or committee members).
- Among other things, ALPA’s governance structure facilitates the maintenance of the ALPA Strategic Plan and MEC Strategic Plans which guide the Union’s leadership and staff on an ongoing basis. The selection of National Officers by the Board of Directors, and MEC Officers by the members of the MEC, facilitates “buy-in” by those Officers of the Union’s strategic direction; the result is continuity in that strategic direction, and a deliberate process leading to any changes in strategy. In contrast, even if APA adopted a Strategic Plan, the direct election of Officers – who may come to office without “buying in” to the Union’s larger long-term strategies, or even with an entirely different agenda – inhibits the maintenance of continuity in the Union’s strategic direction. Article IV, Section 8. A of the Constitution & Bylaws provides that the President will act "consistent with this Constitution and Bylaws and with the policy and directives set by the Board of Directors." However, while the President's actions are subject to review by the Board of Directors, the President's actions shall be presumed valid unless the Board of Directors elects to review and disapprove a particular action taken by the President." As a practical matter, the direct election of Officers can make that level of coordination difficult.

VIII. STAFF ISSUES

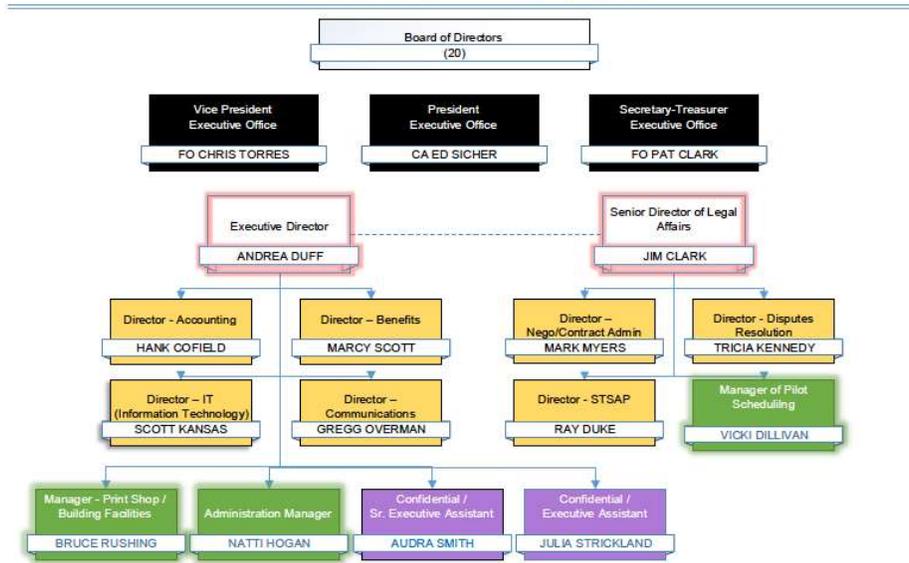
A. Comparison of Employment Structures

1. APA

APA currently has 95 staff positions, organized into various Departments, as depicted in the following organizational charts:



APA ORGANIZATIONAL CHART



October 26, 2022

Page 2

APA staff is integral to the services APA provides to its members, including Negotiations and Contract Administration, Legal, Benefits, Communications, Safety, Training, Security, Aeromedical & Professional Standards (STSAP), Information Technology (IT), Scheduling and various administrative departments. APA's annual staff costs currently exceed \$16 million.

Some APA staff functions are performed by independent contractors rather than employees. For instance, the current Senior Director-Legal is an outside contractor. And, the Association's Parliamentarian is a contractor. APA also engages additional outside SMEs and other vendors on the authority of the President and Board of Directors, including outside General Counsel and outside counsel on various matters.

- APA staff may be subject to dismissal by the politically elected leadership. Under Section 8.A.1. of the APA Constitution & Bylaws: "The President shall appoint and remove, employ and discharge, and fix the compensation of all employees and agents of the APA other than its officers ... The employees and agents of APA, and Committee members other than those serving on the Financial Audit Committee and Appeal Board, shall report to the President." A carveout to this general rule was created by the Board of Directors when it adopted Resolution R2019-13 Rev 1, as amended that amended the APA C&BL in 2019: "Notwithstanding anything to the contrary contained in any other Article herein, any change, modification, and/or termination involving staff members in the following titles within the Pilot Negotiations division of APA's Department of Pilot Negotiations and Contract

Administration requires Board of Director approval by a majority vote (unweighted). Affected titles include: Director of Pilot Negotiations/Contract Administration; Manager, Negotiations and Contract Administration; Sr. Paralegal Negotiating; Paralegal Negotiating; and Negotiating Assistant. The requirement for majority Board approval shall also be required prior to any change, modification and/or termination affecting any independent contractor or agent of the Association tasked with assisting the Pilot Negotiations division and/or the Negotiating Committee during the Section 6 bargaining process.”

2. ALPA

a. ALPA National Employees Assigned to ALPA Headquarters and MEC Offices

ALPA has approximately 400 staff positions in 11 departments. Approximately 2/3 of these employees are located in ALPA's headquarters in McLean, Virginia. ALPA employs staff to provide support to MECs and LECs through the Representation Department and other Departments. In addition, larger ALPA MECs have offices with ALPA staff to support local MEC activities. Large MEC office staff complements typically includes lawyers and support staff in the Representation department to assist in bargaining and contract enforcement; and communications, benefit, IT, scheduling and administrative staff. For instance, ALPA employees approximately 29 employees assigned to the DAL MEC office, and approximately 16 employees assigned to the UAL MEC office.

ALPA’s staff is organized into various Departments to support ALPA’s operations and activities at the National level, and to support MECs in the assigned areas, as depicted in the following organizational chart from ALPA:



The functions of the various Departments are summarized at [[link to ALPA Staff Support](#)]. The allocation of funding for these employees between the ALPA A&S Budget and the individual MEC budget is discussed below.

ALPA's staff support for MECs adds value to pilot representation in several ways.

- Due to ALPA's economies of scale, it has the ability to maintain staff with unique and refined levels of expertise and specialization. For example, ALPA's Legal Department has experts in FAA, FARs FD/DT and security; drug and alcohol testing; and international, scope, DOT and Visa issues. ALPA's Communications Department provides pilot media training; digital campaigns and creative services; and crisis communications planning and execution. Strategic Member Development is responsible for the development and implementation of ALPA's Strategic Plan, oversees the Go Team process, and provides SPSC and P2P training. And, ALPA's Economic & Financial Analysis Department has work rule analysts, industry-leading valuation methods, and undertakes labor-focused business plan analyses.
- ALPA has staff in all core pilot union functional areas.
- ALPA staff provides ongoing peer support for pilot volunteers. For example, ALPA's Economic & Financial Analysis Committees relies on pilot volunteers, resulting in the loss of knowledge and expertise as volunteers turn over. ALPA's E&FA Department relies on permanent staff.
- Staff in MEC offices are not isolated from each other. Departments and staff work together as a team among various Departments. Being part of a team within a department in a larger organization provides additional education and advice, oversight, backup, and provides access and input on activities at other ALPA pilot groups.
- ALPA staff work for and with pilots but report to senior staff. This provides insulation from internal union politics and changes in leadership. ALPA staff assigned to the MEC are not replaced as MEC leadership changes.
- Best practices developed in the organization can be applied to each pilot group based on their issues and priorities, through Strategic Planning, Bargaining Strategies and Support, and Unity Building Programs.
- The permanent Staff develops ongoing relationships with decision makers. For example, at the National Mediation Board, ALPA typically has 5-10 pilot groups in mediation at any one time. Representation staff know the Board and mediators. Conversely, the NMB staff knows the ALPA staff involved in negotiations.

ALPA National also engages a variety of outside SMEs and contractors, on the authority of the Executive Council, including AMAS for member and union Aeromedical services. ALPA National utilizes outside counsel and other consultants on a case-by-case basis.

b. MEC and LEC Employees

In addition, some MECs and LECs employ additional staff to support MEC and LEC activities, chargeable to the MEC and LEC accounts (discussed below).

An MEC may also engage its own outside counsel or other SMEs and vendors, subject to approval by the ALPA Executive Council.

B. Comparison of Staff Terms and Conditions of Employment

APA's non-confidential support staff (approximately 53 per cent of APA's employees) is represented by Allied Pilots Staff Employees Association (APSEA), and is subject to the APA/APSEA collective bargaining agreement. The remainder of APA's staff, including APA's professional staff, is unrepresented.

Most of ALPA's staff employees are also represented, by the Union of ALPA Professional and Administrative Employees (UALPAPAE). The professional staff, including the staff of the Representation Department, are covered by the "Unit 1" collective bargaining agreement. The support staff are covered by the "Unit 2" collective bargaining agreement.

APA's staff employees work at the direction of the President, who, among other things, possesses the authority to hire and fire employees (subject, as applicable to the APSEA collective bargaining agreement). This makes staff responsive to the Association's political leadership, but can lead to uncertainty for staff employees as the political leadership of the union changes from time to time. In contrast, the ALPA employees assigned to MECs work at the direction of their department management and ALPA's General Manager; while their role to support the MEC in the execution of the MECs policies and strategies, their job security is not readily affected by changes in MEC leadership. While an MEC may raise an issue regarding the staff assigned to support the MEC, and the Representation Department may take that input into consideration, the assignment and direction of Representation staff is insulated from the MEC.

C. Treatment of Staff Issues in the ACPA/ALPA Merger Agreement

The ACPA/ALPA Merger Agreement addressed the treatment of ACPA staff employees. Under that agreement:

- All employees on the effective date of the merger are offered employment at ALPA.

- ALPA's offer of employment shall be at an annual income level which is no less than such employee received from ACPA prior to the Effective Date of this Agreement.
 - Such offer of employment shall be subject to the agreed termination of any existing employment contract or obligation between such employee and ACPA.
 - If the ACPA employee accepts employment with ALPA, that employee shall not be subject to a new probationary period.
 - Training shall be provided when appropriate.
 - The employee shall retain the original date of hire with ACPA as the hire date "of record" with ALPA for all purposes relative to service with ALPA.
 - The terms and conditions of employment for the employee shall be governed by the applicable ALPA-UALPAPAE collective bargaining agreement or salary administration.
- The majority of that staff will be covered by the A&S Account (paid for by ALPA National budget, not out of the MEC budget).

D. Issues to Be Addressed in a Possible APA-ALPA Merger Agreement

Among the issues to be considered and addressed in a possible merger with ALPA are the following:

- APA will wish to assure that all APA staff employees as of the effective date of a merger receive offers of employment by ALPA, along with terms and conditions of employment similar to those outlined in the ALPA-ACPA Merger Agreement (outlined above).
- APA will want to address the allocation of funding responsibility for those staff activities as between the ALPA National "A&S" Account and the MEC's budget, as discussed below.
- The representation consequences of a possible merger will have to be addressed, but will not be subject to final resolution in an APA-ALPA Merger Agreement. APA would want confirmation that ALPA will recognize the representation rights of APSEA, and will engage in discussions and bargaining with APSEA and UALPAE with respect to issues arising from a merger. The relationships between APA and APSEA, and between ALPA and UALPASE, are governed by the National Labor Relations Act (NLRA), which in contrast to the Railway Labor Act does not require "system-wide" representation in a single employer-wide craft and class. Accordingly, whether APSEA remains a free-

standing labor organization, and whether the APA staff employees are absorbed into the existing ALPA bargaining units, would ultimately be a matter for resolution pursuant to the NLRA.

IX. PROFESSIONAL, AND TECHNICAL RESOURCES

Related to the Staff issues are the professional and technical resources the respective staff structures make available to pilot leadership and volunteers in representing their pilot constituents. (Departments and Committees related to Safety, Security and Pilot Assistance, and External Affairs are discussed separately below.)

A. APA Resources

Through its Pilot Committees and staff Departments, APA maintains professional and technical resources in areas including:

- Legal (including Negotiations and Contract Administration, Disputes Resolution,)
- Operational Analysis
- Communications
- Benefits
- Information Technology, through a large Information Technology Department
- Safety, Training, Security, Aeromedical and professional Standards
- Scheduling
- Training, including orientation programs for new members of the Board of Director, New Officers, and New Board Members; training for pilots (including Contract Compliance classes for local level committee members and membership; diversity; harassment; HIPAA; New Committee Member Onboarding); and training for staff (including diversity; harassment; management/leadership; health and safety; customer service; communications/social media/video; HIPAA; Response to Active Threats; Human Resources; IT Skills; and applicable college courses) ; and outside negotiations courses attended by the Negotiating Committee and Department.

As noted above, the Committee requested the opportunity to observe the most recent orientation on May 1-2, 2023, but was denied that opportunity.

Each APA Departments supports APA Committees within the scope of its responsibilities.

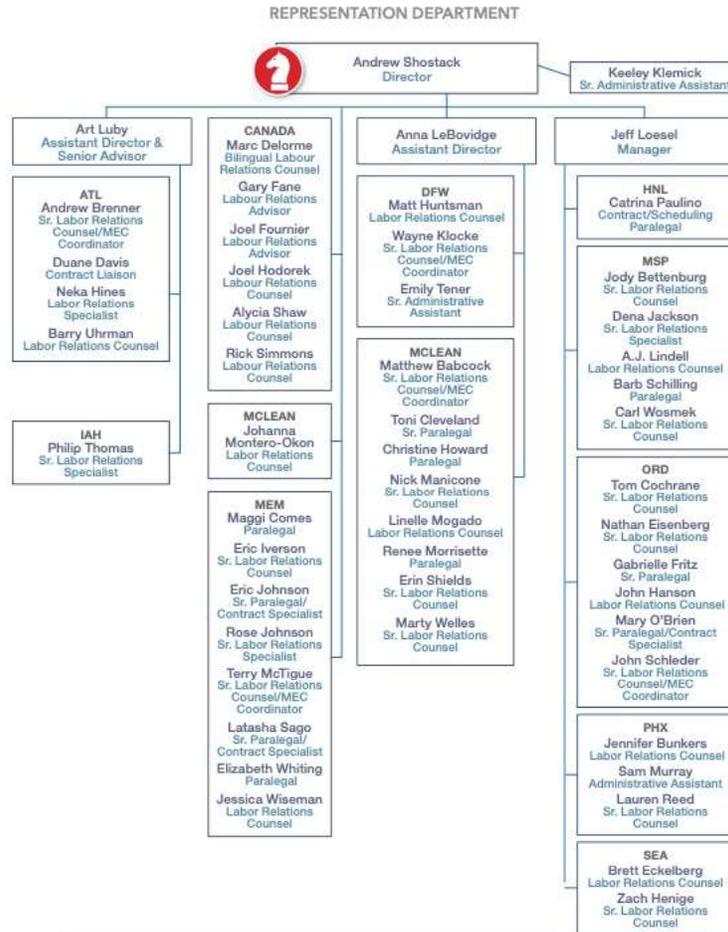
Pursuant to Section 4 of the APA Policy Manual, the pilot members of APA Ad Hoc Committees are appointed and removed by the President. Standing committees are either appointed by the President or voted on by the Board of Directors.

B. ALPA Resources Available to MECs

As discussed above, ALPA's staff and Committee structure functions at both the National and MEC levels. In addition to the National Committees discussed above, ALPA provides staff support to MECs and MEC Committees.

1. Legal

ALPA’s legal support to MECs is provided primarily through the Representation Department, either from the ALPA National Officers or Representation Department attorneys and support personnel assigned to MEC offices. Below is ALPA’s current Representation Department organizational chart:



SECTION 2: ALPA's Offices and Departments • 21

The Representation Department supports every pilot group in contract negotiations and enforcement; helps local pilot leaders formulate and execute strategic plans; provides labor relations advice and guidance; provides strategic and practical support for organizing; and represents individual pilots and pilot groups in grievances and arbitrations as well as FAA, Transport Canada, NTSB, and TSB proceedings. In addition, on an ad hoc contract basis, the Department provides staff support for independent pilot groups that are interested in organizing or merging to become represented by ALPA.

The Department's staff members include experienced negotiators, attorneys, labor-relations advisors and counselors, contract specialists, organizing specialists, paralegals, and support staff who advise pilot leaders and committees and help them successfully carry out their assignments and roles.

On specialized issues, the ALPA Legal Department may also provide representation to an MEC in particular matters. The Legal Department provides specialized legal services to ALPA and its members on a wide variety of legal issues. Legal Department lawyers represent ALPA's interests in federal and state courts and administrative agencies, and provide legal advice to ALPA's governing bodies, national officers, MECs and their officers, committees, and other ALPA officials.

Legal Department staff act as ALPA's internal law firm, handling a significant litigation caseload on ALPA's behalf. The Department also handles complex discharge and contract violation cases for MECs and pilots, represents ALPA before regulators and arbitrators, and provides advice on scope and other complex collective bargaining issues. Department lawyers are recognized experts on the Railway Labor Act, federal aviation regulations, airline safety, Department of Transportation regulatory and international aviation issues, aircraft accident investigation litigation, employment discrimination and contract enforcement, drug and alcohol testing, and the legal obligations of unions to union members.

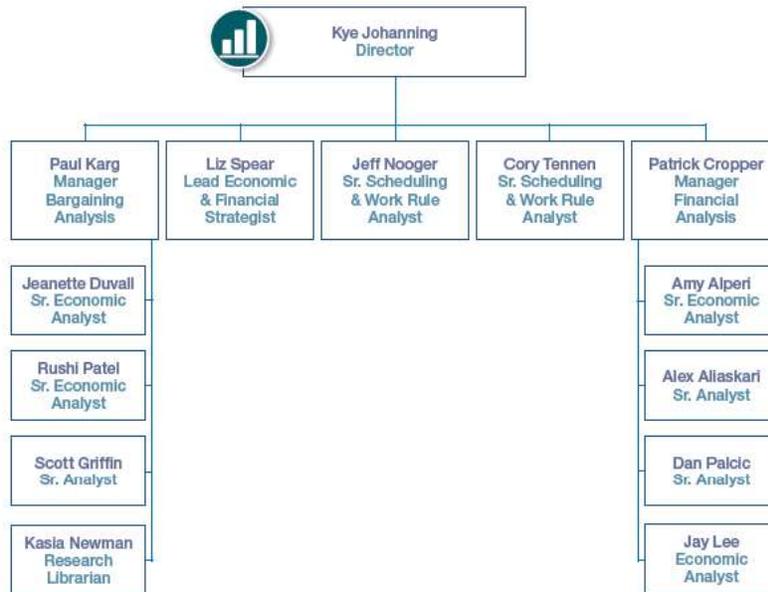
In regulatory matters, Department staff provide legal advice on ALPA's flag-of-convenience initiatives. Department lawyers represent ALPA before the Department of Transportation; advise on code sharing, joint ventures, and similar business arrangements; provide counsel on international air transport agreements; and participate in U.S. government-led negotiations of air services agreements with other countries. The Department also maintains relationships with foreign attorneys to assist pilots involved in incidents overseas.

In addition, as noted above, ALPA utilizes outside counsel to support MECs in particular matters.

2. Research and Analysis

ALPA's Economic & Financial Analysis (E&FA) Department is another particularly unique feature of ALPA's structure. E&FA provides professional research and support services unique in the industry. [Links to LTC and March 2023 presentations]. The following is the current E&FA organizational chart:

ECONOMIC AND FINANCIAL ANALYSIS DEPARTMENT



E&FA supports ALPA members on all matters related to the economic portions of their collective bargaining agreement, including compensation, work rules and ability to pay. The Department has a staff of 15 professionals with extensive educational backgrounds including Masters and undergraduate degrees in Business Administration, Economics, Accounting, Finance and Aeronautics. E&FA has participated in virtually all ALPA contract negotiations including mainline FFD, cargo and charter carriers. E&FA has provided expert testimony as airline industry and financial experts in a variety of settings such as bankruptcy proceedings and arbitrations.

E&FA maintains an extensive collection of airline industry informational resources, including Collective bargaining agreements; SEC filings; various industry and business publications; periodicals, newspapers, etc.; analyst reports; and FAA, IATA, ICAO data. E&FA also has access to a variety of industry-related databases, including DOT Form 41/BTS, OAG airline schedules, and CAPA fleets.

E&FA provides financial overviews to pilot groups during the preparation phase of negotiations, based on public resources (SEC filings, DOT data, Wall St. analyses), to analyze a company's financial strength and how it compares to other airlines. E&FA analysts work closely with professionals from other ALPA departments in their support of negotiating committees, most notably Representation, Retirement and Insurance, and Communications.

E&FA's support often extends to other committees as well. E&FA also provides support more broadly to the MEC officers and MECs:

- Delivering presentations that summarize key economic and industry financial metrics
- Maintaining an online library of resources to include pay rates, work rules, scope provisions, and other key contractual elements
- Conducting ad hoc analyses, by request, on economic, financial, fleet, or scope-related matters

Historically, specific requests of E&FA from the MEC are submitted through the Economic Analysts to ensure that any results are disseminated to the entire MEC, and that requests are properly recorded and prioritized.

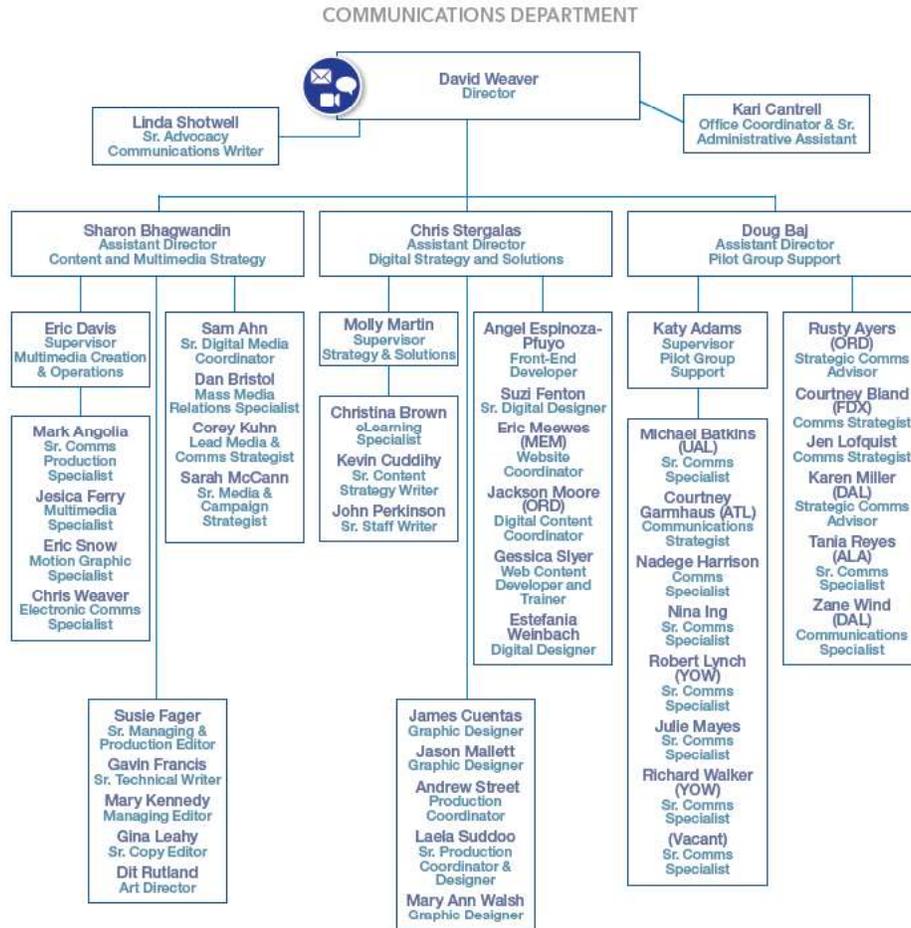
At a national level, E&FA also supports a variety of initiatives for the broader ALPA membership, including:

- Supporting National Officers and committees on initiatives that require economic or financial input
- Providing economic and financial perspectives in support of ALPA's legislative priorities
- Writing articles on economic and financial topics relevant to the industry and current events

3. Communications

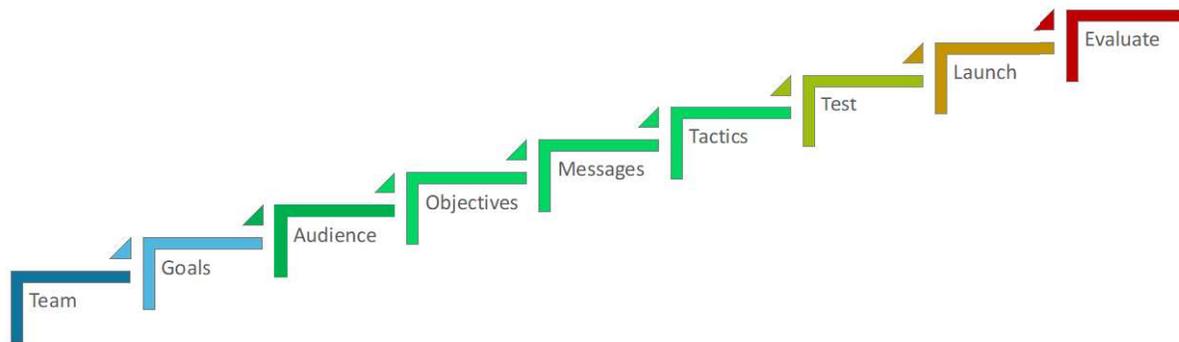
ALPA's Communications Department includes approximately 50 employees, at the McLean, Virginia Headquarters and satellite offices in Atlanta, Chicago, Memphis, Ottawa, and Seattle. At the McLean Headquarters, the Department maintains a full audio-visual studio. The ALPA Communications Department serves as an in-house PR firm, offering the same disciplines as many PR firms, including Campaign Strategy, Media Relations, Paid Advertising and Social Media, Graphic Design, Video Production and Photography, and Digital Solutions / Web Services.

ORGANIZATIONAL CHARTS



In addition to publishing the ALPA Magazine, the Communications Department supports advocacy campaigns at the National and International Level. The Department also supports multiple MEC bargaining campaigns at any given time. The Communications Department provides extensive support to MEC communications, including media; pilot group support; digital solutions; video; advocacy; and creative content. Using the MEC's strategic plan, Communications builds a communications plan that supports the MEC's goals. The following chart illustrates the process:

Building Communications Plans

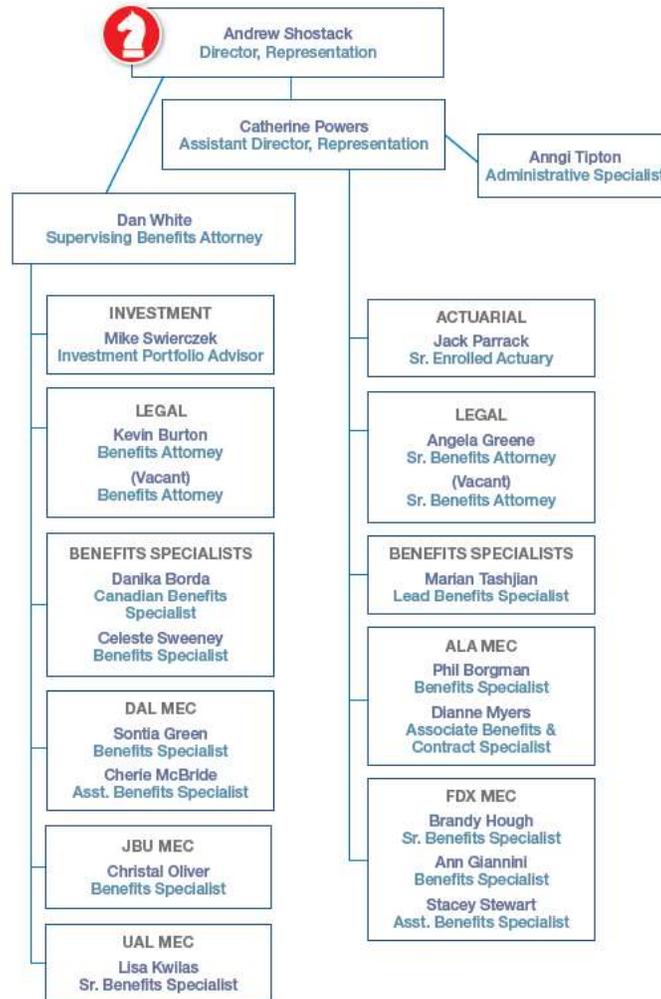


ALPA uses a team approach when executing these communications plans, with a mix of pilot leaders and professional advisors on staff. The staff advisor teams include experts in Strategic Pilot Group Communications; Member Communications; Creative Services; Multimedia; and Social Media.

4. **Benefits**

In addition to support provided through the Legal, Representation and E&FA Departments, APA maintains a Retirement & Insurance Department overseen by the Director of Representation, which provides support to MECs on benefits related issues. The R&I staff includes a team of experienced ERISA attorneys, benefit specialists, actuary, investment portfolio adviser, and support staff who act as in-house consultants on all matters related to employee benefits.

RETIREMENT AND INSURANCE DEPARTMENT



The R&I Department Provides specialized consulting services concerning pilot retirement and welfare benefit plans, including pension plans, 401(k) plans, group life, health, and disability plans. Department staff assist each pilot group in the design and negotiation of its employee benefit programs, ensure that the ongoing administration of the benefit program complies with the collective bargaining agreement and applicable law, and assist in the enforcement of pilots' rights under their benefit program. The Department also works with the Association's Government Affairs Department to suggest and support federal legislative initiatives concerning pilots' employee benefits, and monitors and comments on proposed federal legislation and federal agency regulations concerning pilots' employee benefits. The Department works closely with ALPA's Member Insurance group and the Pilot Welfare Benefit Plan VEBA Board on the ALPA-sponsored member benefit programs specifically designed for pilots to supplement employer-provided benefits.

5. Information Technology

ALPA’s Information Technology and Services Department staff develop and support computer and information systems for the Association’s web, communications, financial, and membership systems. As part of the overall support, the department provides training and user support to all ALPA groups in using ALPA’s computers, applications, and other technical services.

6. Training Programs

As noted above, ALPA sponsors an annual three-day Leadership Training Conference (LTC) for new LEC and MEC representatives. The Committee was invited to and attended the 2023 LTC on February 7-9, 2023. The agenda and presentations from the 2023 LTC can be reviewed at [link to LTC agenda, Power Points].

In addition, ALPA currently has and makes available on an ongoing basis a catalogue of training opportunities for pilot volunteers. As of May 2023, these number more than 75 courses covering topics ranging from Accident investigation, Elected officer Training, Strategic Planning Training and Strategic Preparedness and Strike Committee Training.

For instance, the Engineering & Air Safety Department by itself offers an extensive array of training opportunities in a variety of subject matter areas, including Safety; Accident Investigation; Security/Jumpseat; Pilot Assistance; and Air Safety Organization (ASO) training programs.

ALPA Safety Organization Training Programs

Aviation Safety	Aviation Security	Jumpseat	Pilot Assistance
<ul style="list-style-type: none"> Accident Investigation Accident Investigation II Advanced Accident Investigation Course Blood Pathogen Training Safety Training Air Safety Forum Airport Safety Liaison ALPA 101 Foundational ALPA Service Training Leadership and Advanced Safety Safety 101 Initial Safety Safety School “Air Drop” Training Programs Coordinator Workshop 	<ul style="list-style-type: none"> Aviation Security Forum Security 101 Security Training Course 2 	<ul style="list-style-type: none"> Aviation Jumpseat Forum Jumpseat 101: Jumpseat Expert Training 	<ul style="list-style-type: none"> Pilot Peer Support (PPS) PPS Initial Training PPS Recurrent Training CIRP CIRP Chairs Meeting CIRP GRIN Training CIRP Group Crisis Intervention CIRP Individual Crisis Intervention & Peer Support HIMS HIMS Advanced Topic HIMS Mini Seminar HIMS/Aeromedical Aviation Recovery Canada Pilot Assistance Training Pilot Assistance Forum Professional Standards Professional Standards Training

APA-ALPA EC to APA BOD 6/1/23
Internal and Confidential DRAFT
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C. Issues to Be Considered in Possible APA-ALPA Merger Agreement

It is clear that, as a result of its scale, ALPA provides services to MECs in multiple areas that would add value to the representation of the American Pilots, above and beyond the valuable service already provided by APA's existing staff. As discussed below with respect to Union Finances, ALPA's current higher dues and revenue structure, and overall economies of scale, make these services available in a manner that APA would be unlikely to replicate with its current dues structure. One consideration for APA in weighing whether to pursue a possible merger with ALPA is the value added by those services, and the extent to which APA could replicate that value absent a merger.

In a possible merger with ALPA, APA will want to preserve the American Pilots' access to the professional and technical resources now available from APA, to continue the services elemental to the representation of those pilots, and to continue to take advantage of the corporate history and memory possessed by the staff and Committees providing those services. Some of those resources, such as the APA Information Technology Department, are more robust than the comparable functions at some ALPA carriers. APA will also want to assure that American Pilots take maximum advantage of the services offered by ALPA to MECs, LECs, and line pilots.

Specifically, an APA-ALPA Merger Agreement should include a provision similar to the following provision in the ALPA-ACPA Merger Agreement regarding access to resources: "ALPA will provide support including but not limited to services, resources, staff, offices and funding, commensurate with the needs of the Air Canada pilots in connection with the negotiation and administration of the Air Canada pilots' collective agreement, air safety, accident investigation, parliamentary procedures in the conduct of MEC meetings, benefits administration, legislative and other activities in all areas in which ALPA has historically and traditionally provided services."

X. REPRESENTATION - CONTRACT NEGOTIATION AND ENFORCEMENT

A. Collective Bargaining

1. APA

As the Board of Directors is well aware, APA carries out Section 6 collective bargaining through a standing Negotiating Committee, under the direction of the President and Board of Directors. By policy, the Negotiating Committee is dissolved and reconstituted annually at the Board of Directors regular Fall Meeting.

The Negotiating Committee is supported by the Director of Pilot Negotiations & Contract Administration, as well the Communications, Benefits, and other Departments at the various stages of the Section 6 process:

- Preparation
- Negotiations
- NMB Mediation
- Presidential Emergency Board
- Self-Help

APA's independence assures that it is free to pursue its own bargaining goals without outside influence or interference. At the same time, there is no formal structure for coordination with other pilot groups in negotiations with other carriers, which is accordingly dependent on outreach and communication with other pilot unions and pilot group leadership on an ad hoc basis. Indeed, ALPA, which represents APA peer airlines such as Delta and United, requires that any outreach by independent pilot unions to ALPA bodies go through the ALPA President. These structural features inhibit full coordination, and APA's ability to benefit from the expertise and experience of other pilot groups' negotiators and SMEs.

In addition, the system of annual re-appointment of the Negotiating Committee makes the Committee responsive and accountable to APA's elected political leadership. At the same time, by its nature this structure can lead to discontinuity and instability in the process. We are unaware of any other pilot group or union that requires such annual reappointment of a Negotiating Committee.

The Section 6 bargaining process takes place over a period of up to several years or more. Accordingly, a union benefits from approaching that process based on well-defined objectives, and a strategy designed to pursue those objectives with continuity over the course of the process. As discussed above, APA's Strategic Plan is dated and significantly less robust than ALPA's Strategic Plan or ALPA MEC Strategic Plans. The National Officers are elected directly by the membership, which increases the possibility of conflict

with the Board of Directors. There is nothing to prevent or easily resolve conflicts between those different sources of authority; and the structure makes it more difficult to maintain a detailed and stable union strategy, including a strategic plan and bargaining strategy. The Negotiating Committee, which has responsibility for bargaining and reaching agreement with the Company on a collective bargaining agreement, does so under the ongoing direction of those changing and sometimes-conflicting centers of authority; and must stand for selection annually regardless of the status of the bargaining process. These factors make it difficult to avoid swings and changes in bargaining strategy, and to maintain continuity and strategic coherence over the long course of the Section 6 process typical throughout the industry. In the end, the factors have the potential to further extend (not shorten) the already lengthy bargaining process.

2. ALPA

As discussed above, historical experience indicates that a principal feature of a merger with ALPA would likely be that the current APA Board of Directors members and Officers would become the AA MEC, and the existing APA staff and Committee structure would take on similar functions for the AA MEC. Although MECs operate within the framework of ALPA's by-laws and policies, ALPA leaves MECs with substantial autonomy in determining bargaining goals, strategies and tactics. At the same time, ALPA provides substantial support for MECs in this process, starting with the development of an MEC Strategic Plan to frame the MECs bargaining strategy. The MEC is responsible for appointing its Negotiating Committee and overseeing the conduct of bargaining by that committee.

ALPA Negotiating Committees are often elected for the entire period of negotiations during Section 6. For instance, Delta MEC Policy provides that Negotiating Committee is appointed "twelve months before the Opening Letter may be presented by either party to commence Section 6 negotiations under the Railway Labor Act," and remains in "for a period not to exceed six months after the signing of the new Section 6 Agreement (or its equivalent), or... "Commencing no later than six months after the signing of an Agreement in Section 6 negotiations (or its equivalent), and for a term not to exceed two years." United MEC Policy provides that "The Chairman, Vice Chairman, and Member(s) shall serve a term from the time of their election until six months after the signing of any new agreement which modifies the amendable date of the Collective Bargaining Agreement, at which time a new Committee shall be elected by the MEC."

The MEC's Negotiating Committee is supported at the bargaining table by ALPA staff from the Representation, E&FA and R&I Departments.

At each step of the process, support is provided by a number of ALPA resources, including Go Team (discussed above); the National Collective Bargaining Committee; the Representation Department, including the Retirement & Insurance Department; the E&FA Department; the Communications Department; the Legal Department; and the Government

Affairs Department.

- Preparation for Bargaining. As discussed above, ALPA's Strategic Planning staff is available to assist an MEC in developing its own Strategic Plan (a prerequisite to access to the Major Contingency Fund), including its bargaining objectives. The MEC's bargaining strategy is also supported by the ALPA Representation Department staff assigned to the MEC. In addition, the MEC and its Negotiating Committee have access to the resources of ALPA's resources, including National Collective Bargaining Committee; the E&FA Department; and the Communications Department.
- Bargaining. The MEC's Negotiating Committee is supported at the bargaining table by the assigned ALPA Representation Department staff. The MEC and Negotiating Committee also continue to have access to ALPA's resources, including National Collective Bargaining Committee; the E&FA Department; the R&I Department; and the Communications Department.
- NMB Mediation. If the process enters the formal NMB mediation stage, the MEC and Negotiating Committee continue to receive the same support. In addition, they benefit from the ongoing relationships maintained with the three NMB Board members as well as NMB mediators by ALPA's Officers, Legal Department, Representation Department, and Government Affairs Department.
- NMB Release/PEB. The same remains true at in the event the parties seek and/or are granted release from mediation, followed by the likely appointment of a Presidential Emergency Board and/or resulting Congressional action. The MEC and its Negotiating Committee will continue to have the benefit of ALPA's resources, as well as ALPA's relationships with other decision makers in the Executive and Legislative branches.
- Self-Help. In the event that the process reaches the stage of a strike or other self-help, additional ALPA resources become available. For example, MCF funding can be used by MECs to manage strike and other MEC activities. ALPA also has a Strike Benefit Policy, which provides \$2,480 per month in strike benefits (to be inflation adjusted from June 2024) after the first 14 days of a strike. Such benefits are paid via a general ALPA assessment approved by the ALPA membership.

3. Role of ALPA Structure in Industry Pattern Bargaining

In turn, ALPA's multi-carrier structure and National Staff and Committee resources facilitate benchmarking and effective decision making in the pattern bargaining that prevails in the industry, in both positive and negative market environments.

In particular, ALPA maintains the standing National Collective Bargaining Committee for this purpose. Pursuant to Section 40 of the ALPA Policy Manual, [link to ALPA Policy Manual], the Committee is tasked to monitor issues including, but not limited to, Aircraft financing trends; Airline industry financial condition; Airline statistical information; Bargaining standards; Education programs for Negotiating Committees and MECs; Effects of legislative action; Employee ownership and other financial returns; Industry compensation and work rules; Job Security; Participative management systems; and Globalization and collective bargaining impact. The Collective Bargaining Committee is tasked to “strengthen coordination among Negotiating Committees in achieving the common goals of the piloting profession and in improving contract standards through pattern bargaining.”

The Collective Bargaining Committee, together with the Representation Department, is responsible for ALPA collective bargaining conferences, individual negotiator training, and negotiating seminars for MEC Officers and Negotiating Committees, with special focus on those airlines which are either actively negotiating or about to commence negotiations.

The Collective Bargaining Committee compiles, publishes and distributes a Negotiator's Handbook to all Negotiating Committees which will contain but not be limited to, all ALPA collective bargaining policies as established by the Board of Directors and Executive Board, a range of contract standards, and model contract language to each Section Title as outlined in Part 5, Section A.

In addition to ALPA’s direct support for MECs in the bargaining process, ALPA’s multi-airline structure facilitates support of an MEC’s bargaining for a number of reasons, including the following:

- Apart from the coordinating function of the National Collective Bargaining Committee, membership in a common union facilitates peer-to-peer communication between different MEC’s elected representatives and Negotiating Committees. This helps provide useful visibility into the state and objectives of ongoing bargaining at fellow ALPA unions in a manner that helps ensure a positive vector in overall pattern bargaining within the industry.
- Although the ALPA Representation Department and other staff employees are assigned to specific airlines, their work in a common Department structure facilitates communication and coordination on information sharing and bargaining strategy.

4. Issues to Be Considered in a Possible APA-ALPA Merger Agreement

The foregoing indicates that the ALPA structure would add value in the Section 6 process in multiple ways, while leaving the American Pilots’ leadership with autonomy in determining and carrying out bargaining strategy:

- ALPA provides additional supporting operational and political resources to an MEC's negotiators at each stage of the Section 6 process.
- The additional communication with other pilot groups and SMEs allowed under the ALPA structure facilitates greater coordination with other groups' negotiators within the pattern of bargaining in the industry.
- The ALPA structure also facilitates a stable, strategic approach to the lengthy bargaining process, beginning with a Strategic Plan suited to the pilot group's particular circumstances, but fitting within the union's larger long-term strategy; and continuing with more stability and continuity in the conduct and conclusion of negotiations.

In a possible merger with ALPA, the APA Board of Directors and Membership should weigh the benefits of this added value in the representation of the American Pilots, against the potential additional dues cost; and the extent to which APA could replicate that additional value absent a merger.

B. Contract Implementation and Enforcement

The representation process obviously does not end with the conclusion and ratification of a collective bargaining agreement. The agreement must then be implemented and enforced. Both APA and ALPA have structures to carry out these functions.

1. Contract Implementation

For both APA and ALPA, oversight of the implementation of a new or amended working agreement is the continued responsibilities of the negotiators – in APA's case, the Negotiating Committee, under the oversight of the Director of Contract Negotiations, under the authority of the National Officers and Board of Directors; and in ALPA's case, the Negotiating Committee under the oversight of the MEC, with support from the assigned ALPA Representation Department staff and other ALPA SMEs as needed.

2. Contract Enforcement

Grievances and other contractual issues arise at APA through a number of channels, including:

- From individual pilots, directly; through the Legal Department staff attorneys and/or Contract Administrators; through Contract Compliance Committee; or through Scheduling Department representatives;

- From Domicile Representatives, through Domicile Grievances; and
- From the Association President, through Presidential Grievances.
- Grievances are then processed by the Legal Department, under the supervision of the Director of Dispute Resolution.

APA leadership has been concerned with Company delays in the processing of grievances, and has recently formed an Ad Hoc Grievance Resolution Committee to address the problem, which is common in labor-management relationships. The filing and processing of grievances are features of any given collective bargaining agreement and the existing relationship between any carrier and their union counterparts. The ultimate success of APA's renewed focus in this area by way of the creation of its ad hoc is yet to be known,

At ALPA, grievances and other contractual issues are processed at the MEC level through comparable structures, which vary from MEC to MEC. As one example, the DAL MEC is supported by ALPA scheduling employees assigned to the MEC, and retired pilots and other consultants paid for from the MEC budget. The DAL MEC also contracts with an outside vendor for a software application to detect scheduling and other contractual violations, which can then be raised with the carrier either through grievances or pre-grievance processes for resolution.

3. Issues to Be Considered in a Possible APA-ALPA Merger Agreement

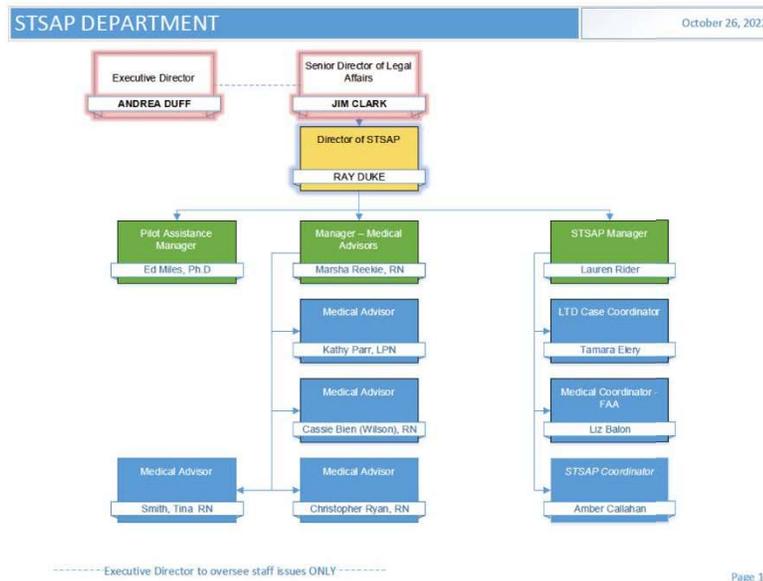
Although the structures vary between APA and ALPA, and among ALPA MECs, APA and ALPA perform comparable functions in the implementation and enforcement of collective bargaining agreements. In any relationship, efficacy in contract administration and enforcement is dependent, in large part, on the terms of the CBA grievance procedure and the relationships between the representatives on the respective sides. The primary concerns in a possible merger are: (1) to preserve the staff and committee resources, historical knowledge and expertise which currently support the American Pilots; (2) to assure continuity in the existing administration of the CBA and representation the American Pilots; and (3) to the extent that ALPA would provide additional support resources, secure access to those additional resources. Among other things, a Merger Agreement should include a provision similar to the ACPA/ALPA Merger Agreement provisions quoted above.

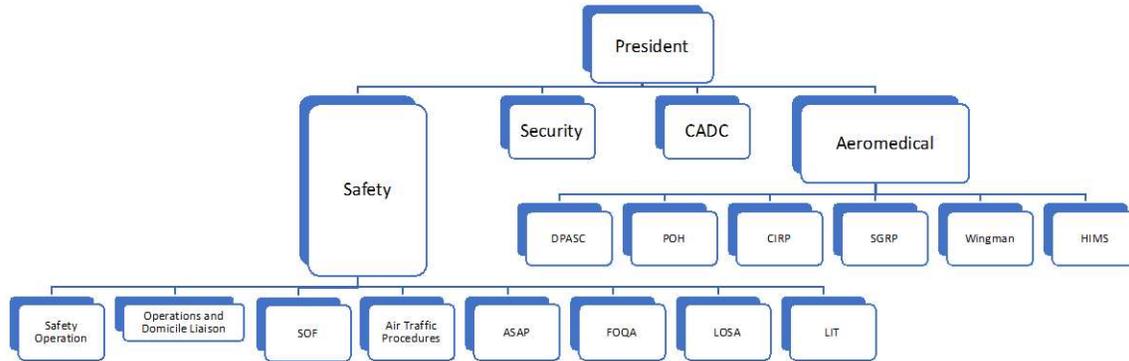
XI. SAFETY, SECURITY, AND PILOT ASSISTANCE

APA and ALPA both prioritize safety, security, and pilot assistance -- including Captain’s authority, and the importance of insulating safety concerns from bargaining and labor relations issues with the carrier, and from internal union politics. APA’s Safety Committee, supported by the STSAP Department, oversees safety issues, and functions as a buffer between APA’s safety volunteers and the political leadership of the Union. ALPA provides an extra layer of insulation by designating the First Vice President as National Safety Coordinator, separated from much of the political process of the union.

A. Comparison of APA and ALPA Safety & Security Structures

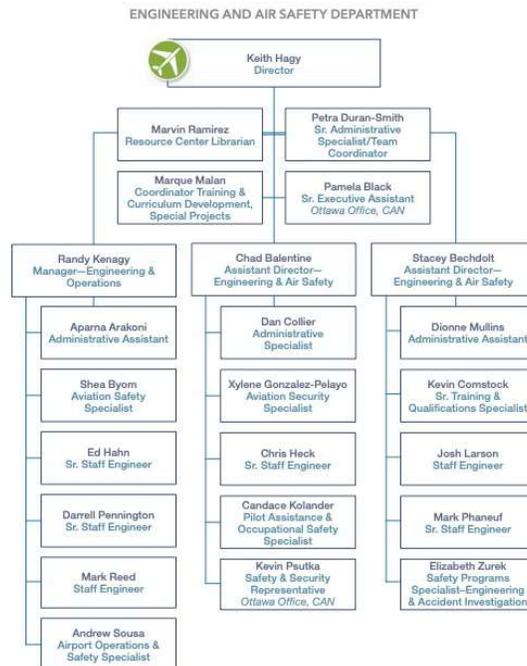
APA addresses safety and security issues primarily through pilot committees under the direction of the President. Staff support is provided through the Safety, Training, Security, Aeromedical and Professional Standards (STSAP) Department, under the oversight of the Senior Director of STSAP Legal Affairs. APA employs one staff attorney (the Department Director), supported by two administrative assistants, dedicated to these safety and security issues.



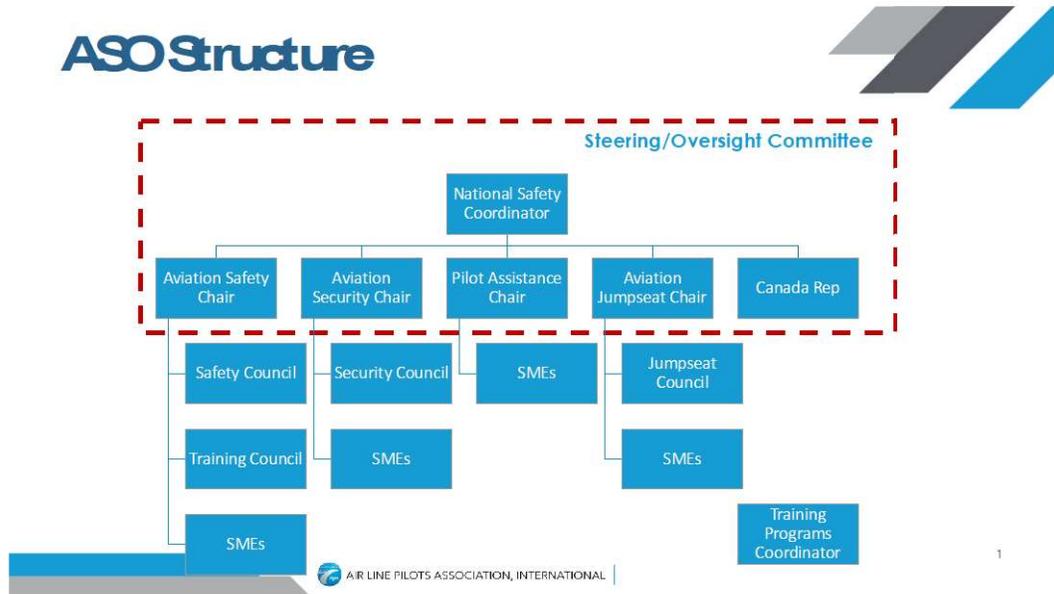


As this organizational chart illustrates, APA includes multiple pilot assistance programs under the rubric of “Aeromedical.”

The ALPA Engineering and Air Safety Department, including the Air Safety Organization (ASO), is the largest non-governmental safety and security organization in the world. The Department employs 28 professional staff and 24 SMEs, supporting approximately 425 pilot “subject matter experts.”



The E&AS Department is overseen by the First Vice President, who is designated as the ALPA National Safety Coordinator. In that capacity, he chairs a Steering/Oversight Committee comprised of the Chairs of multiple discrete subject matter areas overseeing respective committees under ASO, including Safety, Security, Pilot Assistance, Jumpseat, and Canada.



As this report indicates, the Strategic Plan is woven into the fabric of ALPA., including the ASO. The ASO is a critical component of ALPA’s operation, with Engineering and Air Safety accounting for over 25% of the ALPA Strategic Plan. Within the E&AS, strategic planning is bidirectional, due to E&AS tentacles throughout all of government and the industry. E&AS also informs ALPA’s strategic plan. Each MEC is able to bring issues forward that are adopted as Council agenda items, elevated to the ASO chairman and incorporated into the strategic planning by the ALPA BOD.

The following sections summarize the APA and ALPA structures more specifically in respective areas - Security; Safety; Accident Investigation; Aeromedical; and Pilot Assistance.

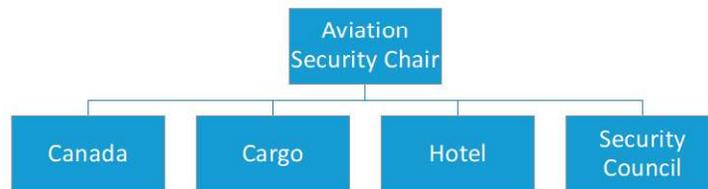
1. Security

In the post-9/11 world, security has taken a prominent role in both APA and ALPA. APA’s Security Committee is responsible for interfaces both with AA corporate management on corporate security issues; and other government agencies and other external stakeholders

on policy issues, on which pilots' interests may diverge from management, such as CAPA; FFDO Stake Holder Meeting; ALEAN; AVSIM; and ALPA.

ALPA performs similar functions to APA, except that ALPA divides responsibility for corporate security issues at a particular carrier, and policy advocacy with government and external stakeholders. Corporate security issues are mostly handled by the individual MECs, while ALPA National's Security Committee has responsibility for interactions with government and other external stakeholders.

Aviation Security Structure



In comparison with APA, the ALPA Security Committee works with a wider array of government, corporate and organizational entities involved in these issues. Due to its size and its physical proximity in Washington DC to many of those stakeholders, ALPA is able to maintain extensive relationships relevant to supporting its members. ALPA, through its relationships at the highest levels of TSA, FBI, NSA, CIA and FAA, is able to make its case directly to the decision makers and have a continuous relationship that spans decades.

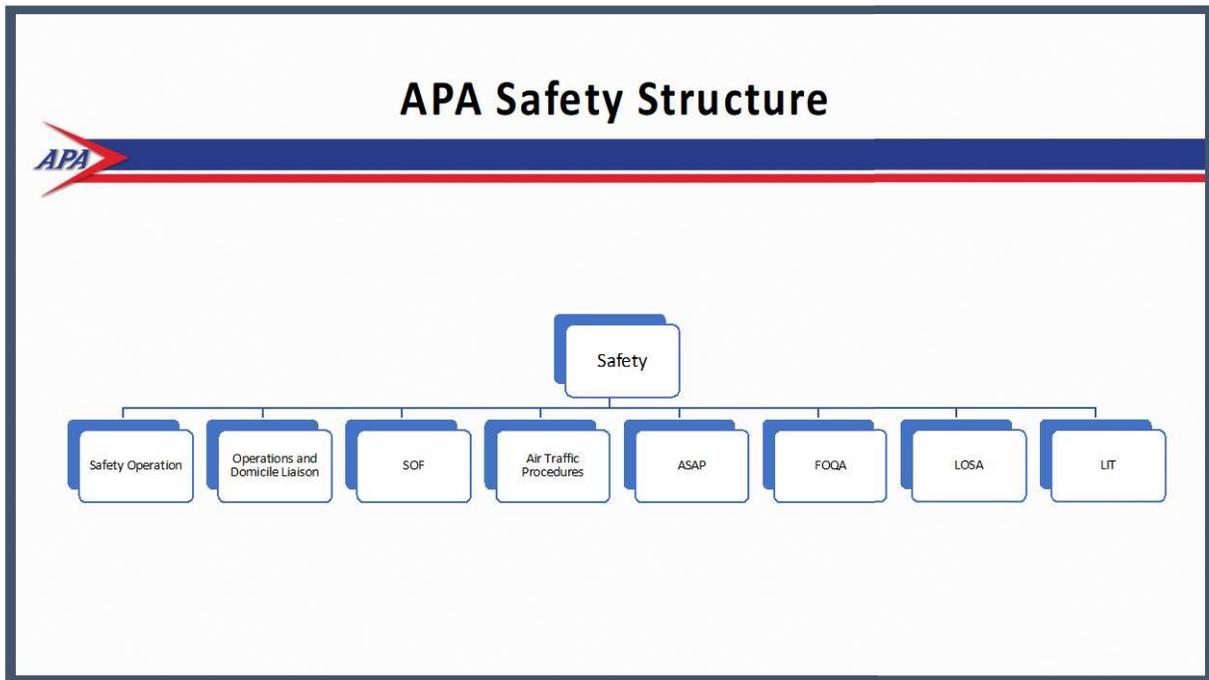
The committee has developed a chart that summarizes the APA and ALPA Security structures' respective interactions with stakeholders – Government, Labor, Industry and Standards Organizations. The size of the respective blocks are based on the number of stakeholders each union interacts with in each category of stakeholder:

ALPA & APA SECURITY COMMITTEE EXTERNAL ORGANIZATION ENGAGEMENT

ALPA		APA
<p>GOVERNMENT: DHS TSA</p> <p>TSA: Law Enforcement/ FAMS/FFDO FFDO Stakeholder TSA: Operations Support</p> <p>TSA: Enrollment Service and Vetting Programs TAS: Known Crew Member TSA: Policy, Plans and Engagement</p> <p>TSA: Aviation Security Advisory Committee TSA: Security Operations TSA: Compliance</p> <p>TSA: Domestic Aviation Operations TSA: International Operations TSA: Investigations</p> <p>Customs and Border Protection CBP: Air and Marine Operations CBP: External Engagements and Initiatives CBP: Blue Lightning</p> <p>CBP: Admissibility and Passenger Programs CBP: Passenger Air Operations (PAO) Working Group</p> <p>Secret Service DOJ FBI DOC FCC DOD</p> <p>1st Air Force CIA NSA AIA</p> <p>Cybersecurity Working Group US ACCESS</p> <p>Cyber Security Commercial Aviation Team (CS-CAT) FFDOA ALEAN ARAC</p>	<p>LABOR: IFALPA IFALPA Security CAPA APA TWU Teamsters NJASAP SWAPA</p>	<p>GOVT: FFDO Stakeholder ALEAN AVSIM ASAC ARAC</p>
	<p>STANDARDS ORGANIZATIONS: RTCA SC-216 Aeronautical Systems Security RTCA SC-227 Standards of Navigation Performance RTCA C-228 Minimum Operational Performance Standards for Unmanned Aircraft Systems RTCA SC-238 Counter UAS SAE G-34 AI and ML for aviation/UAS ANSI UAS Standards Collaborative / UAS Standards Roadmap ASTM F-38 Unmanned System Standards</p>	<p>LABOR: CAPA ALPA</p>
		<p>INDUSTRY: AA</p>

2. Safety

Under the APA Safety Committee are various subcommittees doing outstanding work on particular issues.



In particular:

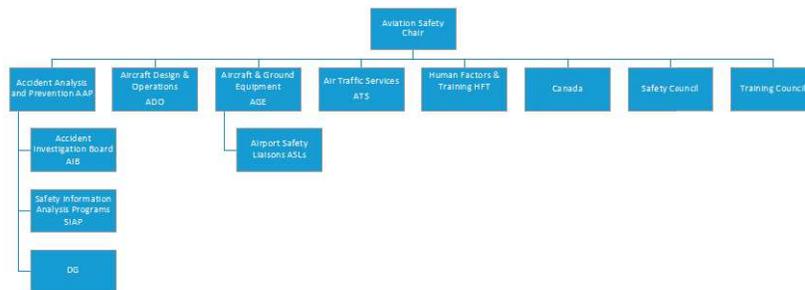
- APA's ASAP program was one of the first in the industry.
- The Smoke Odor and Fumes subcommittee (SOF) is among the leaders in leading the industry in identifying mechanical problems and recommending changes to industry-wide practices. Further, the committee offers outstanding support for crew members who have experienced a SOF events.
- The Learning and Improvement Team (LIT) was the first to identify what is an already mature discipline (Resilient Performance) outside of aviation and incorporate that discipline to seek a better understanding of what pilots do well. The resulting findings should help to improve safety across the industry.

The APA Safety Committee interacts with a variety of decision makers and stakeholders, including industry and labor organizations; manufacturers; and SMEs and academic institutions.

ALPA MECs, including particularly the larger MECs, maintain safety structures similar to APA's. Individual MECs' safety efforts, if less robust than APA's, are supplemented by support from the larger ALPA National structure. ALPA also maintains an extensive array of support functions related to safety through the Engineering & Air Safety Department, including the ASO, with its large staff and extensive network of pilot volunteers. Those staff and volunteer representatives coordinate with MEC safety representatives, and are augmented when necessary with support from the ALPA Communications Department.

As noted above, the ALPA First Vice President is designated as the ALPA Air Safety Coordinator, and oversees the E&AS Department and the ASO. Through this structure, ALPA maintains a strict firewall between safety issues and labor relations/political issues, which are under the purview of the ALPA President.

Aviation Safety Structure



flying at ALPA-represented regional airlines. APA also has an extensive list of applications from pilot volunteers to draw from and, as a last resort, retired pilots who were active in previous accidents investigations, including some who have since retired. APA also has access to documents from other organizations, (though not all are current), including documents from pilot volunteers with experience in the ALPA ASO structure.

b. ALPA

ALPA requires each MEC to maintain an accident response team. To support those teams, ALPA's provides more than 10 biannual training courses to prepare its safety volunteers, including an Accident Investigation Course, an Advanced Accident Investigation Course, Blood Borne Pathogens Training, and CIRP GRIN Training, CIRP Group Crisis Intervention. Smaller airlines or airlines with large turnover may have vacancies between those training events and ALPA National will stand in the gap as needed.

ALPA National maintains a standing Accident Analysis and Prevention organization within the Aviation Safety Committee's responsibilities in the ASO, including an Accident Investigation Board, Safety Information Analysis Programs, and Dangerous Goods. That group has an organized response to any accident, from the initial notification and response, and continuing through the on-site investigation, the field investigation, public hearings, the technical review and reporting, and the final hearing and report. [link to detailed explanation]

4. Aeromedical

Both APA and ALPA provide support to pilots in need of physical or mental support. The different structures through which those services are provided – in-house at APA through APA's Aeromedical Department; through a contractor at ALPA – presents a significant point of contrast between the two unions.

a. APA In-House Aeromedical Services

APA's Aeromedical Department provides in-house personalized service to American Pilots through a staff of employees and consultants, including five full-time Aeromedical Advisors, three consulting physicians, and a Long Term Disability advisor. Pilots report a high level of satisfaction with the responsiveness and quality of the services provided by the Department. The services include the following:

Pilot Communication

- Discuss work-up phase of a potential diagnosis, including potential outcomes, and possible FAA and company reporting requirements.

- Review disqualifying diagnoses and provide checklists and forms, including FAA and company reporting requirements.
- Respond to pilot medication questions, including return to duty wait times and FAA reporting requirements.
- Answer common Company questions related to sick time policy, sick verification, injury on duty and the return-to-work process.
- Provide guidance throughout the Fitness for Duty/Section 20 process, including communications with third party medical providers and facilitation of the transition to sick list.
- Behavioral health assistance, including cognitive screening preparation and referrals to outside behavioral health providers.

FAA Communication

- Review and prepare cases for FAA submission:
- General Review
- Medical Appeals
- Board cases
- Special Issuance Renewals

b. ALPA Aeromedical Services (AMAS)

In contrast to APA's in-house office, ALPA provides aeromedical services to its members through an outside contractor, Aviation Medicine Advisor Services (AMAS), located in Denver, Colorado, employing a staff of 27 physicians supporting the pilots of numerous airlines (including some individual American Pilots). AMAS does provide a variety of services, [link], including the following:

Clinical Services

- Services to individual members whose medical and/or pilot certificates may be in jeopardy
- FAR Part 67 interpretations
- Specialist referral database
- Liaison with airline medical reps
- Case presentation, FAA reporting
- Non-grounding, reportable
- Grounding, waivable
- Special issuance
- Denial of medical certificate

Case Management

- Physician response
- Usually within 1-4 hours
- VFS website info given in interim
- Answers to questions, suggestions for management/FAA implications/reporting
- Send letter with releases/FAA checklists
- Pilot responsible for collecting record

Records Review & Case Preparation

- Review incoming records
- Adequacy of evaluation and documentation
- Screen for undetected problem areas
- Office visit NOT necessary
- Refer to evaluating specialist if necessary
- Prepare complete records package for FAA
- Send via overnight carrier to FAA
- Copy pilot with aeromedical summary

Follow-up/Disposition

- Track FAA cases —150+ open
- “Expedited” turn-around –FAA overwhelmed
- Review/“translate” FAA letters
- Discuss FAA reporting requirements on next FAA medical exam
- Discuss follow-up requests and answers
- Send 90-day reminders for renewal
- Coordinate with AME

It bears emphasizing that, because AMAS is an outside contractor serving the pilots of multiple airlines, its service can be less personalized and responsive than the services provided by the APA Aeromedical Department. In addition, while the APA Aeromedical Department’s sole focus is representing pilots in resolving medical and licensing issues, AMAS is also focused on FAA policy issues, which can sometimes divide AMAS’s attention. APA's Aeromedical Advisors provide a much more personalized approach for a pilot who is facing health issues affecting their FAA medical. APA services focus on the overall well-being of the pilot and helps return a pilot to as expeditiously as possible through engagement with their medical practitioners, and working directly with the FAA flight surgeons, which can facilitate the return of the pilot’s FAA more quickly than AMAS. There are numerous examples of Pilots who have tried for many years to get their medical back pursuing

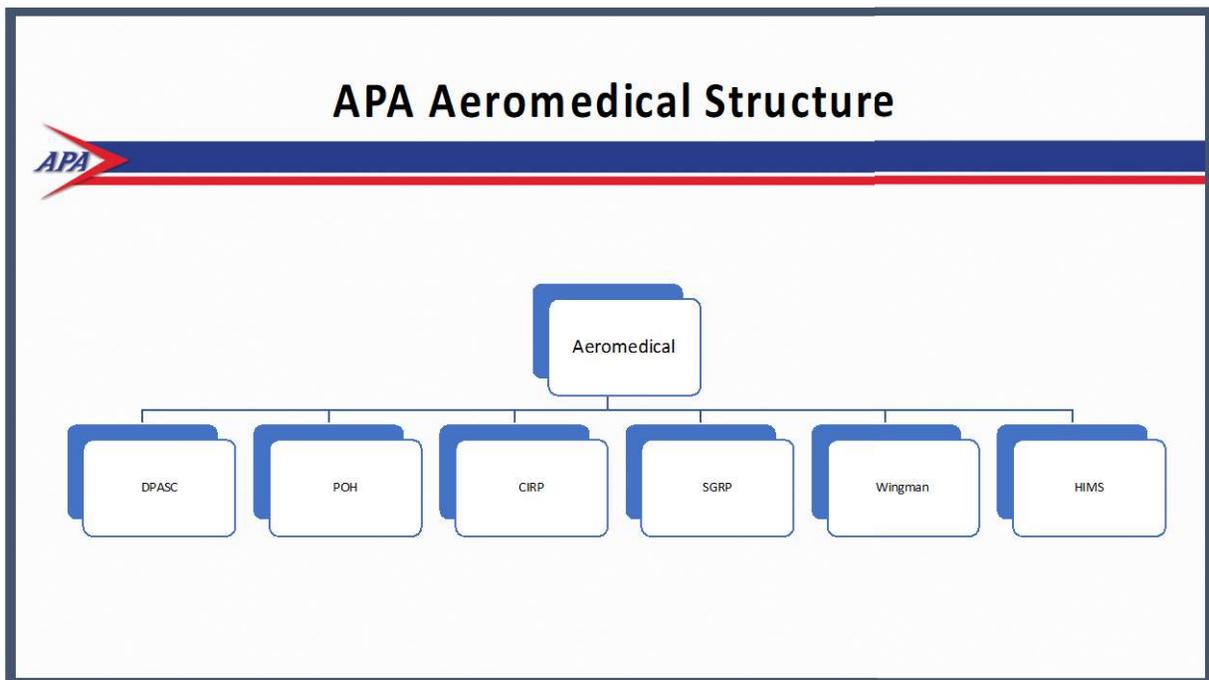
multiple avenues, including AMAS, without success to then have APA's Aeromedical Advisors get them quickly returned to flying status.

5. Pilot Assistance

APA and ALPA also provide other pilot assistance services.

a. APA

The APA Aeromedical Committee oversees several pilot assistance programs and subcommittees, all under the rubric of “Aeromedical”:



Among other things:

- The Disabled Pilots Advocacy and Support Committee (DPASC) supports pilots experiencing medical issues that prevent them from flying for the company and walks with them through the Long-Term Disability process. The Committee provides peer support until the pilot is able to return to work. Once that happens, DPASC hands the pilot off to APA's Compass project,

specializing in helping new and returning pilots become accustomed to flying (or flying again after a substantial absence) at American Airlines. ALPA Aeromedical committee, SME's and Pilot Peer Support programs provide assistance to similarly situated pilots, but not in the same personalized way.

- The APA Sudden Grief Response Program is a newer committee, officially formed within the last year, "...support[s] APA pilots and their families upon the sudden or unexpected death of a pilot or a member of a pilot's family and coordinate as necessary with other APA committees and departments with AA to best serve the family's needs." The committee does everything from helping the affected pilot be removed from work assignments, to arranging transportation to get the pilot where they need to be during their time of tragedy. The closest thing to this at ALPA has is their Pilot Peer Support.

APA utilizes outside contractors for some pilot assistance functions, including AMAS, in connection with the HIMS program. APA's pilot assistance programs also interface with a variety of external decision makers and stakeholders.

b. ALPA

The ALPA E&AS Department also oversees a suite of pilot assistance programs.

Pilot Assistance Structure



As this chart illustrates, in ALPA’s structure the term “Aeromedical” applies to the specific aeromedical services provided through AMAS, and the other programs under the general rubric of “Pilot Assistance”. Terminology aside, the two structures include similar subject matters.

ALPA’s Pilot Assistance Committee representatives interface with a wide variety of external decision makers and stakeholders. The committee has developed a chart that summarizes the APA and ALPA Aeromedical structures’ respective interactions with stakeholders – Government, Labor, Industry and Standards Organizations. The size of the respective blocks are based on the number of stakeholders each union interacts with in each category of stakeholder

**ALPA & APA AEROMEDICAL COMMITTEE
EXTERNAL ORGANIZATION ENGAGEMENT**

ALPA			APA
<p>LABOR ASSOCIATIONS: IFALPA IFALPA Human Performance/ Training ECA AFL-CIO TTD NATCA AFA PASS CAPA APA TWU Teamsters NJASAP SWAPA</p>	<p>INDUSTRY/ASSOCIATIONS: A4A CAA ATAC AIA AIA COVID Mitre IATA ASMA CAMA ICISF IPPAC</p>		<p>INDUSTRY/ASSOCIATIONS: ALPA AMAS CAPA UPS Delta United Southwest JetBlue Frontier</p>
	<p>MANUFACTURERS: Airbus Boeing</p>		
	<p>GOVERNMENT: HHS CDC GAO Transport Canada</p>	<p>INTERNATIONAL: ICAO EASA</p>	<p>GOVERNMENT: DOT FAA FAA light surgeons NASA NASA: Space Weather threats NTSB</p>

B. Issues to Be Considered in a Possible APA-ALPA Merger Agreement

In considering whether to pursue a possible merger with ALPA, as with other issues of union resources to support the membership, APA should identify those areas in which ALPA’s resources would add value; and consider the extent to which APA could replicate those resources, particularly at a cost competitive to that which they would be available through ALPA.

Among other things, it is recommended that APA’s objective should be to preserve the American Pilots’ access to existing services necessary to the union’s representation of those pilots. In particular, APA’s in-house aeromedical services are unique in the rapid, personal, and effective support they provide to APA’s members. The Committee believes that preservation of these services should be a priority in any possible merger. Based on the Committee’s discussions with ALPA’s leadership and SMEs, it is not anticipated that this will be controversial.

At the same time, APA should also assure that the American Pilots gain access to the additional resources that ALPA makes available through its robust ASO organization. Among other things, APA should identify which National Committees within the ASO structure it would like to have American pilots appointed to as members following the effective date of a merger.

XII. AIRLINE MERGERS AND SENIORITY INTEGRATION

The prospect of a merger or other transaction, and the resulting integration of contracts and seniority lists, has always been a hot-button issue for every pilot group. Consideration of a merger with ALPA involves an understanding of the relationship between the federal McCaskill Bond Act, [link to text of McCaskill Bond], and ALPA Merger Policy, [link to current ALPA Merger Policy].

A. Similarities and Differences Between McCaskill Bond and ALPA Merger Policy

McCaskill Bond requires the application of Sections 3 and 13 of the “Allegheny Mohawk” Labor Protective Provisions to the integration of seniority lists in the event of a “Covered Transaction.” Sections 3 and 13 require the “fair and equitable” integration of seniority lists, and the arbitration of that issue in the absence of agreement by the merged carrier and the pilot groups’ representatives. McCaskill Bond does not apply where the applicable collective bargaining agreements “allow for the protections afforded by sections 3 and 13 of the Allegheny-Mohawk provisions;” and “if the same collective bargaining agent represents the combining crafts or classes at each of the covered air carriers, that collective bargaining agent’s internal policies regarding integration, if any, will not be affected by and will supersede the requirements” of McCaskill Bond. Following a merger with ALPA, the latter exception would apply to a transaction involving another ALPA carrier.

ALPA Merger Policy is subject to revision by the Board of Directors at its biannual meeting. The Policy has been revised multiple times over the decades, based on the Executive Council’s reactions to changes in the structure of the industry, the evolution of the nature of corporate transactions, and experiences under the Policy. The Policy was last revised effective January 1, 2009, in the wake of the internal controversy of the Award of Arbitrator George Nicolau in the USAirways/America West integration, which was never implemented and which resulted in the departure of the combined pilot group from ALPA. The 2009 revision to ALPA Merger Policy followed the report of a Merger Policy Study Committee, which recommended proposed changes to the Policy [link to ALPA Merger Policy Study Committee Report].

Both McCaskill Bond and ALPA Merger Policy provide for the “fair and equitable” integration of seniority lists. McCaskill Bond does not provide any further definition of the terms “fair and equitable.” The 2009 ALPA Merger Policy provides that:

"Factors to be considered in constructing a fair and equitable integrated seniority list, in no particular order and with no particular weight, shall include but not be limited to the following:

- Career expectations
- Longevity
- Status and category"

(Section 45, Part 3, Paragraph C.4.e.)

This difference should not be overblown. Both McCaskill Bond and ALPA Merger Policy bring into play a large body of historical precedent applying the “fair and equitable” standard, including the AA/USAirways (East/West) seniority integration, in which the Arbitration Board effectively applied an analysis largely interchangeable with ALPA Merger Policy.

McCaskill Bond and ALPA Merger Policy differ in the scope of the transactions to which they apply. McCaskill Bond applies only to a “Covered Transaction” as specifically defined in the Act as:

- (A) A transaction for the combination of multiple air carriers into a single air carrier; and which
- (B) Involves the transfer of ownership or control of —
 - (i) 50 percent or more of the equity securities ... of an air carrier; or
 - (ii) 50 percent or more (by value) of the assets of the air carrier.

ALPA Merger Policy applies to a potentially broader category of “Mergers,” a term defined in the Policy as:

"... a situation where there is a reasonable probability of sufficient operational integration between or among two or more ALPA airlines that there is or will be a need for an integrated seniority list, a JCBA and a merged MEC to adequately protect the employment interests of the flight deck crew members."

Whether this definition is met in a particular case is decided procedurally:

- “when two or more MECs determine at any time it is in the best interests of their flight deck crew members to enter into discussions, negotiations and agreements which provide for a process for seniority list integration, negotiating a JCBA or both;” or
- “a Process Implementation Date (PID) for a merger shall be established on the earlier of the date on which the Executive Council, in its judgment, determines or the date on which the President agrees with the determination of all of the involved MECs that there is a merger.”

McCaskill Bond and ALPA Merger Policy also differ in the scope of the processes required in transactions to which they apply. McCaskill Bond only addresses the broad strokes of the integration of seniority lists. The statute does not address how collective bargaining agreements are to be combined, or how the political structures of the bargaining representatives are to be amalgamated. Nor does the Act prescribe the details of the negotiation and arbitration process for seniority integration. In a “Covered Transaction” governed by McCaskill Bond, all of those details must be negotiated among the carrier(s) and

the bargaining representatives of the affected pilot groups. Thus, for instance, in the AA/USAirways case those issues were resolved in the December 2012 Memorandum of Understanding among the two carriers, APA and USAPA; and thereafter in a 2014 Seniority Integration Protocol Agreement among the merged carrier, APA and USAPA.

In contrast, in a “Merger” subject to ALPA Merger Policy, the Merger Policy dictates the specific sequence in which a JCBA is reached, followed by the integration of seniority lists, followed by the implementation of the integrated list and the merger of the LEC and MEC structures of the involved pilot groups. The Merger Policy also governs the details of how those processes will be carried out. Among the other significant provisions of the Merger Policy are the following:

- “[JCBA] [n]egotiating sessions should be scheduled consistent with the high priority goal of concluding the JCBA prior to the date for conclusion of the seniority list integration process.” (Section 45, Part 1)
- “This policy calls for fair and equitable integration of seniority lists, but aside from the specific requirements embodied in policy, what appears to be “fair and equitable” typically differs depending upon the eyes of the beholder and it may be difficult to reach a consensus or there may be no consensus on what is “fair and equitable.”” (Section 45, Part 1)
- “The merger representatives for the pilot groups bear responsibility for the integrated seniority list, with ALPA having no position on the merits.” (Section 45, Part 1)
- “ALPA's role through this policy is solely to provide the process by which the pilot groups conclude the integrated seniority list for presentation to management, using arbitration if necessary, together with the opportunity for MECs to agree on alternative processes that meet their own needs.” (Section 45, Part 1)
- “If agreement cannot be reached, final and binding arbitration is mandated by this policy on unresolved issues. Each pilot group must recognize that the arbitration process involves the assumption of very substantial risk to the interests of the pilot group, since there is no means of predicting the outcome.” (Section 45, Part 1)
- “No integrated list shall be constructed which would change the order of the flight deck crew members on their own respective seniority lists.” (Section 45, Part 3, Paragraph C.4.d.)
- “The merger representatives shall carefully weigh all the equities inherent in their merger situation. In joint session, the merger representatives should attempt to match equities to various methods of integration until a fair and equitable integrated seniority

list is reached,” based on the factors listed above (Career Expectations; Longevity; and Status and Category). (Section 45, Part 3, Paragraph C.4.e.)

- "No integrated seniority list shall be subject to MEC or membership ratification." (Section 45, Part 3, Paragraphs C.4.g.)
- "The parties may consider a hybrid methodological representation as a basis for seniority list integration." (Section 45, Part 3, Paragraphs C.4.h.)
- "The purpose of mediation and arbitration shall be to reach a fair and equitable integrated seniority list, consistent with ALPA policy. The merger representatives and any Arbitrator serving in a mediation or arbitration capacity shall be bound by the provisions of Part 3C, subsections 4c, 4d and 4e above in constructing an integrated seniority list." (Section 45, Part 3, Paragraph C.5.a.(2))
- "Issues as to application or interpretation of merger policy shall be determined by the Executive Council." (Section 45, Part 2,D.1.)

ALPA Merger Policy also includes specific provisions governing the funding and payment of merger-related expenses. Among other things:

- Flight pay loss, expenses and direct support are chargeable to the MEC account.
- Similarly, the payment of legal and consulting fees in a merger between an ALPA airline and a non-ALPA airline are a proper expense of the pilots involved in the merger and shall be charged either to the MEC account (or paid through an assessment of the pilot group)
- However, ALPA (including the MEC) may not pay any legal and consulting fees incurred by pilot groups involved in merger activity between any two ALPA represented carriers, including disputes between pre-merger pilot groups over interpretation or application of the terms of an existing seniority integration agreement. Accordingly, an MEC may at any time levy an assessment(s) and maintain a Merger Assessment Fund.
- The use of a Merger Assessment Fund or Merger Dispute Fund for communications by merger representatives with their constituents, regarding matters within the scope of the merger representatives' responsibilities, is appropriate and authorized.
- Following a merger, but prior to merger of the MECs involved in a merger, each MEC shall consider the need for levying a standing assessment to provide for post-merger legal fees and expenses in connection with resolution of disputes which may arise from interpretation or implementation of a negotiated/mediated agreement or

arbitration award, with knowledge that the post-merger MEC will not have authority to levy such an assessment.

B. Treatment of Seniority Integration Issues in ACPA/ALPA Merger Agreement

The recent ACPA/ALPA Merger Agreement addressed at least two specific matters related to possible seniority integration issues.

- With ALPA’s agreement, ACPA set aside \$1 million of its funds in a separate Air Canada MEC Merger Fund, to be used for the benefit of the Air Canada Pilots in the event of a future seniority integration, including one under ALPA Merger Policy. This mitigates the likelihood that the Air Canada MEC will find it necessary to impose a mandatory membership assessment to fund professional fees and communications expenses in a future transaction.
- ALPA confirmed its agreement that the existing relationship between Air Canada and its regional affiliates does not constitute a “merger” under ALPA Merger Policy. This alleviates any concern that the merger with ALPA would, by itself, expose ACPA to a finding by the ALPA Executive Council that the Merger Policy is triggered by those existing relationships.

C. Issues To Be Considered in a Possible APA-ALPA Merger Agreement

In addition to the general considerations arising from the similarities and differences between McCaskill Bond and ALPA Merger Policy, there are particular issues to take into consideration in a possible merger.

1. Creation of Merger Fund

In the disposition of APA’s assets in a merger with ALPA – in which, as discussed below, APA’s assets would generally become assets of ALPA, though still available solely to the AAMEC – consideration should be given to setting aside a portion of those assets into a segregated fund to be utilized on behalf of the American Pilots in the event of a transaction resulting in a seniority integration. A Merger Fund is necessary under ALPA Merger Policy to pay for SMEs and merger-related expenses (but not pilot flight pay loss). The Merger Policy provides for a mandatory assessment of a carrier’s pilots in the event of transaction to support a Merger Fund. The Merger Fund cannot be created from union funds following a merger with ALPA, but can be created before the Merger, while APA is a separate entity representing only the American Pilots. Creating a Merger Fund from available APA assets at the time of a merger with ALPA would mitigate the need for a special assessment in the future.

2. Relationships Between AA and Regional Partners, Including Wholly-Owned Regionals

As identified by the Board of Directors in the Resolution, significant concern arises regarding the impact of ALPA Merger Policy on the relationships between American Airlines and its regional flying partners, particularly those that are wholly-owned and under common control. This is particularly so, given the discretion of the ALPA President and Executive Council to find that a “merger” has occurred within the meaning of the Policy, as discussed above. To allay this concern, it would be appropriate to secure ALPA’s agreement, as a condition of any merger, that these existing corporate relationships do not constitute a “merger” under the Policy. Such commitments have been given by ALPA in previous mergers, most recently in the ACPA/ALPA merger.

Concerns may also be raised regarding the possibility of a future arrangement *vis a vis* American’s wholly-owned regional partners, similar to that being pursued by the Delta and Endeavor Pilots to bring the Delta and Endeavor Pilots under a single collective bargaining agreement. [link to Delta MEC Resolutions?] Were APA to merge with ALPA, the seniority-related consequences of any such arrangement with the ALPA-represented wholly-owned regional pilots would be governed by ALPA Merger Policy. It is difficult to address this future possibility definitively in a merger agreement with ALPA, since it is hypothetical; the specific terms are unknown; and, under the ALPA Merger Policy, the pursuit of such an arrangement would substantially be within the domain of the respective MECs, not ALPA National. It does bear noting that the possible Delta-Endeavor arrangement was initiated by the Delta MEC, and is mutually agreed between the respective MECs. Accordingly, even after a merger with ALPA, whether or not to pursue such an arrangement would depend substantially on the American Pilots willingness to pursue it. It also bears noting that the resolutions authorizing pursuit of the arrangement expressly provide that the working group established by the resolutions “will neither consider nor recommend any action that would result in any Endeavor pilot being placed on the seniority list ahead of Delta pilots ...” Finally, the reality is that, if the wholly-owned regional pilot groups want to pursue such a strategy, they can do so and already have direct relationships with AA management; to the extent there is concern over this possibility, the Board of Directors can weigh the relative strategic merits of responding from APA’s current independent posture, *vis a vis* being able to address the issue from a position within ALPA’s governance structure.

XIII. UNION BENEFITS

A. Comparison of APA and ALPA Member Benefits

APA maintains a suite of voluntary benefit plans for members, at the members' cost, including the following.

- Voluntary Supplemental Medical and Custodial Care Benefit Plan (SMP)
- Pilot Mutual Aid Plan (PMA)
- Pilot Occupational Disability Plan (POD)
- Group Term Life and Voluntary Accidental Death and Dismemberment (AD&D) Insurance Plan
- Survivor Benefit Plan (SMP)
- APA Emergency Relief and Scholarship Fund

ALPA also maintains its own suite of plans for ALPA members, also at the members' cost, including the following:

- ALPA National Disability Insurance
- Critical Illness
- Group Accident
- Basic and Comprehensive Dental, with eligibility for Retired Members
- Life Insurance (Group Annual Renewable, 10-Year and 20-Year Level Term) and AD&D Insurance
- Medicare Advantage with Rx
- YouCare360 (free resource to assist with family caregiving) and LTC (Long Term Care Insurance)

At the Committee's request, the APA Benefits Department has prepared a side-by-side comparison of each union's benefits. The comparison has been approved by the ALPA Benefits Department [[Link](#)]

B. The Treatment of Membership/Benefits Issues in the ACPA/ALPA Merger Agreement

The ACPA/ALPA Merger Agreement addressed the transition of ACPA membership and benefits. The Agreement provided for immediate ALPA membership for ACPA members; access to the ALPA member benefit plans; and the continuation of the existing ACPA benefit plans.

C. Issues to Be Considered in a Possible APA-ALPA Merger Agreement

In approaching a potential merger with ALPA, the APA Board of Directors and Membership should take into account at least the following:

- Requiring ALPA to maintain current APA Member products for the benefit of American pilots.
- American pilots should have access to ALPA insurance products available to members in the U.S. via an open enrollment window without requirements for medical testing/underwriting.

XIV. GOVERNMENT AFFAIRS

APA and ALPA each has a structure through which the union seeks to influence legislative and regulatory action at the federal level, in ALPA's case at both the MEC and National level.

A. APA

APA conducts its legislative efforts through pilot engagement. The APA Government Affairs Committee consists of experienced pilot leaders, including registered lobbyists. The GAC coordinates additional pilot volunteers who participate directly in advocacy with their elected representatives on government issues. The GAC is also supported by two experienced, professional consultant lobbyists. APA owns the Benton House in Washington, D.C. which functions as a base of operations for pilots while on Capitol Hill. The Association's government affairs activities are frequently augmented or combined with those of the Coalition of Airline Pilots Association (CAPA), including the President of CAPA (who is also a registered lobbyist) as a "force multiplier" on Capitol Hill.



GAC TEAM



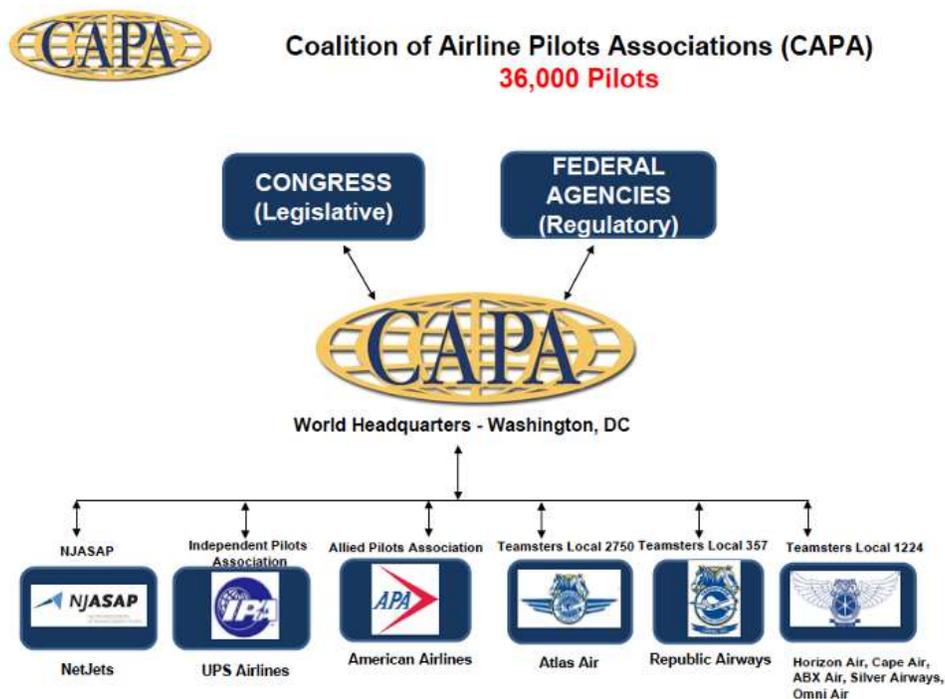
- Chairman – CA Harvey Meek
- Deputy Operations – FO Brian Bell
- Deputy Political Action Committee (PAC) – FO Bryan Lingle
- FO Shawn Gray
- CA Tim Knutson
- CA Jan Paladino
- CA Eric Jeppson
- CA Ken Johnson
- FO Cameron Douglas
- FO Jason Taylor
- Actively interviewing to hire two new members by end August

In addition to these GAC activities APA is the largest constituent member of CAPA, which, "is the world's largest pilot trade association representing over 35,000 professional passenger and all-cargo airline pilots. CAPA's mission is to address safety, security, legislative and regulatory issues affecting the professional flight deck crew member on matters of common interest to the individual member unions." The other member associations of CAPA are Independent Pilots Association (IPA); NetJets Association of Shared Aircraft Pilots

(NJASAP); Teamsters Local 2750 (L2750); Teamsters Local 1224; and Teamsters Local 357. CAPA is a “trade association” that only advocates for safety and security matters, and is not a labor union and does not represent any pilot group in matters of collective bargaining. APA was a founding member of CAPA in 1997.

CAPA undertakes initiatives only by unanimous consent of its Board, which is comprised of the Presidents of its member unions. Thus, CAPA captures the collective voices of virtually all airline pilots not otherwise represented by ALPA for matters concerning Safety and Security, with the notable exception of SWAPA (which withdrew from CAPA several years ago).

CAPA volunteers are frequently invited to provide input to Congressional committees. CAPA’s legislative priorities, more often than not, closely resemble ALPA’s, increasing the volume of pro-pilot voices on Capitol Hill with law and policymakers. CAPA’s lobbying efforts are carried out primarily by CAPA pilot volunteers, including members of APA’s GAC, that are augmented by the same professional lobbyists who work with the APA GAC.



The APA Political Action Committee (PAC), funded by voluntary pilot contributions, facilitates the GAC’s ability to engage directly with elected members of Congress, including meeting, one on one in many cases, with U.S. Representatives and Senators to discuss matters of importance to the association and the piloting profession as a whole.

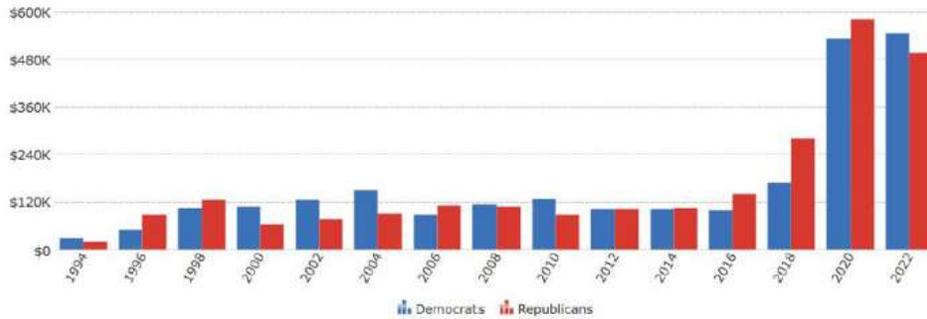


Allied Pilots Association



PAC Contributions

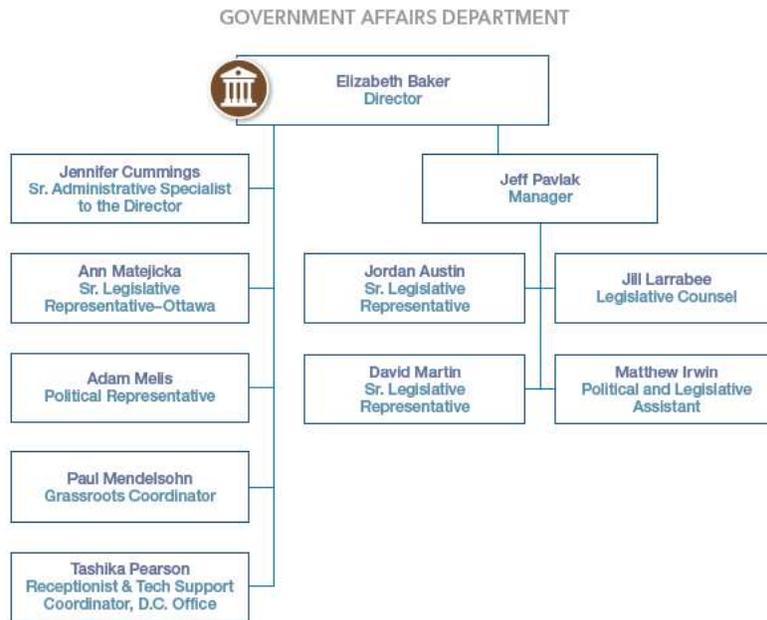
Cycles - All



B. ALPA

1. ALPA National

ALPA's Government Affairs program is more staff-driven than APA's GAC. ALPA's government relations are coordinated by the ALPA Government Affairs Department, which employs a professional staff of 11, including five full-time professional lobbyists with extensive background in the Republican and Democratic party. The staffers act at the direction of ALPA elected leadership, following ALPA policy and the ALPA Strategic Plan, while also utilizing a team of ALPA Pilot advocates.



Government Affairs functions at the direction of the ALPA President and pursuant to ALPA’s Strategic Plan. ALPA’s 5 GA lobbyists are experts with extensive policy and Capitol Hill experience who communicate ALPA’s priorities on a granular basis to Committees and Congressional offices, lobby and negotiate over bill provisions and language:

- Government affairs acts in close coordination with ALPA pilot and staff SMEs
- ALPA typically has significant input on how the language of bills are actually drafted.
- The continuous communication with Congressional Committees and Congressional offices also allows ALPA to play defense as well as offense, enables ALPA to stop many pending bills which are adverse to pilots’ interests.

The Department is supported by a network of pilot volunteers, and by the various MECs’ government affairs committees and volunteer bases. The Government Affairs Department coordinates with the ALPA’s elected leadership, as well as all other relevant departments, including Communications, Engineering and Air Safety, Economic and Financial Analysis, Legal, and Representation. The government affairs effort is guided by the priorities established by the standing ALPA Strategic Plan, which assist ALPA in engaging in initiatives in a tightly coordinated fashion facilitating an overall strategic direction on legislative and regulatory issues affecting the Association and its members. [link to LTC Power Point].

At any given time, ALPA’s Government Affairs Department is active on a wide variety of issues. Those issues include currently include:

- threats to safety and the pilot profession, such as state preemption legislation; roll back of safety regulations; reduced crew; visa abuse; the safety of the NAS; invasive cockpit and testing regulations; and “national right to work;” and
- opportunities for favorable legislation, including labor protections in international agreements; promotion of the profession; retirement security; FAA & TSA reauthorizations; and visa reforms.

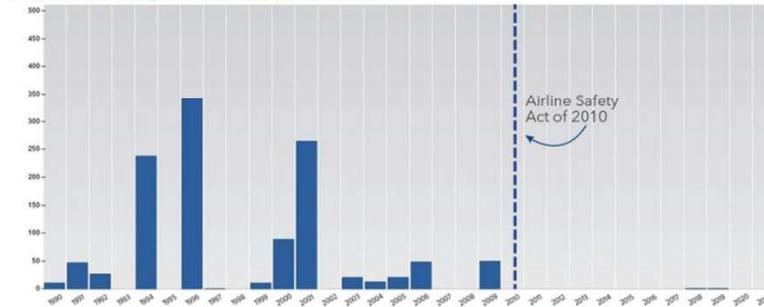
As ALPA’s Government Affairs Department and pilot volunteers pursue initiatives on Capitol Hill and elsewhere, they receive significant support from ALPA’s other Departments. For instance, the following are examples of material prepared by ALPA’s E&FA, E&AS, and Communications Departments for distribution to legislators and staff:



Pilot Supply & FOQ

AIRLINE PILOT TRAINING MATTERS Part 121 Passenger Airline Accident Fatalities

#MoreThanReady 



Since the 2010 law was enacted, the United States has seen a 99.8% reduction in airline fatalities.

Source: National Transportation Safety Board

 AIR LINE PILOTS ASSOCIATION, INTERNATIONAL | Leadership Training Conference February 7-9, 2023

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ALPA hosts a Legislative Summit each year, for which pilots come to Washington, D.C for a week, and engage in extensive lobbying efforts for the week of the summit. More than 175 pilots from more than half of the ALPA carriers (including approximately 50 pilots from United and Delta) have registered for the 2023 Summit on June 4-7, 2023, with more than 500 meetings scheduled.

ALPA has also established a large political action committee, ALPA-PAC, funded by voluntary pilot contributions. ALPA-PAC facilitates pilots' access to legislative and executive decision makers.



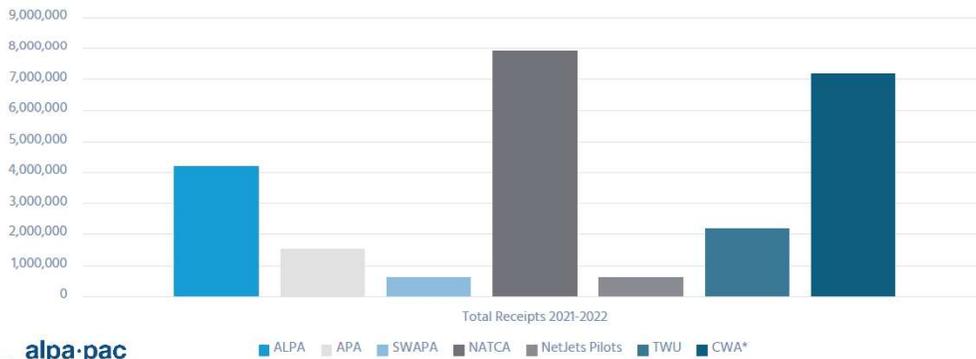
ALPA-PAC Leaderboard (as of 12/31/2022)

DAL	UAL	HAL	FFT	MAG	FDX	ALA	SPA	EDV	MXV
38.5%	30.9%	30.1%	28.8%	23.0%	15.9%	15.8%	7.9%	4.5%	3.8%
JBU	SCA	ARW	ENY	CMT	ATI	AJT	CKS	Others	ALPA
3.3%	3.1%	2.5%	2.0%	1.9%	1.8%	1.2%	1.0%	>1.0%	22.2%

AIR LINE PILOTS ASSOCIATION, INTERNATIONAL | Leadership Training Conference February 7-9, 2023

How where does ALPA stand

Total PAC receipts per 2022 election cycle



AIR LINE PILOTS ASSOCIATION, INTERNATIONAL | Leadership Training Conference February 7-9, 2023

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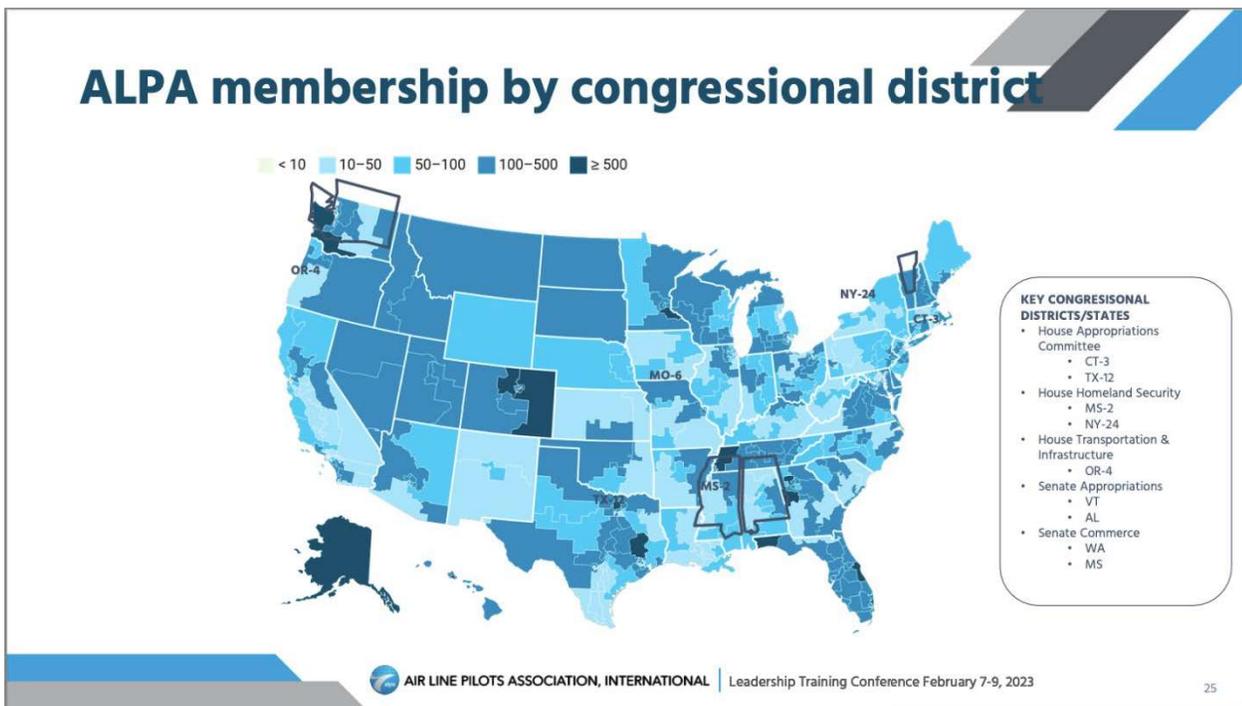
ALPA's size and presence provides it with significant access at all levels of the legislative and regulatory process, including participation in the development of legislative and regulatory policy and language, and early opportunities to be on both offense and defense – influencing the course of actions that would favor or disfavor pilots' interests.

2. ALPA MECs

Each ALPA MEC has a Government Affairs Committee to facilitate pilots' engagement on legislative and regulatory issues affecting the pilot group.

- The respective MECs' Government Affairs Chairs form a committee that coordinates on pilot activities is a conduit for issues to local representatives.
- Collectively, ALPA's various Government Affairs Committees, because of the number of airlines ALPA represents, have a broad reach to most districts with airline hubs in the U.S.
- Pilots participate in Congressional meetings and attend ALPA PAC events with ALPA GA staff.
- Pilots also come to Washington, D.C., and have their own meetings on Capitol Hill.

The MEC Committees coordinate with and are supported by the ALPA National Government Affairs Department, and the other relevant ALPA professional staff. MEC GAC representatives are also active in engaging with pilots' representatives at the home district level. Pilots maximize and leverage relationships from the Congressional level in D.C. to the local district level, as reflected on the following chart.



The United MEC maintains a separate Political Action Committee for the United Pilots, UP-PAC, funded by voluntary pilot contributions. Pilots are free to contribute to both UP-PAC and ALPA-PAC, subject to applicable contribution limits.

3. Relationship With AFL-CIO and IFALPA

ALPA engages with external labor organizations, among other things through its affiliation with the AFL-CIO (including its membership in the Transportation Trades Department [TTD]); and through full voting membership in IFALPA as the designated U.S. voting member of that organization. These relationships with other labor organizations allow ALPA to maximize its interests in a given issue by coordinating with allies with common interests. This is an element expressly incorporated in ALPA's Strategic Plan, which frames its government affairs initiatives.

As one illustration of the benefits of these relationships, SkyWest, in its application to the Department of Transportation, requested the ability to create an Alter Ego Part 135 carrier, and thereby circumvent minimum pilot qualifications standards established by Congress. ALPA's engagement included testimony by then-ALPA President Joe DePete in March of 2022, [Link]. ALPA followed up with a letter to both the House and the Senate [Link] [Link] Current ALPA President Captain Ambrosi testified before the House Transportation and Infrastructure Committee on February 7, 2023 [Link]; before the Senate Committee on Commerce, Science, and Transportation on March 16, 2023 [Link]; and before the Aviation Subcommittee of the Committee on Transportation and Infrastructure April 19, 2023. [Link] To further strengthen its position, ALPA worked with the Chair of the Subcommittee on Aviation Safety, Operations and Innovation, Congresswoman Tammy Duckworth, to draft and send a letter to the Secretary of Transportation asking that he deny Sky West's application [link]. ALPA via its affiliation with the AFL-CIO asked for assistance on this issue. The AFL-CIO tasked the TTD to write a letter on ALPA's behalf. On May 05, a joint letter was sent again to the Secretary of Transportation that engaged the AFL-CIO, TTD, NATCA, CAPA, APA, APFA, and AFA[link]. On May 22 2023, the head of the TTD in a personal meeting with the Secretary of Transportation once again addressed the safety risk of a possible Sky West alter ego, this message was once again carried with the full weight of AFL-CIO's 12.5 million members.

APA's BOD recently approved an affiliation with IFALPA. However, IFALPA's Constitution & Bylaws allows only one voting member per country. ALPA is that voting member from the United States. Accordingly, as an independent union, APA will not be able to chair any committees or subcommittees, and will not be allowed to vote. In fact, ALPA would have APA membership numbers to add to their member vote count. [Link]

C. Issues to Be Considered in a Possible APA-ALPA Merger Agreement

In a possible merger with ALPA, APA will want to maintain its existing Government Affairs program as the American MEC Government Affairs Committee and supporting pilot volunteers. This should include confirming that the Benton House will be for the exclusive use of the AA MEC, unless otherwise agreed by the AA MEC.

APA should also consider maintaining its PAC separately to facilitate or augment lobbying efforts of particular importance to the American Pilots, similar to the United Pilot PAC.

APA should also consider whether to and how it might continue its participation in and financial support of CAPA, whether as a member or affiliate.

Although the APA Government Affairs Committee and the APA PAC hit well “above their weight” on Capitol Hill, the ALPA National Government Affairs Department and supporting structure appears to add a level of access and value for the advocacy of pilots’ interests in legislative and regulatory matters – both through ALPA’s internal resources, and through its affiliations with the larger labor movement. APA’s GAC with access to the additional resources offered by ALPA would create an even more formidable force for pilot advocacy. The APA Board of Directors and Membership should weigh that added value against the possible additional cost, and the extent to which APA could replicate that value absent a merger with ALPA.

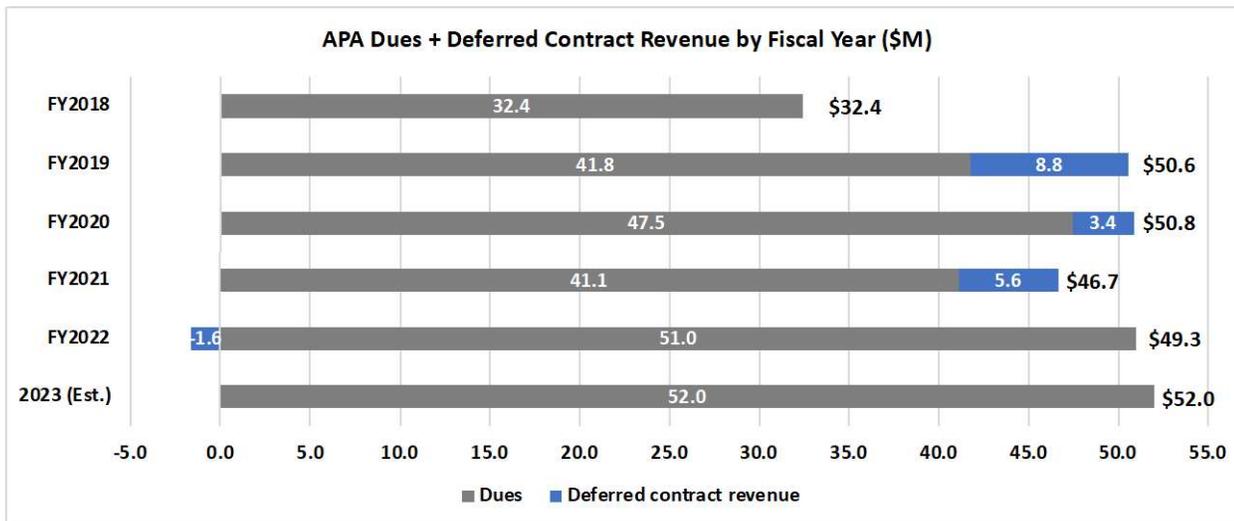
XV. UNION FINANCES

The preceding sections of this Report have summarized the respective governance structures of APA and ALPA, and the resources the respective unions have available to support the representation of their pilot constituents. The corollary factors in evaluating those issues include the unions’ respective financial structures, which inform the consideration of the means by which the unions utilize their members’ dues and other resources to carry out their representative missions.

A. Overview of APA Finances

1. Dues

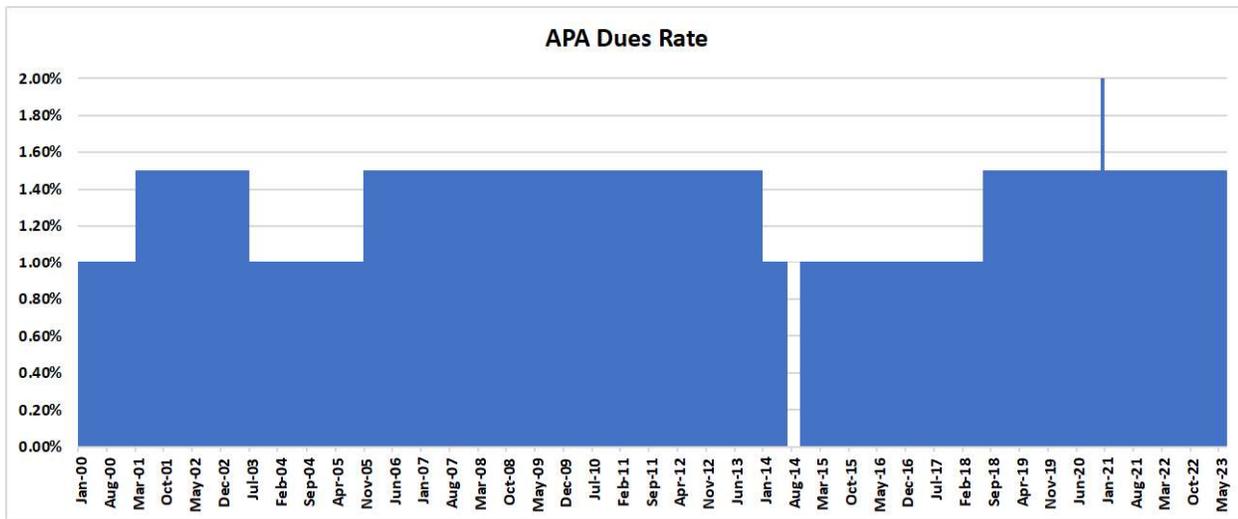
APA collects approximately \$52 million in annual dues, at the current 1.5% dues rate. A 20 per cent dues increase would result in more than \$62 million in annual dues revenue.



The current 1.5% dues rate includes 0.5% applicable during the Section 6 process, until the ratification and implementation of a new CBA. That represents \$17 million in annual revenue at the current dues level. The additional 0.5% in dues is only used to pay for expenses directly attributable to obtaining and implementing a new CBA. At the conclusion of the bargaining process, any remaining “Deferred Contract Revenue” (currently \$13.7 million) is to refunded/rebated to the membership.

At such time as the Section 6 process concludes, APA would have to consider whether it can maintain a balanced budget for its operations at a 1.0% dues rate without the 0.5% applicable during the bargaining process; and how long APA could maintain a balanced budget and its current operations without some portion of the additional 0.5%.

The Committee has reviewed APA's dues rates since 2000, and found that the average from January 2000 to May 2023 is 1.32%.



2. Real Estate

APA owns APA Holding Co., which in turn owns two valuable pieces of real estate – the O’Connell Building Headquarters in Fort Worth; and the Benton House, a rowhouse APA uses for government affairs activities and lodging for pilot volunteers while working in Washington, D.C. APA carries a \$6.6 million investment in APA Holding Corp. on the APA balance sheet (book value, not market value).

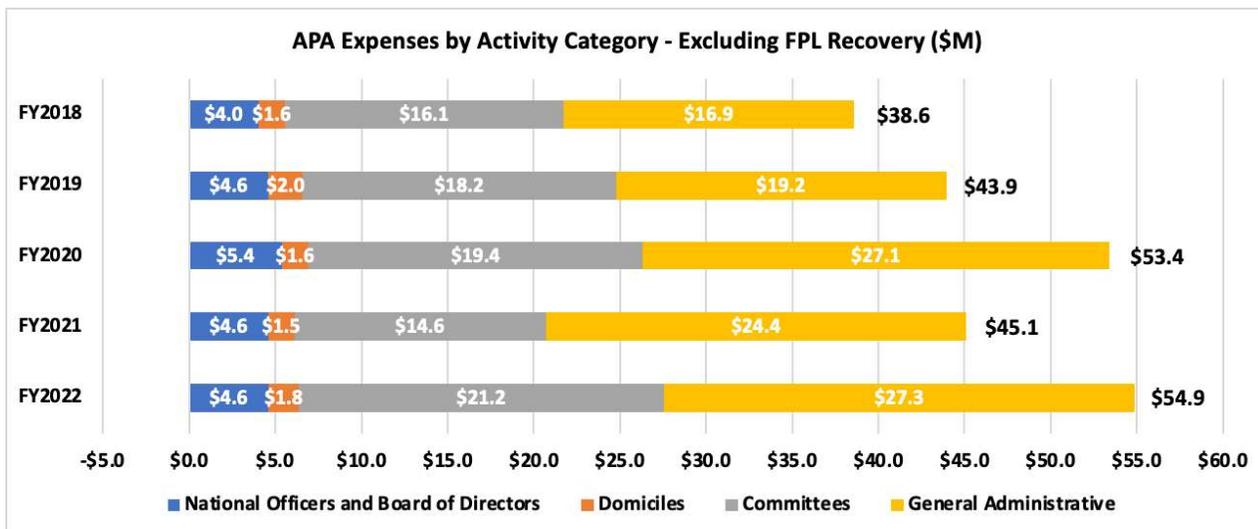
APA pays rent to APA Holding Co. on both buildings. APA receives the net of rental income in excess of expenses. This results in approximately \$625,000 per year, which is treated as APA income.

3. Liquidity

As of March 31, 2023, APA had approximately \$68m in unrestricted liquidity, excluding Deferred Contract Revenue and the APA Scholarship Fund.

4. Expenses

The following charts summarize APA’s expenses.



5. APA Political Action Committee

The APA Political Action Committee is legally separate from APA. As of December 31, 2021, APAPAC had a cash balance of \$2.084 million. APA members donated \$717,347 to APA PAC.

B. Overview of ALPA Finances

ALPA’s financial affairs are governed in substantial detail by Section 60 of the ALPA Policy Manual. [\[Link to ALPA Policy Manual Section 60\]](#)

1. Dues Revenue

ALPA dues rate is currently 1.85%. ALPA reduced its dues rate from 1.95% to 1.90% in 2014 and to 1.85% in 2018. ALPA has only modified its dues rate (up or down) at in-person Board of Directors’ meetings. At its 2022 BOD meeting, there was no discussion about a reduction in dues; rather, MECs have been focused on increased staff resources. ALPA’s 2023 Budgeted Dues Revenue is \$233 million. This excludes the impact of the recently-ratified Delta CBA, which will obviously increase ALPA’s overall dues revenue. The same will be true if this pattern continues in bargaining for other carriers, such as United. A substantive increase in ALPA's dues relative to expenses, particularly in the context of an APA-ALPA merger, may allow the ALPA BOD in 2024 to measurably reduce the dues rate while maintaining or increasing resources.

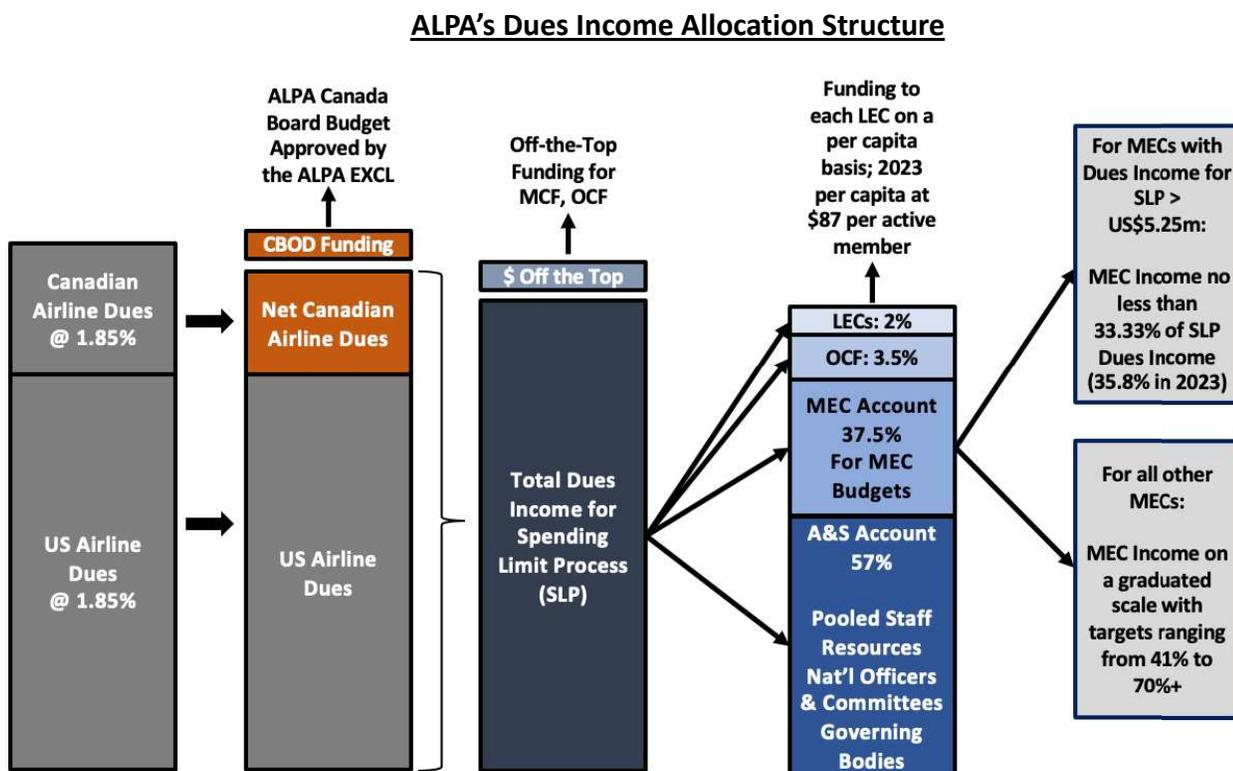
2. The Allocation of Dues Revenue Under the ALPA Spending Limit Policy (SLP)

ALPA’s financial structure is based on the centralized collection of dues by ALPA National, and a formulaic allocation of dues called the Spending Limit Policy (SLP). The SLP results in substantial resources devoted to supporting MECs in the representation of their respective pilot groups.

The SLP establishes four accounts and funds each account with a defined percentage of dues income (after any dues is taken “off the top” as identified in Section 60).

- MEC Account: 37.5%
- Administrative and Support Account: 57.0%
- Operating Contingency Fund: 3.5%
- LEC Account: 2.0%

The following chart illustrates this allocation:



For MEC Accounts

Each ALPA MEC receives a percentage of its actual dues revenue based on the MEC Dues Income Allocation Schedule (ALPA Policy Manual, Section 60.C.2). MECs representing pilot

groups generating dues income (after off-the-top) of greater than \$5.525 million annually receive no less than 33.33% of that revenue. The smallest MECs at ALPA (less than or equal to \$110,500) receive no less than 70.7% of their income, with pilot groups between the top and bottom receiving prescribed amounts in between. The actual amounts are determined by a “fit to” process to allocate dues. For the 2023 ALPA Budget, the percentage for the largest MECs is 35.8%. Delta, with a budgeted dues revenue of \$59.7 million, has a budgeted MEC income for 2023 of \$21.4 million.

MECs pay for the following:

- Pilot flight pay loss and expenses while performing MEC work
- Staff in the MEC office other than those in the Representation Department – administrative, communications, retirement and insurance, etc.
- MEC office and meeting expenses

For ALPA A&S Account

The ALPA A&S Account pays for the following:

- Pooled staff/department resources in McLean
- Staff in the Representation department working in MEC offices
- ALPA national officers, governing bodies, national committees
- Canada support, aeromedical services, and IFALPA and other per capita fees

ALPA MECs are not charged for services they use from the A&S Account. Thus, much of the day-to-day costs of the representation provided by an MEC is borne by ALPA National through the A&S Account.

The following table compares APA’s expenses with the expenses of the United and Delta MECs, based on the MEC Account and the A&S Account:

**A COMPARISON OF APA AND AVERAGE DAL AND UAL MEC FUNCTIONAL EXPENSES
FY2022 (12/31/22 FOR ALPA, 6/30/22 FOR APA)**

Functional Expense Category	APA FY2022	Delta & United 2022 Average	APA vs. Delta & United 2022 Average
Net Pilot Compensation & Benefits	14,043,844	14,802,624	(758,780)
EE Compensation & Benefits	15,908,769	1,867,907	14,040,862
Facility Cost	2,771,165	903,665	1,867,500
Legal Fees	1,593,006	37,927	1,555,079
Consultants	2,159,949	303,366	1,856,583
Services	787,731	186,600	601,131
Supplies	545,767	129,186	416,581
Delivery	215,815	368,870	(153,055)
Licenses	809,447	543,741	265,706
Meeting	1,070,715	991,164	79,551
Other	1,524,465	196,611	1,327,854
LEC Surpluses to MEC Account		(425,625)	425,625
Depreciation and Amortization	1,921,720	88,807	1,832,913
Travel Expense	1,866,905	2,582,791	(715,886)
Total/Difference	45,219,298	22,577,634	22,641,664

Sources: APA FY2022 Audited Financial Statements, ALPA Finance Reports

For the Operating Contingency Fund

The OCF is largely used to provide supplementary funding during negotiations or extraordinary circumstances to smaller MECs (with less than 1,000 members or average income less than \$75,000).

For the LEC Account

Based on the 2% of dues income going to the LEC Account, ALPA allocates LEC income based on LEC membership as a percentage of total ALPA membership, with carve outs for supplementary funding for Councils outside the contiguous 48 states, and a minimum funding for

LECs set at 100 pilots. The per capita funding for ALPA pilot groups 2017 is approximately \$87.

There is a defined list of authorized LEC expenses (ALPA Policy Manual, Section 60.D.2.b.5). LEC funding currently excludes flight pay loss, although there is an ALPA committee studying this issue. LEC surpluses and deficits accrue to the respective MEC.

3. ALPA Major Contingency Fund

Funding from the MCF is available to MECs in advanced stages of negotiations to fund communications-related activities. The MCF is also available to fund Contract Implementation costs incurred by a MEC upon ratification of a comprehensive or significant collective bargaining agreement. MECs do not need to exhaust all budget or reserve funds to receive such funds. The maximum MCF allocation for a pilot group with over 4,000 members is currently \$5 million (USD). Grants from the MCF are subject to Executive Council and Executive Board approval and the approval of an MCF financial operating plan. MECs must exhaust all budget and reserve funds before utilizing funds from the MCF. An MEC must also have an MEC Strategic Plan in place to access the MCF.

ALPA's 2023 Budget provides for \$0.5 million in MCF funding and \$2.4 million in MCF replenishment for MCF contract implementation reimbursements.

C. Treatment of Financial Issues in ACPA/ALPA Merger Agreement

Because ALPA will be the successor union following the Effective Date of the Merger, all ACPA's assets and liabilities are transferred to ALPA, on terms set forth in the Merger Agreement. Those terms include the following:

- \$1 million (CDN) of ACPA funds will be transferred to the Air Canada Merger Fund.
- \$1 million (CDN) of ACPA funds will be transferred to ALPA's Major Contingency Fund.
- All remaining ACPA funds will be for the exclusive use of the Air Canada MEC in its MEC Budget.
- The ACPA Headquarters building will become the Air Canada MEC office.
- The Air Canada MEC retains a credit from a TD insurance program, contingent on the MEC promotion of insurance plans to the membership via sponsorship of member events.

- The expenses associated with the vast majority of ACPA employees will be charged to the ALPA A&S Account and not the Air Canada MEC Account.

D. Issues To Be Considered in a Possible APA-ALPA Merger Agreement

Because ALPA would be the successor union following the Effective Date of a Merger, all of APA's assets and liabilities would be transferred to ALPA, on terms to be established in a merger agreement. Those terms should take into account at least the following:

- After any transfer to an American Merger Fund and to ALPA's Major Contingency Fund, APA's remaining liquid assets should be for the exclusive use of the American MEC in its MEC Budget.
 - APA's BOD should determine the amount to be transferred to an American Merger Fund.
 - The amount of a contribution by APA to ALPA's Major Contingency Fund should be determined during the negotiations over a merger agreement.
- Consideration should be given to a 'dues holiday' at ALPA as a basis to refund the balance of Deferred Contract Revenue on the Effective Date of a merger.
- The magnitude of funds in an American MEC Account - consistent with MEC expenses, ALPA policy and the levels of reserves at DL and UA - may allow the AA MEC to refund a portion of such funds to the AA pilot membership.
- Any merger agreement should confirm that the O'Connell Building would become the American MEC office.
- Any merger agreement should confirm that the Benton House would be for the exclusive use of the AA MEC, unless otherwise agreed.
- The real estate holdings of the APA Holding Co. would become ALPA assets. Any merger agreement should preserve the value of the real estate assets in APA Holding Co. for the benefit of American Pilots. This could include getting appraisals for both buildings and have ALPA monetize these assets, with the net funds added to the American MEC Account.
- Any merger agreement should Convert the APA PAC to the American Pilots PAC (AP-PAC), structured like the United Pilots PAC (UP-PAC).
- Consistent with the discussion of Benefits above, any merge agreement should retain APA special funds such as the Scholarship Fund under the oversight of the American

MEC.

- The parties should discuss the development of a process for a possible reduction in the ALPA dues rate for approval at the 2024 ALPA BOD in light of ALPA's improving revenue structure.
- Any merger agreement should confirm that the expenses associated with the vast majority of APA employees would be charged to the ALPA A&S Account and not the American MEC Account.

XVI. LITIGATION AND OTHER “DUE DILIGENCE” ISSUES

If a potential Merger Agreement with ALPA is pursued, there will be additional, general “due diligence” issues as there are in any similar transaction between legal entities entering into a strategic transaction. Among those issues is an understanding of pending litigation, in which the American Pilot may ultimately share in financial and other liabilities through their dues. In response to the Committee’s request for information, ALPA produced a list of pending court litigation in which ALPA is a named party. A Merger Negotiating Committee would want to pursue and update similar inquiries. ALPA can be expected to engage in similar “due diligence” regarding APA.

PART FOUR - CONCLUSIONS AND RECOMMENDATIONS

As recited above, upon receipt of this Report the Board of Directors is tasked to determine whether to “direct that a merger agreement be negotiated by the ALPA Merger Negotiation Committee and be presented to the Board for its review.” As further discussed above, this is not a decision whether to merge with ALPA. It is decision whether to proceed to “Phase 2” – establishing and tasking a Merger Negotiation Committee to negotiate with ALPA the terms of a proposed merger. If such a proposed merger agreement results, the Board of Directors would then review that proposed agreement, and determine whether to submit the proposed agreement to the APA membership for ratification. The final decision whether to merge with ALPA would then rest with the membership.

This Report frames at least two overarching, recurring considerations in assessing whether a merger with ALPA will ultimately well serve the American Pilots:

- First, APA will have to balance the considerations arising from the differing structures of the organizations. As an independent union, APA is free to determine its own strategic course and tactics to pursue those goals; however, that leaves APA less able to coordinate and partner with other pilot groups in their mutual interest. Moreover, APA’s structure, based in part on its representation of a single pilot group, is relatively flat and responsive to the elected political leadership of the Union. That gives the union flexibility in responding to changing circumstances. However, it does not have the depth of peer and professional resources that are constantly bargaining and advising numerous pilot groups on strategies and tactics. And while APA's members democratically elect its National Officers, which facilitates responsiveness to the APA memberships, the National Officers may have interests which diverge from the Board of Directors, which leaves APA relatively more susceptible to changes in direction that can undermine continuity in representation strategy and tactics (as in the protracted Section 6 bargaining process). In contrast, ALPA’s more layered structure, resulting from its representation of multiple pilot groups, leaves it less “nimble” than APA. On the other hand, ALPA’s structure facilitates consistency and continuity in representation and services (including in long processes such as Section 6 bargaining), with MECs retaining autonomy in representing their pilots, supported by access to the depth of peer and professional resources that are constantly bargaining and advising numerous pilot groups on strategies and tactics. This stability and continuity is also furthered by ALPA’s highly-developed Strategic Planning process, at the National and MEC levels, which establishes a strategic course for the organization as a whole, as well as for its individual pilot groups, in which there is “buy-in” by the various stakeholders.
- Second, it is clear that, due in part to the scale of the organization, ALPA makes available resources that “add value” to the representation of the MECs’ constituent pilots, and would do so for the American Pilots in the event of a merger. With the current APA dues rate or the average dues rate over the past two decades, those additional resources might come at some additional dues cost to the American Pilots. APA must evaluate the extent to which (a) those additional resources are worth the possible additional cost; (b) APA could replicate any of those services absent a merger with ALPA; and (c) which course will most strengthen American Pilot unity and further the collective interests of the American Pilots.

Based on the investigation summarized in this Report, the Committee is unanimous in recommending that the Board of Directors proceed to "Phase 2". A proposed merger agreement would answer how the issues raised in the Resolution could be resolved. The Committee is also unanimous that, as part the due diligence aspect of Phase 2, the Board of Directors consider traveling to ALPA headquarters in order to receive direct, face-to-face input from the relevant ALPA representatives, similar to what our Committee has received. Those direct interactions have been critical in giving us a fuller understanding of ALPA, what it has to offer, and what the structure of a merged union would look like. We believe the Board should have the benefit of the same level of information.

Pursuing Phase 2 will allow the Board to chart its course on this critical issue, based on the most complete information, including whether the ALPA governance structure is suitable to the American Pilots; and whether the resources ALPA has to offer are or could be replicated by APA. This Committee has identified how issues raised by the BOD could be addressed in a merger agreement with ALPA. Pursuing Phase 2 will also allow the Board of Directors to weigh carefully the advantages and disadvantages of a negotiated merger with ALPA against the possibility of an ALPA card drive and NMB petition, with the potential for uncertainty and disruptions in day-to-day representation which might result. With continued due diligence and a better understanding of what a likely negotiated merger agreement would look like, the Board can make a fully-informed decision whether to submit a proposed agreement to the APA membership pursuant to the Constitution and Bylaws. We believe that letting this process fully play out assures that the Board will make a fully informed decision on what is best for the American Pilots.