

NEW YORK TRANSPORTATION DEVELOPMENT CORPORATION

MEETING OF THE DIRECTORS

FRIDAY

June 11, 2021

2:00 p.m.



NEW YORK TRANSPORTATION DEVELOPMENT CORPORATION

Meeting of the Directors

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AGENDA

FOR CONSIDERATION

1. New York Transportation Development Corporation - Authorization to Perform Certain Acts in Connection with the Issuance and Sale of the New York Transportation Development Corporation Special Facility Revenue Bonds, Series 2021 (American Airlines, Inc. John F. Kennedy International Airport Project) and to Take Related Actions

FOR CONSIDERATION

June 11, 2021

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: New York Transportation Development Corporation – John F. Kennedy International Airport Terminal Eight (American Airlines) Redevelopment Project

REQUEST FOR: Authorization to Perform Certain Acts in Connection with the Issuance and Sale of the New York Transportation Development Corporation Special Facility Revenue Bonds, Series 2021 (American Airlines, Inc. John F. Kennedy International Airport Project) and to Take Related Actions

I. INTRODUCTION

The New York Transportation Development (the “Issuer”) has been requested by American Airlines, Inc. (the “Borrower”) to issue approximately \$200 million aggregate principal amount of bonds (the “Series 2021 Bonds”). The Bonds will finance the renovation and expansion of Terminal 8 (“Terminal 8” or the “Facility”) at John F. Kennedy International Airport (“JFK”) and refinance existing bonds issued by the Corporation, including \$47,835,000 of the Special Facility Revenue Refunding Bonds, Series 2016 due on August 1, 2021 (the “Series 2016 Bonds”) and \$13,025,000 of the Special Facility Revenue Bonds, Series 2020 due on August 1, 2021 (the “Series 2020 Bonds”). The Company operates Terminal 8, which consists of an approximately 1.5 million square foot building containing a main terminal building and a remote concourse, a total of 35 aircraft gates, public concession space and related service facilities.

The Board is being asked to approve the operative provisions, sale terms, official statement, bond purchase agreement, related documents and related actions in connection with the sale and delivery of the Series 2021 Bonds, to be issued for the benefit of the Borrower. The Borrower is a Delaware Corporation. The payment of principal of and interest on the Series 2021 Bonds will be unconditionally guaranteed by the Borrower and its corporate parent, American Airlines Group Inc. (the “Parent”), pursuant to the Guaranties (as defined herein).

II. BACKGROUND AND PURPOSE

The Issuer intends to issue its Series 2021 Bonds in one or more series of tax-exempt obligations (pursuant to the plan of finance commenced with the issuance of the Series 2020 Bonds) in order to provide proceeds to be used, together with other available funds, to (i) finance

a portion of the cost of the renovation and expansion of a passenger terminal facility known as Terminal 8 and together with related arrival and departure access ramps and a passenger tunnel connecting the remote concourse of the terminal with the main terminal, the "Facility") at the John F. Kennedy International Airport located in Queens, New York (the "Airport"), (ii) defease in full the August 1, 2021, maturity of the outstanding Series 2016 Bonds, (iii) defease a portion of the Series 2020 Bonds maturing on August 1, 2031, in an amount equal to the sinking fund installment thereof which would have otherwise been paid on August 1, 2021 and (iv) pay the costs of issuing the Series 2021 Bonds.

III. SECURITY

The Series 2021 Bonds will be issued and secured under the provisions of the Indenture of Trust dated as of June 1, 2016 (the "Original Indenture"), as amended and supplemented by the First Supplemental Indenture of Trust, dated as of June 1, 2020 (the "First Supplemental Indenture"), as further amended and supplemented by the Second Supplemental Indenture of Trust, dated as of June 1, 2021 (the "Second Supplemental Indenture" and, together with the Original Indenture and the First Supplemental Indenture, the "Indenture") each by and between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"). The Series 2021 Bonds will be special and limited revenue obligations of the Issuer, payable from certain payments to be made by the Borrower to the Issuer under the Loan Agreement dated as of June 1, 2016 (the "Original Loan Agreement"), as amended and supplemented by the First Loan Agreement Amendment, dated as of June 1, 2020 (the "First Loan Agreement Amendment") and as further amended and supplemented by the Second Loan Agreement Amendment, dated as of June 1, 2021 (the "Second Loan Agreement Amendment" and, together with the Original Loan Agreement and the First Loan Agreement Amendment, the "Loan Agreement"), each by and between the Issuer and the Borrower, and the promissory note of the Borrower, as required by the Loan Agreement. The Series 2021 Bonds will be secured on parity with the Series 2016 Bonds and the Series 2020 Bonds remaining outstanding and with any additional bonds issued in the future under the Indenture.

The Airport is owned by The City of New York (the "City") and is leased to The Port Authority of New York and New Jersey (the "Port Authority") pursuant to the terms and conditions of the Amended and Restated Agreement of Lease of the Municipal Air Terminals dated November 24, 2004, as amended, amended and restated, supplemented or otherwise modified from time to time. The Borrower leases the premises on which the Facility is located pursuant to a lease agreement (as amended, the "Port Authority Lease"), between the Port Authority and the Borrower.

Payments of principal and interest on the bonds issued under the Indenture have been guaranteed by the Borrower and the Parent pursuant to the terms of separate guaranties from the Borrower and the Parent to the Trustee, each dated as of June 1, 2016, and each affirmed by separate Affirmations of Guaranty from the Borrower and the Parent, each dated as of June 1, 2020, and as further affirmed by separate Affirmations of Guaranty from the Borrower and the

Parent, each dated as of June 1, 2021 (collectively, the “Guaranties”). The payment of amounts due under the Loan Agreement and the Guaranties are secured by a Leasehold Mortgage and Security Agreement, dated as of June 16, 2016, as amended and supplemented pursuant to a First Amendment to Leasehold Mortgage and Security Agreement, dated as of June 22, 2020 (collectively, the “Leasehold Mortgage”), each from the Borrower to the Issuer and the Trustee pursuant to which the Borrower granted a leasehold mortgage and security interest in its interest in the Port Authority Lease. The Issuer has assigned its interest in the Leasehold Mortgage to the Trustee.

As part of the transaction, the Issuer will also enter into a bond purchase agreement for the initial underwriting of the Series 2021 Bonds (the “Bond Purchase Agreement”). The Issuer is being asked to delegate authority to its officers to approve the maturities, prices, yields and other terms of the Series 2021 Bonds.

IV. ENVIRONMENTAL REVIEW

The New York Transportation Development Corporation, as lead agency, has completed an environmental review of the Facility, pursuant to the requirements of the State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. Based on this review, the Corporation previously made a Determination of No Significant Effect on the Environment. Therefore, no further environmental review is required in connection with the requested authorization.

V. REQUESTED ACTION

In accordance with the attached resolution, you are hereby requested to: (1) approve the terms and authorize the sale of the Series 2021 Bonds; (2) approve the form and content of the Official Statement and various other documents connected with the sale and delivery of the Series 2021 Bonds; and (3) authorize certain officers and employees of the Issuer to take all actions deemed necessary to accomplish the final sale and delivery of the Series 2021 Bonds.

VI. RECOMMENDATION

Based on the foregoing, staff recommends approval of the requested actions.

VII. ATTACHMENTS

Resolution with the following Exhibits: (Exhibits to Directors only)

- A. Second Loan Agreement Amendment
- B. First Loan Agreement Amendment
- C. Loan Agreement
- D. Second Supplemental Indenture of Trust
- E. First Supplemental Indenture of Trust
- F. Indenture of Trust
- G. Preliminary Official Statement
- H. Bond Purchase Agreement

June 11, 2021

NEW YORK TRANSPORTATION DEVELOPMENT CORPORATION - John F. Kennedy International Airport Terminal 8 (American Airlines) Redevelopment Project - Perform Certain Acts in Connection with the Issuance and Sale of the New York Transportation Development Corporation Special Facility Revenue Bonds, Series 2021 (American Airlines, Inc. John F. Kennedy International Airport Project) Including Authorization to Approve the Terms and Authorize the Sale of the Series 2021 Bonds; Approve the Form and Content of the Official Statement and Various Other Documents Connected with the Sale and Delivery of the Series 2021 Bonds; Authorize Certain Officers and Employees of the Issuer to Take All Actions Deemed Necessary to Accomplish the Final Sale and Delivery of the Series 2021 Bonds and to Take Related Actions

WHEREAS, the New York Transportation Development Corporation (the "Issuer"), a local development corporation caused to be incorporated by the New York Job Development Authority pursuant to Section 1411 of the New York Not-For-Profit Corporation Law, being Chapter 35 of the Consolidated Laws of New York, and Section 1802, Subtitle I, Title 8, Article 8 of the New York Public Authorities Law (collectively, the "Act"), is authorized by the Act and its by-laws to issue special facility revenue bonds; and

WHEREAS, the Issuer intends to issue its Series 2021 Bonds (as defined herein) for the benefit of American Airlines, Inc. (the "Borrower") in one or more series of tax-exempt obligations (pursuant to the plan of finance that commenced with the issuance of the Series 2020 Bonds (as defined below)) in order to provide proceeds to be used, together with other available funds, to (i) finance a portion of the cost of the renovation and expansion (such renovation and expansion, the "Construction Project") of a passenger terminal facility known as Terminal 8 (the "Terminal," and together with related arrival and departure access ramps and a passenger tunnel connecting the remote concourse of the terminal with the main terminal, the "Facility") at the John F. Kennedy International Airport located in Queens, New York (the "Airport"), (ii) defease in full the August 1, 2021, maturity of the outstanding New York Transportation Development Corporation Special Facility Revenue Refunding Bonds, Series 2016 (American Airlines, Inc. John F. Kennedy International Airport Project), (iii) defease a portion of the New York Transportation Development Corporation Special Facility Revenue Bonds, Series 2020 (American Airlines, Inc. John F. Kennedy International Airport Project) (the "Series 2020 Bonds") maturing on August 1, 2031, in an amount equal to the sinking fund installment thereof which would have otherwise been paid on August 1, 2021, and (iv) pay the costs of issuing the Series 2021 Bonds (the foregoing clauses (i) – (iv) collectively, the "Series 2021 Project"); and

WHEREAS, the Borrower has requested that the Issuer issue its Special Facility Revenue Bonds, Series 2021 (American Airlines, Inc. John F. Kennedy International Airport Project) (the "Series 2021 Bonds") the proceeds of which will be loaned to the Borrower to finance the cost of the Series 2021 Project; and

WHEREAS, the duly authorized officers of the Issuer have caused to be prepared the Second Loan Agreement Amendment, dated as of June 1, 2021 (the "Second Loan Agreement Amendment"), a copy of which is annexed to this Resolution as Exhibit A, amending and supplementing the Loan Agreement, dated as of June 1, 2016 (the "Original Loan Agreement"), a copy of which is annexed to this Resolution as Exhibit C, as previously amended and supplemented by the First Loan Agreement Amendment, dated June 1, 2020 (the "First Loan Agreement Amendment"), a copy of which is annexed to this Resolution as Exhibit B, each by and between the Issuer and the Borrower (the Original Loan Agreement, as amended and supplemented by the First Loan Agreement Amendment and the Second Loan Agreement Amendment is referred to herein as the "Loan Agreement", pursuant to which the Issuer will loan the proceeds of the Series 2021 Bonds to the Borrower; and

WHEREAS, the Borrower will execute a promissory note in connection with the Loan Agreement (the "Note"), a form of which is attached to the Second Loan Agreement Amendment annexed to this Resolution as Exhibit A; and

WHEREAS, the Series 2021 Bonds will be issued and secured under an Indenture of Trust dated as of June 1, 2016 (the "Original Indenture"), a copy of which is annexed to this Resolution as Exhibit F, as amended and supplemented by the First Supplemental Indenture of Trust, dated as of June 1, 2020 (the "First Supplemental Indenture"), a copy of which is annexed to this Resolution as Exhibit E, and the Second Supplemental Indenture of Trust, dated as of June 1, 2021 (the "Second Supplemental Indenture"), a copy of which is annexed to this Resolution as Exhibit D and, collectively with the Original Indenture and the First Supplemental Indenture, the "Indenture"), each by and between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"), which the duly authorized officers of the Issuer have caused to be prepared, and the Issuer will assign certain of its rights under the Loan Agreement and the Note to the Trustee as security for the Series 2021 Bonds; and

WHEREAS, the Airport is owned by The City of New York and is leased to The Port Authority of New York and New Jersey (the "Port Authority") pursuant to the terms and conditions of the Amended and Restated Agreement of Lease of the Municipal Air Terminals dated November 24, 2004, as amended, amended and restated, supplemented or otherwise modified from time to time (the "Basic Lease"); and

WHEREAS, the Borrower leases the premises on which the Facility is located pursuant to a lease agreement (as amended, the "Port Authority Lease") from the Port Authority, which Port Authority Lease is subject to the terms and conditions of the Basic Lease; and

WHEREAS, in connection with the Series 2021 Bonds, the Borrower and American Airlines Group Inc., the corporate parent of the Borrower (the "Parent"), will affirm their respective unconditional guaranties to pay principal and interest on the Series 2021 Bonds pursuant to separate but substantially similar guaranty affirmations (as affirmed, the "Guaranties"); and

WHEREAS, the payment of amounts due under the Loan Agreement and the Guaranties will be secured by a Leasehold Mortgage and Security Agreement, as amended and supplemented; and

WHEREAS, the duly authorized officers of the Issuer have caused to be prepared a Preliminary Official Statement, a form of which is annexed to this Resolution as Exhibit F, and will cause to be prepared an Official Statement to be used in connection with the issuance and sale of the Series 2021 Bonds (collectively, the "Official Statement") and have negotiated a purchase contract for the Series 2021 Bonds (the "Bond Purchase Agreement") by and among the Issuer, Citigroup Global Markets Inc., as representative of the underwriters, the Borrower and the Parent, a copy of which is annexed to this Resolution as Exhibit G; and

WHEREAS, the Issuer, as lead agency, has completed an environmental review of the Facility, pursuant to the requirements of the State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. Based on this review, the Corporation previously made a Determination of No Significant Effect on the Environment. Therefore, no further environmental review is required in connection with the requested authorization.

NOW, therefore, the Board, in accordance with the materials presented at this meeting, including the Board Memorandum and the Exhibits annexed to this Resolution (collectively, the "Materials"), upon motion duly made and seconded, duly adopts the following Resolution:

RESOLVED, that copies of the Materials are hereby ordered to be filed with the records of the Issuer and are deemed to be incorporated herein by reference; and further

RESOLVED, that the Second Loan Agreement Amendment (including any exhibits thereto), the Second Supplemental Indenture, and the Bond Purchase Agreement, in substantially the forms presented to this meeting, are hereby approved, and any Authorized Officer (as hereinafter defined) is hereby authorized and directed to execute and deliver the same on behalf of the Issuer, in such forms as are approved with such changes, supplements and amendments thereto as any Authorized Officer executing the same may approve, such approval to be conclusively evidenced by such Authorized Officer's execution thereof; and further

RESOLVED, that the Official Statement, in substantially the form of the Preliminary Official Statement presented to this meeting, is hereby approved, and the distribution of the Official Statement and the Preliminary Official Statement in connection with the sale of the Series 2021 Bonds, with such changes, supplements and amendments thereto as may be necessary or appropriate to reflect the documents and the matters described therein or as may be approved by an Authorized Officer, as evidenced by a certificate of determination of the Issuer; and further

RESOLVED, that the amount, maturity or maturities, prices and yields, if any, and other terms of or relating to the Series 2021 Bonds (the “Terms”) insofar as set forth or to be set forth in the Indenture, are hereby approved, with the understanding that such Terms will be finalized in connection with the sale of one or more series of the Series 2021 Bonds, such sales is expected to occur in June 2021, subject to the final approval of any Authorized Officer, such approval to be evidenced by such Authorized Officer’s execution of each of the Second Supplemental Indenture, the Second Loan Agreement Amendment and the Bond Purchase Agreement and that all other documents relating to the Series 2021 Bonds shall similarly, as appropriate, be conformed thereto; provided that the aggregate principal amount of the Series 2021 Bonds shall not exceed \$180,000,000, the final maturity shall not extend past the current expiration date of the PA Lease of December 31, 2036 and the interest rates to be borne by the Series 2021 Bonds shall not exceed a net interest cost of 12%; and further

RESOLVED, that, subject to the conditions set forth in the Bond Purchase Agreement, the Issuer shall sell and award, the aggregate principal amount of the Series 2021 Bonds to the Underwriters; and further

RESOLVED, that the Issuer shall offer for sale, sell, issue and deliver the Series 2021 Bonds pursuant to the Bond Purchase Agreement and the Indenture and shall apply the proceeds thereof in accordance with the Indenture, the Loan Agreement and certain documents and certificates to be delivered upon the issuance of the Series 2021 Bonds; and further

RESOLVED, that each of the Chief Financial Officer and Treasurer of the Issuer, and any other person duly authorized to act in such capacity, is designated an (“Authorized Officer”); and further

RESOLVED, that each of the Authorized Officers is hereby authorized and directed to approve and execute such documents, instruments and certificates, make any changes to the forms of the Second Loan Agreement Amendment (including any attachments thereto), the Second Supplemental Indenture, the Bond Purchase Agreement, the Official Statement and all other related documents, copies of each of which have been presented to this Board at the time of adoption of this resolution, as he or she may reasonably deem necessary, desirable or appropriate to consummate the transactions authorized hereby and thereby, consent to Citigroup Global Markets Inc. to be the senior managing underwriter for the Series 2021 Bonds, together with the right to appoint such co-managers, if any, as the Issuer, in consultation with the Borrower, shall select, make such payments and take such other actions in the name of the Issuer and on its behalf, as he or she may reasonably deem necessary, desirable or appropriate to carry out the foregoing resolutions, including without limitation the execution, sale and delivery of the Series 2021 Bonds, the execution and delivery of the tax certificate relating to the Series 2021 Bonds and the negotiation and delivery of investment contracts, if any, relating to reinvestment of the proceeds of the Series 2021 Bonds and related moneys, the execution and delivery of any and all papers, instruments, opinions, certificates, affidavits, agreements and

other documents necessary, desirable or appropriate to carry out the foregoing resolutions and that all actions heretofore taken in connection with the offering, sale and issuance of the Series 2021 Bonds by any Authorized Officer or his or her designee are hereby ratified and approved.

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