

**AAR Associate Advisory Board**  
**Rules of Organization**  
May 10, 2007

**I: Purpose**

The purpose of the Association of American Railroads (AAR) Associate Membership program is to provide a structure for Associate Members' participation in association matters while promoting the common business interests of the railroad industry within the meaning of Section 501(c)(6) of the Internal Revenue Code of 1986 as amended.

**II: Members and Membership**

Section 1. Classes of Members. Associate Members are defined as those suppliers, private car owners and other companies with a valid interest in the railroad industry that have submitted a completed application and payment in accordance with a fee schedule established by AAR. Associations are not eligible for the Associate Member program. There shall be two categories of Associate Membership: Gold Members and Silver Members.<sup>1</sup> Application for and admission to membership shall constitute acceptance by the applicant of all provisions of these Rules of Organization.

Section 2. Meetings and Voting. Meetings of the Associate Members may be called by the AAR or by the Chairman of the Associate Advisory Board. Associate Members shall be provided written notice of a meeting at least 14 days in advance of the meeting. A majority of all Associate Members shall constitute a quorum. In all matters in which Associate Members may vote, each Gold Member shall have two votes, and each Silver Member shall have one vote. Actions may be taken by Associate Members at a meeting, provided proper notice of the meeting has been given and a quorum has been attained. With the approval of the Associate Advisory Board, voting may also take place by letter or electronic ballot sent to Associate Members by first class mail, provided that each Associate Member has at least 30 days to respond to such ballot and at least two-thirds of all Associate Members return the ballot.

Section 3. Eligibility. Associate Advisory Board and AAR Committee participation are limited solely to AAR Gold Members in good standing. Good standing is defined as current in Associate Member dues and other AAR fees and service charges. If an Associate Member elects to drop their membership status through non-payment of dues or other assessments, the Board will immediately reallocate the vacancies.

Section 4. Rights of Members. Nothing in these Rules of Organization shall in any way prohibit or restrain any Associate Member from acting individually and independently from any and all other members with respect to any matters covered hereby, and the right of individual and independent action is expressly reserved to each member.

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<sup>1</sup> Under the 2007 schedule, the annual fee for Silver Members is \$7500 and for Gold Members is \$15,000.

### **III. Associate Advisory Board**

Section 1: Function. The Associate Advisory Board (AAB) shall be responsible for representing the interests of AAR Associate Members. The Board shall also be responsible for appointing Gold Associate Members to serve as voting members to certain AAR committees that have been identified by AAR.

Section 2. Composition of the Board. The Board shall be comprised of nine Gold Members who shall be voting members of the Board and two representatives appointed by the AAR President who shall be non-voting members of the Board. Board members must remain in good standing during their tenure.

Section 3. Term of Office. Except for the Initial Associate Advisory Board, members elected to the Board shall have a term of three years. There is no limit on the number of terms that a member of the Board may serve.

Section 4. Appointment of Initial Associate Advisory Board. The AAR President shall appoint an Initial Associate Advisory Board. The Initial Advisory Board shall be comprised of nine Gold Members (three with one-year terms, three with two-year terms, and three with three-year terms) and two representatives of AAR.

Section 5. Nominations to the Board. The Board shall solicit nominations from Gold Members to serve on the Board.

Section 6. Election of Board. Except for the Initial Associate Advisory Board, the Board shall be elected by the Gold and Silver Associate Members from among the nominations received in accordance with Section 5. Annual elections shall take place for vacating seats on the Board. The annual elections may take place at an Annual Meeting of Associate Members or by letter ballot. The Board shall set the time, place, and method of the election. If the election is to be by letter ballot, an Associate Member shall have at least 30 days from the day the ballot is sent by first class mail to the Associate Member to return the ballot.

Section 7. Vacancies. In the event that a vacancy occurs from among the Gold Member seats on the Board, the Board shall elect a Gold Member to serve the unexpired term of the vacating Board member. If a vacancy occurs on a seat held by an AAR representative, the AAR President shall appoint a representative to fill the vacancy. Nominations for the Board seat will be solicited from among all Associate Members for a period of ten days. The Board will then have five days to make its selection.

Section 8. Chairman. The Board shall elect a Chairman and Vice Chairman from among its voting members annually. In the event the Chairman cannot serve a full term, the Vice Chairman shall succeed the Board Chairman. If a vacancy is created in the position of Vice Chairman,, the Board shall elect a new one from among its voting

members. The Chairman shall preside over meetings of the Board and of the Associate Members.

Section 9. Meetings, Notice and Quorum. Meetings of the Board shall be held upon the call of the Chairman or upon the request of at least five Board Members. Notice of Board meetings must be provided in writing at least ten days prior to the meeting. A majority of the voting members of the Board shall constitute a quorum. Actions of the Board may also be taken absent a meeting by letter ballot sent to Board members by first class mail, provided that each member of the Board has at least 30 days to respond to such ballot and at least two-thirds of the members of the Board returns the ballot.

Section 10. Voting. Each voting Board member shall have one vote on any matter that is presented to the Board.

Section 11: Scope of Charge. The scope of responsibilities for the Board is limited to areas outlined in its Function and shall exclude other areas of responsibility that remain the purview of the AAR. Discussions of the Board shall be limited to areas of industry concern, but the group cannot make binding recommendations as a group within AAR nor can it seek to influence policy except through its representation on AAR committees. At no time shall a Board member seek to represent to any third party, including governmental bodies or trade or business press, that the Board member's views represent that of the AAR Associate Members or the AAR.

#### **IV. Committee Assignments**

Section 1: Appointment to AAR Committees. From time to time, AAR shall identify AAR committees on which Associate Members may serve. The Board shall solicit nominations from among its Gold Members for qualified representatives to serve on such committees. The Board shall be responsible for appointing Gold Members to serve on such Committees. The Board shall use its best judgment in selecting the most qualified Gold Member to represent them on Committee seats. An Associate Member appointed to AAR committees shall abide by the rules of the committee to which he is appointed. Committee members are expected to share information as appropriate from their committee assignment with other AAR Associate Members.

Section 2. Committee Seat Preference. Preference may be given to specific Committee seats to categories of membership (i.e. car builder, equipment leasing companies, etc). These designations are guidelines for the Board and if no qualified Committee members are identified, the Board may, at its discretion, appoint the most qualified Gold member as appropriate.

Section 3. Qualifications and Responsibilities. The Associate Advisory Board (AAB) maintains appointment authority with respect to selecting qualified candidates to serve on various committees under the Safety and Operations Management Committee. AAR Associate representatives on committees are expected to:

- Possess extensive skills and qualifications in the committee's field of activity
- Commit time necessary to fulfill committee related duties
- Attend and actively participate in committee meetings
- Communicate regularly with the AAB and other Associate Members of AAR on committee activities by providing updates and summaries of meetings
- Recuse themselves from committee discussion or vote where a conflict exists

Section 4. Vacancies. When a vacancy exists on a committee, the Board shall select another Gold Member to fill the vacancy. Notice of the opening will be sent to all Gold Members to solicit nominations for a period of ten days. Nominations are gathered and sent to the Board for voting. Board members shall submit their ballots within a five day period.

Section 5: Conflict of Interest. An Associate Member appointed to an AAR committee who is presented with an actual or potential conflict of interest must advise the committee chairman promptly of the conflict and recuse himself from deliberations or decisions that would present an actual or potential conflict. A conflict of interest may also be identified by another Committee member or staff.

Section 6: Term of Service. The Term of Service for Associate Members of AAR committees shall be two years, although the Board retains the right to remove a representative before expiration of such term. If an Associate Member elects to drop its Gold membership status through non-payment of dues or otherwise, the Board shall promptly remove that representative from the AAR committee and appoint another Gold Member by letter ballot if in between AAB meetings.

## **V. Amendment of the Rules of Organization.**

The authority to make changes to these Rules of Organization may be made by the AAR President, who shall report back to the Governance Committee on any action taken.

## **VI. Modification or Termination of the Associate Membership Program.**

Nothing herein shall restrict AAR's right to modify or terminate the Associate Advisory Board, Committee representation or the Associate Membership program.