

SECTION 31 - SYSTEM BOARD OF ADJUSTMENT

A. STATEMENT OF PURPOSE

In compliance with Section 204, Title II, of the Railway Labor Act, as amended, there is hereby established a System Board of Adjustment for the purpose of adjusting and deciding disputes which may arise under the terms of this Agreement and which are properly submitted to it, which Board shall be known as the American Airlines Flight Attendant System Board of Adjustment, hereinafter referred to as the System Board.

B. JURISDICTION OF THE SYSTEM BOARD

1. General

a. Scope

The System Board as constituted in accordance with the provisions of this Section shall have jurisdiction over disputes between any employee covered by this Agreement and the Company growing out of grievances or out of interpretation or application of any of the terms of this Agreement. The jurisdiction of the System Board shall not extend to proposed changes in hours of employment, rates of compensation, or working conditions covered by existing agreements between the parties hereto.

b. Definitions. As used in the Section:

- i. Arbitration Hearing is defined as a meeting of the System Board held for the purpose of adjusting and deciding disputes which may arise under the terms of this Agreement.
- ii. Session is defined as a series of arbitration hearings held for the purpose of adjusting and deciding NODs pending before the Quarterly System Board as defined in Paragraph B.3.
- iii. Executive Session is defined as any meeting of the System Board wherein the participants are limited to the members of the System Board.

2. System Board Consideration of Presidential, Contract or Discharge Grievance

The System Board shall consider any dispute properly submitted to it by the APFA National President or by the Company when such dispute has not been previously settled in accordance with the terms provided for in this Agreement.

3. Quarterly System Board Consideration of a Dispute - NODs

The Quarterly System Board shall consider and have jurisdiction over any NOD, as defined in Dispute Resolution and Grievance Procedures, Section 30, properly submitted to it by the APFA National President in accordance with the terms provided for in this Agreement. Regular sessions of the Quarterly System Board shall be scheduled once each quarter for the purpose of considering all Individual, Group and Base disputes properly submitted to the Quarterly System Board when such disputes have not been previously settled in accordance with the terms provided for in this Agreement. Such regularly scheduled sessions, hereinafter referred to as the Quarterly System Board, shall take place once each quarter provided that there are such disputes filed with the Quarterly System Board for consideration. The Quarterly System Board shall continue in session until all such disputes before it have been considered unless otherwise mutually agreed upon.

C. AUTHORITY OF THE SYSTEM BOARD

1. Decisions

Decisions of the System Board in all disputes properly referable to it shall be final and binding upon the parties thereto.

2. Majority Vote

A majority vote of all members of a System Board shall be competent to make a decision.

3. All Judgments Rendered Without Prejudice

It is understood and agreed that each and every System Board Member shall be free to discharge their duty in an independent manner, without fear that their relations with the Company or with the employees may be affected in any manner by any action taken by the System Board Member in good faith in their capacity as a System Board Member.

D. ADMINISTRATIVE OFFICERS OF THE SYSTEM BOARD

1. Commissioner and Deputy Commissioner

There is hereby established the position of Commissioner of the System Board and the position of Deputy Commissioner of the System Board. The Commissioner and the Deputy Commissioner are hereby deemed the Administrative Officers of the System Board.

2. Terms of Office

The APFA National Vice President and the Vice President of Labor Relations, or their respective designees, shall act as the Commissioner or the Deputy Commissioner of the System Board. The Commissioner and the Deputy Commissioner once designated shall serve for one (1) year or until a successor has been duly appointed and designated. The office of Commissioner shall be filled and held alternately by the APFA and by the Company. When the APFA is acting as the Commissioner, the Company shall act as the Deputy Commissioner for the System Board, and vice versa.

3. Duties and Authority

a. Administrative Duties

The Commissioner and the Deputy Commissioner shall be charged with coordinating the administrative functions of the System Board, including the appointment of arbitrators and the scheduling of arbitration hearing dates. The Commissioner and Deputy Commissioner shall have the right to delegate some or all of their responsibilities or duties to a designee, provided such delegation is promptly communicated to the other party.

b. Record Keeping

The Commissioner and the Deputy Commissioner shall maintain a complete record of all disputes submitted to the System Board for its consideration and of all findings and decisions made by it.

4. Expenses of the System Board

APFA and the Company, acting jointly, shall have the authority to incur such expenses, as in their judgment, may be deemed necessary for the proper conduct of the business of the System Board, and such expenses shall be borne one-half (1/2) by each of the parties hereto.

E. COMPOSITION OF THE SYSTEM BOARD

1. Appointment of Three (3) Member System Board

The System Board, in a given dispute(s) shall consist of three (3) members; one (1) of whom shall be appointed by APFA; one (1) of whom shall be appointed by the Company; and, one (1) of whom shall be an arbitrator appointed in accordance with the provisions of Section 31. Such appointees shall be known as System Board Members.

2. Invocation of Five (5) Member System Board

If either the APFA or the Company desires in a given dispute(s) a System Board comprised of two (2) Company members, two (2) APFA members, and the appointed arbitrator, such party shall invoke such System Board upon ten (10) days' written notification to the opposing party. The invocation of a five (5) member System Board from time to time on a case by case basis shall not constitute cause for dispensing with the provisions of Paragraph E.1 in any other dispute(s).

F. CHAIRPERSON OF THE SYSTEM BOARD

In a dispute properly submitted to the System Board, it shall be the duty of the Company and APFA to endeavor to reach agreement on the appointment of an arbitrator to sit as a member of the System Board and to serve as its Chairperson for the purpose of reaching a final decision on the dispute(s) pending before the System Board. The Chairperson shall preside at all arbitration hearings and Executive Sessions of the System Board involving such dispute(s) and shall have a vote in connection with all actions taken by the System Board on that dispute(s).

G. APFA AND COMPANY SYSTEM BOARD MEMBERS

1. Leaves of Absence and Travel

The APFA and Company System Board Members who are employees of the Company shall be granted necessary leaves of absence for the performance of their duties as System Board Members. So far as space is available, System Board Members shall be furnished free transportation over the lines of the Company for the purpose of attending arbitration hearings and Executive Sessions of the System Board, to the extent permitted by law.

2. Disposition of System Board Member Expenses

Each of the parties hereto will assume the compensation, travel expense and other expenses of the System Board Members appointed by it.

3. Notification

The Company and APFA shall each notify the other of the individual(s) appointed to serve as System Board Members for a given dispute(s).

H. TERMS OF OFFICE - SYSTEM BOARD MEMBERS

1. Quarterly System Board

The Quarterly System Board Members shall serve for one (1) year from the date of their appointment or until their successors have been duly appointed. Quarterly System Board Member vacancies shall be filled in the same manner as provided herein for the appointment of the original Quarterly System Board Members.

2. Discharge, Contract Dispute, and Presidential Grievances

The System Board Members charged with deciding Discharge, Contract Dispute, and Presidential Grievances shall serve on an ad hoc, case by case, basis.

I. SUBMISSION OF DISPUTES

1. Content of Submissions

All disputes properly referred to the System Board for consideration shall be served on the Company and the APFA with a copy to the Commissioner. All papers and exhibits in connection with the grievance shall be forwarded to the Commissioner. Each submission shall include:

a. NOD

i. A formal and specific grievance statement, including:

- (a) Question or questions at issue;
- (b) Statement of facts;
- (c) Remedy sought.

ii. Copies of all documents exchanged between the parties to date.

iii. Notice of Dispute.

b. Discharge, Contract and Presidential Grievances

i. Question or questions at issue.

ii. Statement of facts.

iii. Position of employee, employees or the APFA.

iv. Position of the Company.

v. Copies of all documents exchanged between the parties to date.

2. Joint and Separate Submissions

When possible, joint submissions should be made, but if the parties are unable to agree upon a joint submission, then either party may submit the dispute and its position to the System Board, provided however, that such separate submissions must be made within thirty (30) days from the date of the receipt of the original submission. No dispute shall be considered by the System Board which has not first been handled in accordance with the provisions of this Agreement, including, as applicable, the rendering of a decision or the issuing of a recommendation by the Company.

3. Company Petition

Notwithstanding the foregoing Paragraph I, in no way shall the Company's right to file a petition to the System Board be affected.

J. PANEL OF ARBITRATORS

1. Panel

The Company and the APFA shall endeavor to maintain at all times a panel of eleven (11) arbitrators that are mutually acceptable to act as the Chairperson of the System Board and from whom dates of availability are routinely obtained. Appointment of an arbitrator as a System Board Member will be based upon mutual agreement, rotation and availability.

2. Vacancy/Termination

If a vacancy occurs on this panel, the Company and the APFA will endeavor to agree upon an arbitrator to fill such vacancy within thirty (30) days. Each arbitrator shall serve as a member of this panel for an indefinite term; either the Company or the APFA may cause the services of an arbitrator to be terminated (except as to disputes already submitted to the arbitrator) by giving written notice to the other party and to the arbitrator.

Should the Company and the APFA fail to reach agreement on the appointment of an arbitrator to sit on the arbitration panel, the Vice President of Labor Relations and the APFA National President, or their respective designees, shall, within ten (10) days of the parties jointly determining they are unable to agree on appointment of an arbitrator to fill a panel vacancy, meet to review the reasons for the failure of the parties to reach agreement on the appointment of the arbitrator, and to make a final attempt to reach agreement prior to petitioning the National Mediation Board.

3. Petition to National Mediation Board (NMB)

If, within ten (10) days of the meeting described above, the Vice President of Labor Relations and the APFA National President have failed to reach agreement on the appointment of an arbitrator, the System Board Commissioner shall petition the NMB for a list of seven (7) arbitrators who, in addition to other credentials, are members of the National Academy of Arbitrators.

4. Appointment of Ad Hoc Arbitrator

In the appointment of an arbitrator, the Company and the APFA should attempt to reach agreement from among members of this panel; however, nothing in this Section shall prohibit the Company and the APFA from agreeing to utilize an ad hoc arbitrator for a particular dispute(s).

K. APPOINTMENT OF ARBITRATOR, LOCATION AND NOTICE OF HEARINGS

1. Quarterly System Boards (QSB)

a. Chairperson/Standing Arbitrator

i. Appointment of Standing Arbitrator

The appointment of a standing arbitrator to chair the Quarterly System Boards for the succeeding calendar year must be made no later than forty-five (45) days prior to the end of the present calendar year.

ii. Termination

Either the Company or the APFA may terminate the services of a standing arbitrator after the first Quarterly System Board or any Quarterly Session thereafter so long as such termination is made no later than sixty (60) days prior to the next scheduled session of the Quarterly System Board. In such event, the Company and the APFA will promptly agree upon the appointment of another arbitrator, either from the panel of arbitrators or an ad hoc arbitrator, to Chair the Quarterly System Boards. Should the parties fail to reach agreement within fifteen (15) days, the provisions prescribed herein will be utilized to retain the services of an arbitrator for the remainder of the calendar year. The newly appointed standing arbitrator will chair the next session of the Quarterly System Board, or if unavailable, the succeeding Quarterly System Board. If such arbitrator is unavailable for part or all of that initial session of the Quarterly System Board, during such period of unavailability, the parties will mutually agree upon an arbitrator to temporarily chair that part of the Quarterly System Board for which the newly appointed arbitrator is unavailable.

b. Location and Frequency of QSB Hearings

The Quarterly System Board shall meet in the city where the General Offices of American Airlines, Inc. are maintained, unless a different location is agreed upon by the Company and the APFA. The Quarterly System Board will meet at least quarterly for up to two (2) days per session.

c. Notice of Arbitration Hearings/Docket

Upon receipt of notice of the submission of a dispute, the Commissioner shall set a date for the arbitration hearing, which shall be at the time of the next regular session of the Quarterly System Board and such dispute shall be considered docketed for hearing. If the APFA National President or the Vice President of Labor Relations consider the dispute of sufficient urgency and importance, and the dispute has been docketed but not heard due to time constraints during at least one (1) prior session of the Quarterly System Board, either party may request an arbitration hearing at an earlier date. Such earlier date shall be at such a time and place agreed upon by the Company and the APFA, but not more than fifteen (15) days after such request for an arbitration hearing is made. The Commissioner shall give the necessary notices, in writing, of such arbitration hearing to the System Board Members and to the parties to the dispute.

d. QSB Protocol

In order to hear and resolve disputes in an expeditious manner, the parties have agreed that the following procedures will apply:

- i. Arbitration hearings will begin each day at 0900 and continue until all disputes on the day's docket have been heard, unless otherwise agreed to by the presenters;
- ii. The disputes will be heard in the order in which they appear on the day's docket, with the oldest dispute scheduled first;
- iii. To expedite the hearing of each dispute by resolving preliminary procedural matters prior to hearing, the presenters on each side will meet prior to the arbitration hearing date to review and discuss all disputes to be heard, including all documents to be introduced in the hearing, preliminary motions, etc. Presenters should openly discuss their proposed dispute presentations in order to foster a full understanding of the relative merits of each side's dispute. It is anticipated that this full and frank exchange

will expedite the hearing of these disputes and, wherever possible, stimulate dispute resolutions prior to hearing.

The presenters will stipulate in writing to all facts and issues not in dispute, including relevant Company policies, background information on the grievant and all other witnesses, and any other uncontested information that is relevant to the dispute. In the event the parties have filed separate submissions, the presenters should attempt to agree to a joint statement of the issue. These stipulations are to be submitted to the Quarterly System Board at the beginning of the hearing in each dispute. Should written stipulations on a specific dispute not be accomplished by the presenters prior to hearing, the Quarterly System Board will proceed with the next dispute(s) in order on the docket pending the presenters' completion of the necessary stipulations;

- iv. Each presenter will use their best efforts to list their opening statement to five (5) minutes, but in no event shall the opening statement exceed ten (10) minutes. The closing summation shall not exceed fifteen (15) minutes;
- v. The Company and APFA agree that no taped or stenographic transcripts will be taken during the first two (2) sessions of the Quarterly System Board convened pursuant to this Agreement. Thereafter, as a rule, taped or stenographic transcripts will not be taken;
- vi. The presenters will use oral closing summations rather than written briefs, unless the Company and APFA mutually agree that written briefs should be used in a specific case;
- vii. Decisions in each case will be issued on the day of the hearing, unless the Quarterly System Board agrees otherwise. The Quarterly System Board will use best efforts to limit Executive Sessions to thirty (30) minutes for each case.

All majority decisions of the Quarterly System Board will be final and binding and made with precedent, unless otherwise noted by the Quarterly System Board in its written decision.

e. Conversion to Presidential Grievance

- i. If, at any time prior to submission to the System Board, the APFA elects to convert a particular Individual, Group, or Base NOD to a Presidential Grievance, the procedures in Section 30 governing Presidential Grievances shall apply.
- ii. If, after submission to the System Board, the APFA elects to convert a particular Individual, Group, or Base NOD to a Presidential Grievance, the grievance shall, within forty-five (45) days of notice of conversion to the Company, be scheduled for a Pre-Arbitration conference. Should the Company desire to file a separate submission to the System Board, such submission shall be filed within thirty (30) days following the date of the Pre-Arbitration Conference.

2. Discharge Grievances

a. Appointment of Arbitrator/Hearing Date

The Company and APFA shall within forty-five (45) days from the date of APFA's submission, agree on the appointment of an arbitrator to chair the System Board and schedule the arbitration hearing date of a Discharge grievance. The scheduled hearing date may be outside this forty-five (45) day time limit.

b. Exception: Underlying Dispute

For a discharge grievance arising from an underlying policy or contractual dispute which is currently pending between the Company and the APFA, the arbitration hearing on the discharge may be held in abeyance until the policy or contractual dispute between the Company and the APFA has been resolved in accordance with this Agreement.

c. Location of Arbitration Hearing

In discharge disputes, the System Board shall meet in the city where the discharged employee was based, unless otherwise agreed to by the Company and the APFA.

d. Notice of Arbitration Hearing/Docket

Discharge grievances shall be scheduled for arbitration hearing by the Company and the APFA as provided for in Paragraph K.2.a above. The Commissioner shall distribute the necessary dockets, in writing, with the time and place of such arbitration hearing, to the System Board Members and to the parties to the dispute.

3. Presidential Grievances

a. Headquarters Pre-Arbitration Conference

Within forty-five (45) days of the APFA's submission of a Presidential Grievance to the System Board, a Headquarters Pre-Arbitration Conference shall be held with the APFA National President or their designee(s) and the Vice President of Labor Relations, or their designee(s). At such conference, the parties shall exchange all documents known to the parties at the time which are used in support of their respective positions. For confidentiality purposes, and, at the option of either party, all names and other identifying information may be expunged from any such documents exchanged.

b. Appointment of Arbitrator/Hearing Date

The Company and APFA shall, within forty-five (45) days from the date of the APFA's request, agree on the appointment of an arbitrator to chair the System Board and schedule the arbitration hearing date of the Presidential Grievance. The scheduled hearing date may be outside this forty-five (45) day time limit.

c. Location of Arbitration Hearing

The System Board shall meet in the city where the General Offices of American Airlines, Inc. are maintained, unless a different location is agreed upon by the Company and APFA.

d. Notice of Arbitration Hearing/Docket

Presidential Grievances shall be scheduled for an arbitration hearing at such place and time agreed upon by the Company and the APFA. The Commissioner shall distribute the necessary dockets, in writing, with the time and place of such hearing, to the System Board Members and to the parties to the dispute.

4. Contract Disputes

a. Appointment of Arbitrator/Hearing Date

The Company and APFA shall, within forty-five (45) days from the date of the APFA's request, agree on the appointment of an arbitrator to chair the System Board and schedule

the arbitration hearing date of the Contract Dispute. The scheduled hearing date may be outside this forty-five (45) day time limit.

b. Location of Arbitration Hearing

The System Board shall meet in the city where the General Offices of American Airlines, Inc. are maintained, unless a different location is agreed upon by the Company and APFA.

c. Notice of Arbitration Hearing/Docket

The Contract Dispute shall be scheduled for an arbitration hearing at such place and time agreed upon by the Company and the APFA. The Commissioner shall distribute the necessary dockets, in writing, with the time and place of such hearing, to the System Board Members and to the parties to the dispute.

L. PROCEDURE FOR BREAKING DEADLOCK IN THE APPOINTMENT OF AN ARBITRATOR

If the process provided for in Paragraphs K.1.a.i, K.2.a, K.3.b, and K.4.a fails to produce agreement on an arbitrator to chair a hearing, through the process of elimination, the Company and the APFA will appoint an arbitrator by alternately striking an equal number of the arbitrators from the list of the eleven (11) member panel already agreed upon by the parties. The parties will alternate who strikes first for each matter.

M. SCHEDULING AND POSTPONEMENTS OF ARBITRATION HEARINGS

The Company and APFA agree to use their best efforts to schedule arbitration hearings at the earliest practical date and to avoid and/or limit, whenever possible, the number of postponements. Any delay in scheduling or postponement should be for good cause, i.e., System Board Member, grievant, witness or presenter unavailability due to sickness, injury, and/or vacation; presenter staffing considerations; or delays pending the resolution of an outside hearing or resolution of a substantially identical dispute, etc.

N. SCHEDULING CONFERENCE

The primary method of scheduling arbitrations will be on an as needed basis as described in Section 31.K. Additionally, if needed, the parties shall jointly agree on a mutually convenient time to hold a Scheduling Conference twice per year—once in February and once in September—to discuss the scheduling of matters that have been properly submitted to the SBA.

Prior to the Scheduling Conference, the parties shall solicit available dates from the full panel of neutral System Board members for up to one year from the date of the Scheduling Conference. At the Scheduling Conference, the parties will agree to strike for arbitrators for a reasonable number of pending matters and assign cases based on the dates provided by the arbitrators within ten (10) days of the agreement to assign or, if necessary, and then request additional available dates from the selected arbitrator(s) for the assigned cases. All matters to be discussed at the Scheduling Conference must be agreed upon more than fifteen (15) days prior to the date of the Scheduling Conference.

O. STENOGRAPHIC REPORTS

When the Company and APFA mutually agree that a stenographic report is to be taken of a hearing of the System Board, in whole or in part, the cost will be borne equally by both parties to the dispute. In the event it is not mutually agreed that a stenographic report of the proceedings shall be taken, any written record available taken of such System Board hearing shall be furnished to the other party to the dispute upon request, provided that the cost of such written record so requested shall be borne equally by the parties to the dispute.

P. REPRESENTATION AND SUMMONING OF WITNESSES

1. Representation

Employees covered by this Agreement may be represented at System Board hearings by such person or persons as they may choose and designate, and the Company may be represented by such person or persons as it may choose and designate.

2. Witnesses

a. Summoning of Witnesses

- i. On request of individual members of the System Board, the System Board may, by a majority vote, or shall at the request of either the APFA representative(s) or the Company representative(s) thereon, summon any witnesses who are employed by the Company and who may be deemed necessary by the parties in the dispute, or by either party, or by the System Board itself, or by either group of representatives constituting the Board.
- ii. The number of witnesses summoned at any one time shall not be greater than the number which can be spared from the operation without interference with the services of the Company.

b. Disposition of System Board Witness Expenses

Each of the parties hereto will assume the compensation, travel expense and other expenses of the witnesses called or summoned by it. So far as space is available, witnesses who are employees of the Company shall receive free transportation over the lines of the Company from the point of duty or assignment to the point at which they must appear as witnesses, and return, to the extent permitted by law.

3. Leaves of Absence for Representatives/Witnesses

In a dispute before the System Board, when a Flight Attendant is chosen to act as the representative of, or witness for, another Flight Attendant, such representative or witness shall, when the requirements of the service permit, be given leave of absence of a time sufficient to permit them to appear as such representative or witness.

Q. EXCHANGE OF DOCUMENTS AND WITNESS LISTS

1. Formal Exchange

Thirty (30) days prior to the date set for an arbitration hearing, the representatives designated by the parties shall exchange all documents, video, photographic and audio evidence they intend to enter in support of their respective positions and make available, in writing, the names of all witnesses they intend to summon whom they deem necessary to the dispute. Identifying information expunged from previously exchanged documents for reasons of confidentiality will now be exchanged with all information intact.

2. Additional Documents and Witnesses

Nothing herein shall require the representative of either party to present the aforementioned documents video, photographic or audio evidence or to summon the aforementioned witnesses during the course of the hearing, nor shall the representatives of either party be restricted from entering documents or summoning witnesses who become known subsequent to the thirty (30)

day exchange. Such additional documents and the names of such additional witnesses shall be exchanged at the time such determination is made.

R. EVIDENCE

Evidence may be presented at a System Board hearing either orally, or in writing, or both, and through witnesses.

S. TIME LIMITS

It is agreed by the parties hereto that the periods of time established in Section 31, shall be considered as maximum periods of time and that when disputes can be handled in a period of time less than the maximum time stipulated, every effort will be made to expedite such disputes.

T. STATEMENT OF EMPLOYER AND EMPLOYEE RIGHTS

Nothing herein shall be construed to limit, restrict, or abridge the rights or privileges accorded either to the employees or to the employer, or to their duly accredited representatives, under the provisions of the Railway Labor Act, as amended, and the failure to decide a dispute under the procedure established herein shall not, therefore, serve to foreclose any subsequent rights which such law may afford or which may be established by the National Mediation Board by orders issued under such law with respect to disputes which are not decided under the procedure established herein.