

NEW YORK TRANSPORTATION DEVELOPMENT CORPORATION

MEETING OF THE DIRECTORS

TUESDAY

JUNE 2, 2020

1:00 p.m.

NEW YORK TRANSPORTATION DEVELOPMENT CORPORATION

Meeting of the Directors

Tuesday

June 2, 2020 – 1:00 p.m.

PROPOSED 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 2020 (American Airlines, Inc. John F. Kennedy International Airport Project) and to Take Related Actions

ITEM 1

FOR CONSIDERATION

June 2, 2020

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: New York Transportation Development Corporation Special Facility Revenue Bonds, Series 2020 (American Airlines, Inc. John F. Kennedy International Airport 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 2020 (American Airlines, Inc. John F. Kennedy International Airport Project) and to Take Related Actions

I. INTRODUCTION

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 New York Transportation Development Corporation (the “Issuer”) Special Facility Revenue Bonds, Series 2020 (American Airlines, Inc. John F. Kennedy International Airport Project) (the “Series 2020 Bonds”), to be issued for the benefit of American Airlines, Inc. (the “Borrower”). The Borrower is a Delaware Corporation. The payment of principal of and interest on the Series 2020 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 2020 Bonds in one or more series of tax-exempt obligations at one or more times pursuant to a plan of finance 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 “Series 2020 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) refund the August 1, 2020, 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) issued in 2016 pursuant to the Original Indenture (as defined herein) to refinance the

construction and equipping of the Terminal (the “Series 2016 Bonds,” and such portion to be refunded, the “Series 2016 August 2020 Refunded Bonds”) and (iii) pay the costs of issuing the Series 2020 Bonds (the foregoing clauses (i)-(iii) collectively, the “Series 2020 Project”).

III. SECURITY

The Series 2020 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,” and together with the Original Indenture, the “Indenture”) by and between the Issuer and The Bank of New York Mellon, as trustee (the “Trustee”). The Series 2020 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, between the Borrower and the Issuer (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 together with the Original Loan Agreement, the “Loan Agreement”), by and between the Issuer and the Borrower, and the promissory note of the Borrower, as required by the Original Loan Agreement. The Series 2020 Bonds will be secured on parity with the Series 2016 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 “Basic Lease”). The Borrower leases the premises on which the Facility is located pursuant to a lease agreement (as amended, the “PA Lease”), between the Port Authority and the Borrower. The PA Lease will be further amended and supplemented in connection with the Series 2020 Bonds.

In connection with the Series 2016 Bonds, the Borrower and the Parent unconditionally guaranteed the payment of principal and interest on bonds issued under the Indenture pursuant to separate guaranties of the Borrower and the Parent (the “Original Guaranties”). In connection with the issuance of the Series 2020 Bonds, the Borrower and Parent will affirm their obligations under the Original Guaranties pursuant to separate affirmations of the Borrower and the Parent (the Original Guaranties, as affirmed, 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 (the “Original Leasehold Mortgage”), 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 PA Lease. Simultaneous therewith, the Issuer assigned its interest in the Original Leasehold Mortgage to the Trustee. In connection with the Series 2020 Bonds, the Original Leasehold Mortgage will be amended and supplemented pursuant to a First Amendment to Leasehold Mortgage and Security Agreement.

As part of the transaction, the Issuer will also enter into a bond purchase agreement for the initial underwriting of the Series 2020 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 2020 Bonds.

IV. REQUESTED ACTION

In accordance with the attached resolution, you are hereby requested to: (1) approve the terms and authorize the sale of the Series 2020 Bonds on a negotiated basis; (2) confirm the appointment of certain professionals; (3) approve the form and content of the Official Statement and various other documents connected with the sale and delivery of the Series 2020 Bonds; and (4) authorize certain officers and employees of the Issuer to take all actions deemed necessary to accomplish the final sale and delivery of the Series 2020 Bonds.

V. ATTACHMENTS

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

- A. First Loan Agreement Amendment
- B. Loan Agreement
- C. First Supplemental Indenture of Trust
- D. Indenture of Trust
- E. Leasehold Mortgage and Security Agreement
- F. First Amendment to Leasehold Mortgage and Security Agreement
- G. Preliminary Official Statement
- H. Bond Purchase Agreement
- I. For information only:
 - American Airlines, Inc. Guaranty and Affirmation thereof
 - American Airlines Group Inc. Guaranty and Affirmation thereof

June 2, 2020

NEW YORK TRANSPORTATION DEVELOPMENT CORPORATION - Special Facility Revenue Bonds, Series 2020 (American Airlines, Inc. John F. Kennedy International Airport Project) - Authorization to Perform Certain Acts in Connection with the Issuance and Sale of the New York Transportation Development Corporation Special Facility Revenue Bonds, Series 2020 (American Airlines, Inc. John F. Kennedy International Airport Project) 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 2020 Bonds (as defined herein) for the benefit of American Airlines, Inc. (the “Borrower”) in one or more series of tax-exempt obligations at one or more times pursuant to a plan of finance 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 “Series 2020 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) refund the August 1, 2020 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) issued in 2016 pursuant to the Original Indenture (as defined herein) to refinance the construction and equipping of the Terminal (the “Series 2016 Bonds,” and such portion to be refunded, the “Series 2016 August 2020 Refunded Bonds”) and (iii) pay the costs of issuing the Series 2020 Bonds (the foregoing clauses (i) – (iii) collectively, the “Series 2020 Project”); and

WHEREAS, the Borrower has requested that the Issuer issue its Special Facility Revenue Bonds, Series 2020 (American Airlines, Inc. John F. Kennedy International Airport Project) (the “Series 2020 Bonds”) the proceeds of which will be loaned to the Borrower to finance a portion of the cost of the Series 2020 Project.

WHEREAS, the duly authorized officers of the Issuer have caused to be prepared the First Loan Agreement Amendment, dated as of June 1, 2020 (the “First Loan Agreement Amendment”) amending and supplementing the Loan Agreement, dated as of June 1, 2016 (the “Original Loan Agreement”) and together with the First Loan Agreement Amendment, the

“Loan Agreement”), by and between the Issuer and the Borrower, copies of which are annexed to this Resolution as Exhibit A and Exhibit B, respectively, pursuant to which the Issuer will loan the proceeds of the Series 2020 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 First Loan Agreement Amendment annexed to this Resolution as Exhibit A; and

WHEREAS, the Series 2020 Bonds will be issued and secured under an Indenture of Trust dated as of June 1, 2016 (the “Indenture”) amended and supplemented by the First Supplemental Indenture of Trust, dated as of June 1, 2020 (the “First Supplemental Indenture” and together with the Original Indenture, the “Indenture”), 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, copies of which are annexed to this Resolution as Exhibit C and Exhibit D, respectively, and the Issuer will assign certain of its rights under the Loan Agreement and the Note to the Trustee as security for the Series 2020 Bonds; and

WHEREAS, 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 “Basic Lease”); and

WHEREAS, the Borrower leases the premises on which the Facility is located pursuant to a lease agreement (the “PA Lease”) from the Port Authority, which PA Lease is subject to the terms and conditions of the Basic Lease and is being now amended and supplemented in connection with the issuance of the Series 2020 Bonds; and

WHEREAS, in connection with the Series 2020 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 2020 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 (the “Original Leasehold Mortgage”), as amended and supplemented by the First Amendment to Leasehold Mortgage and Security Agreement, to be dated as of June 1, 2020, (the “Leasehold Mortgage Amendment”) a form of which is annexed to this Resolution as Exhibit H; 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 H, and will cause to be prepared an Official Statement to be used in connection with the issuance and sale of the Series 2020 Bonds (collectively, the “Official Statement”) and have negotiated a purchase contract for the Series 2020 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 I; and

WHEREAS, the Board of Directors of the Issuer (the "Board") has appointed and consents to Citigroup Global Markets Inc. to be the senior managing underwriter for the Series 2020 Bonds; and

WHEREAS, the Vice President, of Planning & Environmental Review and other staff of the New York State Urban Development Corporation d/b/a Empire State Development have conducted an environmental review of the proposed project on behalf of the Issuer under the State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation (collectively, "SEQRA"); and

WHEREAS, staff has completed such environmental review and has determined the proposed project to be a Type I action and advised the Directors that the proposed project would not result in significant adverse impacts on the environment and recommends that the Directors confirm such determination.

NOW, therefore, the Board, in accordance with the materials presented at this meeting, including the Board Memorandum and the Exhibits annexed to this Resolution (other than the Exhibits attached to this Resolution for informational purposes only) (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 First Loan Agreement Amendment (including any exhibits thereto), the First 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 2020 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 2020 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 of series of the Series 2020 Bonds, the first of such sales is expected to occur in June 2020, subject to the final approval of any Authorized Officer, such approval to be evidenced by such Authorized Officer's execution of each of the First Supplemental Indenture, the First Loan Agreement and the Bond Purchase Agreement and that all other documents relating to the Series 2020 Bonds shall similarly, as appropriate, be conformed thereto; provided that the aggregate principal amount of the Series 2020 Bonds shall not exceed \$500,000,000, 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 2020 Bonds shall not exceed a net interest cost of 12%; and further

RESOLVED, that in connection with the issuance of the Series 2020 Bonds, the Issuer hereby appoints The Bank of New York Mellon as Trustee under the Indenture; 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 2020 Bonds to the Underwriters; and further

RESOLVED, that the Issuer shall offer for sale, sell, issue and deliver the Series 2020 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 2020 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 First Loan Agreement Amendment (including any attachments thereto), the First 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 2020 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 2020 Bonds, the execution and delivery of the tax certificate relating to the Series 2020 Bonds and the negotiation and delivery of investment contracts, if any, relating to reinvestment of the proceeds of the Series 2020 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 2020 Bonds by any Authorized Officer or his or her designee are hereby ratified and approved; and further

RESOLVED, that the Vice President of Planning & Environmental Review of Empire State Development is the Authorized Officer with authority to take all related actions required to comply with SEQRA; and further

RESOLVED, that the Issuer adopts, ratifies and confirms the determination that the Series 2020 Construction Project will not result in significant adverse impacts on the environment.

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