

**ALLIED PILOTS ASSOCIATION**  
**EMERGENCY RELIEF AND SCHOLARSHIP FUND BYLAWS**

Section 1      Adoption of Emergency Relief and Scholarship Fund

The Allied Pilots Association Emergency Relief and Scholarship Fund was adopted by the Allied Pilots Association Board of Directors, on July 7<sup>th</sup> 2016 It is intended that the Emergency Relief and Scholarship Fund be a private foundation to operate as a “charitable organization” under the Internal Revenue Code. It is not intended that the Emergency Relief and Scholarship Fund be considered or constitute an “employee welfare benefit plan” within the meaning of the Employee Retirement Income Security Act of 1974, as amended. If approved by the IRS as a tax-exempt organization, contributions made to the Emergency Relief and Scholarship Fund may be tax deductible by the contributors.

This single Emergency Relief and Scholarship Fund replaces three prior funds: the Allied Pilots Association Emergency Relief Fund, the Allied Pilots Association Furloughed Pilot Loan Fund, and the Allied Pilots Association Scholarship Fund. Outstanding or previously approved loans or grants made under one of these previous funds will continue to be administered in accordance with the by-laws in effect at the time the loan or grant was made.

Section 2      Emergency Relief and Scholarship Fund Sponsor

The Allied Pilots Association (APA) is the Emergency Relief and Scholarship Fund’s sponsor; however, the Emergency Relief and Scholarship Fund is a separate entity, independently incorporated as a non-profit organization in the State of Texas. Except to facilitate payroll deductions for contributions to the Emergency Relief and Scholarship Fund, neither American Airlines, Inc. nor American Airlines Group (individually and collectively known as the “Company”) has any connection to the Emergency Relief and Scholarship Fund, and does not sponsor, operate, manage or administer the Emergency Relief and Scholarship Fund in any way, nor does the Company have any fiduciary responsibility to or liability for the Emergency Relief and Scholarship Fund.

Section 3      Purpose of the Emergency Relief and Scholarship Fund

The purpose of the Emergency Relief and Scholarship Fund (“ER&S Fund”) is to provide educational scholarships to promote education, including education in the aviation fields, and to provide charitable assistance by providing financial help to individuals in distress. Recipients will include APA members in good

standing, individuals who retired from the Company as APA members in good standing, and APA staff—as well as the immediate families of any such members, individuals, and staff—who are deemed by the ER&S Fund Board of Governors to be eligible for charitable financial assistance, based on criteria to be adopted by the Board of Governors following the guidelines outlined below, on account of financial distress or need, which might include furlough and the death or medical disability of APA members or staff.

#### Section 4     Eligibility

- (a) To be eligible, an individual must, unless otherwise specified herein, be (1) a pilot on the Company’s pilots’ system seniority list (whether or not an active Company employee) and be an APA member or apprentice member in good standing; (2) a person who, upon retirement from the Company, was a pilot on the Company’s pilots’ system seniority list and an APA member in good standing; (3) a current APA staff member; or (4) an immediate family member, or surviving immediate family member, of any person eligible under (1)–(3).
  
- (b) Eligible individuals must apply by filing a complete application with the ER&S Fund Board of Governors on a form, on paper or online, provided for that purpose. The application must explain the financial assistance requested, must state what other funds or sources of income the applicant has available to address the financial need, and, if the applicant is seeking a loan, must provide assurance of the applicant’s ability to repay any loan.
  
- (c) (1) To be eligible for academic financial assistance through a scholarship grant, an applicant must satisfy one of the following eligibility requirements:
  - a. Be a child of a deceased individual eligible under § 4(a)(1)–(3), above, or a dependent child of a disabled individual eligible under § 4(a)(1)–(3), above, and be enrolled in or accepted to an institution of higher education (*e.g.*, an educational institution, such as a four-year university or two-year technical college, beyond high school or high school equivalent). Applicants may not be over 26-years old. An eligible individual shall be considered disabled if the eligible individual is receiving any long-term disability benefits from the Company, APA, or the Social Security Administration. A dependent child of a disabled eligible individual who has been dropped from the seniority list remains eligible to apply for academic financial assistance as long as the disabled eligible individual has not otherwise retired from the Company. If a disabled eligible individual’s disability ceases, the eligible individual’s dependent children would no longer be eligible under the ER&S Fund. In the event the eligible individual has a recurrent or

subsequent disability, and again is determined to be disabled, dependent children may again be eligible for consideration; or,

b. Be at least 18 years of age and a legal resident of the United States, be enrolled in an institution of higher education (*e.g.*, an educational institution, such as a four-year university or two-year technical college, beyond high school or high school equivalent) located inside the United States, be actively pursuing a degree in aviation, and have the intent to pursue a career in commercial aviation. Applicants under this eligibility requirement do not need to be related to or be a dependent of eligible individuals as defined in Section 4(a) above. The purpose of this eligibility requirement is to promote education in the aviation fields and address the growing shortage of educated and qualified pilots in the United States and therefore is open to any eligible applicant.

(2) Applicants for academic financial assistance must state the applicant's eligibility as described above, must describe the applicant's academic achievement and educational goals, including the name and location of the applicant's school, expected degree and graduation date, and must list other sources of financial assistance available to the applicant. Proof of eligibility will be required. The applicant must also demonstrate to the ER&S Fund's Board of Governors' satisfaction that there is need for financial assistance.

(d) (1) Applicants seeking an emergency relief loan must demonstrate through explanation and adequate documentation to the ER&S Fund Board of Governors' satisfaction that the applicant is suffering a severe financial hardship. The applicant must explain the applicant's situation and the circumstances creating the severe hardship. Poor financial planning, over-extension of personal financial liabilities, and changes in the market or investment losses do not constitute qualifying financial hardship.

(2) Applicants seeking an emergency grant must demonstrate through explanation and adequate documentation to the ER&S Fund Board of Governors' satisfaction that the applicant is suffering an extremely severe financial hardship. The applicant must explain the applicant's situation and the circumstances creating the hardship. Poor financial planning, over-extension of personal financial liabilities, and changes in the market or investment losses do not constitute qualifying financial hardship.

(3) If the applicant is unable to fully comply with the requirements of Section 4(b) above due to time restrictions, the Applicant must explain the urgent nature of the financial emergency and be deemed by the Board of Governors to be in immediate need of financial assistance. If due to time restrictions, the

applicant is unable to fully comply with Section 4(b) above prior to receiving benefits under the ER&S Fund, the applicant must comply with Section 4(b) as soon as reasonably practicable and, in any event, no later than one (1) month after the emergency on which the application is based.

- (e) An eligible individual need not have contributed to the ER&S Fund in order to be eligible for financial assistance hereunder and no priority will be given to contributing individuals over non-contributing individuals.

## Section 5 Emergency Relief and Scholarship Fund Approval of Application

An applicant will become a participant in the ER&S Fund upon the Board of Governors' approval of the application for financial assistance. The Board of Governors' decision whether to approve an application is final; there is no appeal of the Board of Governors' decision.

In determining whether to approve an application, the Board of Governors will review and consider the information contained in the loan application, the purposes and intent of the ER&S Fund, the applicant's current and anticipated assets and liabilities, the Board of Governors' obligation to the ER&S Fund, and other information deemed relevant by the Board of Governors. The Board of Governors will act in an unbiased fashion, without regard to gender, race, ethnicity, color, nationality, sexual orientation, or religion of the applicant.

## Section 6 Charitable Financial Assistance

Financial assistance will take the form of grants, loans, or immediate financial assistance.

- (a) Academic financial assistance will take the form of scholarship grants and will be made on an academic year basis and may not exceed \$10,000 per year. The E&RS Board of Governors shall have discretion not to award a scholarship grant for a particular year to any otherwise eligible applicant who has failed to maintain a grade point average of 3.0, or its equivalent, throughout the prior academic year. Total scholarship grants per applicant may not exceed \$50,000. Academic financial assistance may be used to pay for tuition, required school fees, books, and room and board.
- (b) Emergency relief financial assistance grants may be made to individuals deemed by the Board of Governors to be eligible in any amount not to exceed \$5,000. Grants may only be awarded in cases of documented extremely severe hardship and require the unanimous consent of the Board of Governors.

- (c) Loans may be made to individuals deemed by the Board of Governors to be eligible in any amount and on any terms not to exceed \$10,000. Loans will generally be made free of interest, with repayment beginning no more than six months after the loan is granted for a term period not exceeding four (4) years, and must be accompanied by the borrower's written, enforceable promise to repay the loan on the terms specified. In the case of loans made on account of financial hardship caused or aggravated by furlough, the repayment period will begin at the earlier of the date the eligible individual is offered recall or two years after the furlough date.
- (d) Immediate financial assistance either in the form of a grant or loan may be made by the Board of Governors without formal application in those cases where time does not permit in any amount not to exceed \$2,000.
- (e) When approved and as directed by the Board of Governors, disbursements of funds from the ER&S Fund account shall require a signature of both the APA Secretary-Treasurer and one other member of the ER&S Fund Board of Governors. Funds disbursed for those cases where it is determined immediate relief as described in Section 6 (c) above is necessary require only the signature of the APA Secretary-Treasurer. Academic financial assistance shall be paid directly to the academic institution.

## Section 7 Contributions

The ER&S Fund's sole source of funding shall be from contributions made by APA members, APA staff, and other individuals who wish to make contributions to the ER&S Fund. If approved by the IRS as a tax-exempt organization, contributions to the ER&S Fund may be tax deductible by the contributors. APA's Director of Finance and APA's Secretary/Treasurer will determine the financial institution at which contributions will be deposited and funds held.

## Section 8 Administration of Emergency Relief and Scholarship Fund: Board of Governors

The ER&S Fund is administered by a six-person Board of Governors. The initial Board of Governors will consist of the APA Secretary-Treasurer, the Chairman of the APA Membership/Furlough Committee and four at-large members to be appointed by the APA President. The at-large members shall represent the diverse operational background of the APA membership. At-large members of the Board of Governors shall serve for a period of three years, except that one of the at-large members initially appointed by the APA President shall serve only a one-year term and another at-large member initially appointed by the APA President shall serve only a two-year term. The ER&S Fund Board of Governors shall, by majority vote, elect at-large members each

year, according to the following schedule: (1) one year after the initial appointment, the Board of Governors shall elect an at-large member to fill the seat of the sitting member with a one-year term; (2) two years after the initial appointment, the Board of Governors shall elect an at-large member to fill the seat of the sitting member with a two-year term; (3) three years after the initial appointment, the Board of Governors shall elect an at-large member to fill the seat of the two sitting members with three-year terms; (4) every year thereafter, the Board of Governors shall elect an at-large member to fill the seat of the sitting member or members whose terms are expiring. The Board of Governors may elect an incumbent at-large member, but no at-large member shall serve more than six years in total. At the time of appointment or election to and while serving as a member on the ER&S Board of Governors, an individual must be an active APA member in good standing on the Company's pilots' system seniority list.

All decisions of the Board of Governors will be by a majority vote, unless otherwise noted in the ER&S Fund's bylaws.

The APA Secretary-Treasurer is the designated member of the ER&S Fund Board of Governors primarily responsible for the accounting and, with concurrence of the other Board of Governors, general management of assets held in the account.

In administering the ER&S Fund, the Board of Governors shall have the duty and responsibility, without limitation:

- (a) To prepare and distribute information explaining the ER&S Fund.
- (b) To establish and enforce such rules, regulations and procedures, as it deems necessary or proper for the efficient operation and administration of the ER&S Fund.
- (c) To interpret the ER&S Fund and decide all questions of eligibility.
- (d) To review applications for financial assistance under the ER&S Fund and to approve such applications as it deems appropriate. In its sole discretion, the Board of Governors may consult with an applicant's Domicile Chairman or Vice Chairman, or in the case of an APA staff member, the applicant's APA Director.
- (e) To determine the amount, manner, timing and form of financial assistance benefits to be awarded under the ER&S Fund to any applicant.

- (f) To prescribe procedures to be followed by eligible individuals applying for financial assistance.
- (g) To coordinate with APA accounting to ensure that appropriate records for the ER&S Fund are maintained.
- (h) To decide all questions under the ER&S Fund.
- (i) To authorize payment of funds from the account established for this purpose; to determine whether an appropriate level of funds exists to provide financial assistance to applicants; and to terminate or suspend if appropriate the continued collection of any additional funds through payroll deduction.
- (j) To provide a written, annual report to the APA Board of Directors at the spring meeting of the Board of Directors regarding the operation of the ER&S Fund; and to provide such other pertinent or more frequent reports as the APA Board of Directors request.
- (k) To establish procedures to collect payments on loans and to establish procedures to collect amounts due on delinquent loans, including but not limited to initiating collection efforts and the reporting of delinquent loans and collection efforts to credit reporting agencies. In cases where a loan recipient is more than 90 days delinquent in repaying any installment payment on the loan, the Board of Governors shall refer the case to APA's Secretary-Treasurer for further action.

Section 9 Amendment of the Emergency Relief and Scholarship Fund

The ER&S Fund may be amended or terminated by the ER&S Fund Board of Governors. If the ER&S Fund is terminated, the provisions of Section 10 shall apply.

Section 10 Emergency Relief and Scholarship Fund Termination

The ER&S Fund shall terminate at the direction of the ER&S Fund Board of Governors and with the approval of the APA Board of Directors. The ER&S Fund Board of Governors may, at its discretion, terminate the ER&S Fund at any time and for any reason with approval of the APA Board of Directors. In the event the Board of Governors decides to terminate the ER&S Fund, all contribution elections shall be immediately canceled, no additional funds shall be collected, and no further financial assistance shall be loaned or granted. The ER&S Fund Board of Governors will determine the disposition of any remaining funds in the ER&S Fund but any remaining funds must be distributed to an eligible 501(c)(3) entity with a similar charitable purpose.

Section 11 Expenses

Reasonable administrative expenses of operating the ER&S Fund will be paid by the APA General Fund. No administrative fees or charges of any kind shall be levied upon the ER&S Fund accounts by APA. Members of the Board of Governors will not be paid, nor will flight pay loss, per diem, travel or other incidental expenses be paid by the ER&S Fund.

Section 12 General Provisions

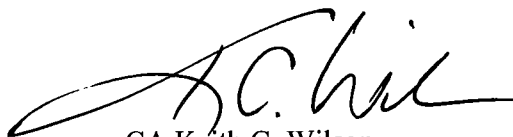
Any reference to any gender herein shall, wherever appropriate, be deemed to include all genders.

As used herein, “the Company’s pilots’ system seniority list” includes the three pilot seniority lists—*i.e.*, those governing “New” American Airlines (the legacy American Airlines pilots list), the legacy US Airways east list, and the legacy US Airways west list—and any integrated list.

Nothing herein creates or shall be deemed to create any cause of action or entitlement for any eligible individual or any dependent of any eligible individual. Approved applications may be revoked, modified, or delayed at the Board of Governor’s discretion. Applicants should be advised that no eligible applicant should rely on any potential or approved financial assistance and that neither the APA, the ER&S Fund, nor the ER&S Fund Board of Governors is liable for any delay in processing an ER&S Fund application or for any delay in issuing approved financial assistance, or for any revocation or modification of an approved application.

Applications and any approved financial assistance are not transferable to any other person or entity.

IN WITNESS OF WHEREOF, the Allied Pilots Association Board of Directors adopts these Emergency Relief and Scholarship Fund Bylaws, as amended, effective 7 JUN 16.



CA Keith C. Wilson  
President  
Allied Pilots Association