

**NEW YORK TRANSPORTATION DEVELOPMENT CORPORATION**

**MEETING OF THE DIRECTORS**

**WEDNESDAY**

**MAY 25, 2016**

**NEW YORK TRANSPORTATION DEVELOPMENT CORPORATION**

**Meeting of the Directors**

Wednesday  
May 25, 2016 – 10:30 a.m.

**PROPOSED AGENDA**

**FOR CONSIDERATION**

1. New York Transportation Development Corporation Special Facility Revenue Refunding Bonds, Series 2016 (American Airlines, Inc. John F. Kennedy International Airport Project) – Board Authorization to Perform Certain Acts in Connection with the Sale and Delivery of the New York Transportation Development Corporation Special Facility Revenue Refunding Bonds, Series 2016 (American Airlines, Inc. John F. Kennedy International Airport Project) and to Take Related Actions

**ITEM 1.**



FOR CONSIDERATION

May 25, 2016

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: New York Transportation Development Corporation Special Facility Revenue Refunding Bonds, Series 2016 (American Airlines, Inc. John F. Kennedy International Airport Project)

REQUEST FOR: Board Authorization to Perform Certain Acts in Connection with the Sale and Delivery of the New York Transportation Development Corporation Special Facility Revenue Refunding Bonds, Series 2016 (American Airlines, Inc. John F. Kennedy International Airport Project) and to Take Related Actions

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**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 "Corporation") Special Facility Revenue Refunding Bonds, Series 2016 (American Airlines, Inc. John F. Kennedy International Airport Project) (the "Series 2016 Bonds"), to be issued for the benefit of American Airlines, Inc. (the "Borrower"). The Borrower is a Delaware Corporation. American Airlines Group Inc., the Borrower's corporate parent (the "Parent"), and the Borrower will each unconditionally guaranty payment of principal and interest on the Series 2016 Bonds (together, the "Guaranties").

**II. BACKGROUND AND PURPOSE**

On July 31, 2002, the New York City Industrial Development Agency (the "Agency") issued its Special Facility Revenue Bonds, Series 2002B (American Airlines, Inc. John F. Kennedy International Project) in the aggregate principal amount of \$380,000,000 and, on November 8, 2005 the Agency issued its Special Facility Revenue Bonds, Series 2005 (American Airlines, Inc. John F. Kennedy International Project) in the aggregate principal amount of \$800,000,000 (collectively, the "Prior Bonds"), and loaned the proceeds to the Borrower for (i) the demolition of Terminals 8 and 9 at John F. Kennedy International Airport in Queens, New York ("JFK"), (ii) the acquisition, construction and equipping of a new air passenger terminal together with related arrival and departure access ramps, parking facilities and a passenger tunnel connecting

the remote concourse of the terminal to the main terminal, to be used and managed by the Borrower (collectively the "Facility"), (iii) the funding of debt service reserve funds and (iv) the financing of certain related costs of issuance. On July 28, 2015, the Agency remarketed \$364,860,000 of the Prior Bonds.

The Borrower has requested that the Corporation issue the Series 2016 Bonds, the proceeds of which will be loaned to the Borrower to refinance all of the outstanding Prior Bonds.

### **III. SECURITY**

The Series 2016 Bonds will be issued and secured under the provisions of the Indenture of Trust to be dated on or around June 1, 2016 (the "Indenture") by and between the Corporation and The Bank of New York Mellon, as trustee (the "Trustee"). The Series 2016 Bonds will be special limited obligations of the Corporation, payable from certain payments to be made by the Borrower to the Corporation under the Loan Agreement to be dated on or around June 1, 2016 (the "Loan Agreement") by and between the Corporation and the Borrower and the Promissory Note of the Borrower. The Series 2016 Bonds will be further secured by certain moneys and securities held by the Trustee for the Series 2016 Bonds under the Indenture.

JFK 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"). In connection with the Prior Bonds, the Borrower entered into a sublease of the premises on which the Facility is located (the "PA Lease") from the Port Authority. The PA Lease is subject to the terms and conditions of the Basic Lease. The PA Lease is being amended to authorize the issuance of the Series 2016 Bonds.

In connection with the Series 2016 Bonds, the Borrower and the Parent will enter into the Guaranties. The payment of amounts due under the Guaranties will be secured by a Leasehold Mortgage and Security Agreement (the "Leasehold Mortgage") from the Borrower to the Trustee and the Corporation pursuant to which the Borrower will grant to the Trustee and the Corporation, as mortgagees, a leasehold mortgage and security interest in the Borrower's leasehold interest in the PA Lease. The Corporation will be a mortgagee to secure an exemption from the mortgage recording tax and pursuant to the Assignment of Leasehold Mortgage and Security Agreement will assign its interest in the Leasehold Mortgage to the Trustee.

The Series 2016 Bonds will be further secured by the Trustee's right, subject to certain preconditions (such as certain Borrower events of default), to enter into a Reletting Agreement between the Port Authority and the Trustee, which, when and if executed, would grant the Trustee certain reletting rights with respect to the Facility.

#### **IV. OFFERING AND SALE**

As part of the transaction, the Corporation will also enter into a bond purchase agreement for the initial underwriting of the Series 2016 Bonds (the "Bond Purchase Agreement"). The Corporation is being asked to delegate authority to its officers to approve the maturities, prices, yields and other terms of the Series 2016 Bonds.

#### **V. ENVIRONMENTAL REVIEW**

ESD staff has determined that the requested action constitutes a Type II action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the authorization.

#### **VI. REQUESTED ACTION**

In accordance with the attached resolution, you are hereby requested to: (1) approve the terms and authorize the sale of the Series 2016 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 2016 Bonds; and (4) authorize certain officers and employees of the Corporation to take all actions deemed necessary to accomplish the final sale and delivery of the Series 2016 Bonds.

#### **VII. ATTACHMENTS**

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

- A. Loan Agreement
- B. Indenture of Trust
- C. Leasehold Mortgage and Security Agreement
- D. Assignment of Leasehold Mortgage and Security Agreement
- E. Preliminary Official Statement
- F. Bond Purchase Agreement
- G. For information only:
  - American Airlines, Inc. Guaranty
  - American Airlines Group Inc. Guaranty

**NEW YORK TRANSPORTATION DEVELOPMENT CORPORATION**  
**RESOLUTION AUTHORIZING THE SALE AND ISSUANCE OF**  
**SPECIAL FACILITY REVENUE REFUNDING BONDS, SERIES 2016**  
**(AMERICAN AIRLINES, INC. JOHN F. KENNEDY INTERNATIONAL AIRPORT**  
**PROJECT)**

**Adopted May 25, 2016**

WHEREAS, the New York Transportation Development Corporation (the "Corporation"), 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, on July 31, 2002, the New York City Industrial Development Agency (the "Agency") issued its Special Facility Revenue Bonds, Series 2002B (American Airlines, Inc. John F. Kennedy International Project) in the aggregate principal amount of \$380,000,000 and, on November 8, 2005, the Agency issued its Special Facility Revenue Bonds, Series 2005 (American Airlines, Inc. John F. Kennedy International Project) in the aggregate principal amount of \$800,000,000 (collectively the "Prior Bonds") and loaned the proceeds to American Airlines, Inc. (the "Borrower") for (i) the demolition of Terminals 8 and 9 at John F. Kennedy International Airport in Queens, New York ("JFK"), (ii) the acquisition, construction and equipping of a new air passenger terminal together with related arrival and departure access ramps, parking facilities and a passenger tunnel connecting the remote concourse of the terminal to the main terminal, to be used and managed by the Borrower (collectively the "Facility"), (iii) the funding of debt service reserve funds and (iv) the financing of certain related costs of issuance. On July 28, 2015 the Agency remarketed \$364,860,000 of the Prior Bonds; and

WHEREAS, the Borrower has requested that the Corporation issue its Special Facility Revenue Refunding Bonds, Series 2016 (American Airlines, Inc. John F. Kennedy International Airport Project) (the "Series 2016 Bonds") the proceeds of which will be loaned to the Borrower to refinance all of the outstanding Prior Bonds; and

WHEREAS, the duly authorized officers of the Corporation have caused to be prepared a loan agreement (the "Loan Agreement") by and between the Corporation and the Borrower, a copy of which is annexed to this Resolution as Exhibit A, pursuant to which the Corporation will loan the proceeds of the Series 2016 Bonds to the Borrower; and

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

WHEREAS, the Series 2016 Bonds will be issued and secured under an Indenture of Trust (the "Indenture") by and between the Corporation and The Bank of New York Mellon, as trustee (the "Trustee"), a copy of which is annexed to this Resolution as Exhibit B, and the Corporation will assign certain of its rights under the Loan Agreement and the Note to the Trustee as security for the Series 2016 Bonds; and

WHEREAS, JFK 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, in connection with the Prior Bonds, the Borrower entered into a sublease of the premises on which the Facility is located (the "PA Lease") from the Port Authority, which PA Lease is subject to the terms and conditions of the Basic Lease and is being amended to authorize the issuance of the Series 2016 Bonds; and

WHEREAS, in connection with the Series 2016 Bonds the Borrower and American Airlines Group Inc., the corporate parent of the Borrower, will unconditionally guarantee the payment of principal and interest on the Series 2016 Bonds pursuant to separate but substantially similar guaranties (together the "Guaranties"); and

WHEREAS, the payment of amounts due under the Guaranties will be secured by a Leasehold Mortgage and Security Agreement (the "Leasehold Mortgage"), a form of which is annexed to this Resolution as Exhibit C, from the Borrower to the Trustee and the Corporation pursuant to which the Borrower will grant to the Trustee and the Corporation, as mortgagees, a leasehold mortgage and security interest in the Borrower's leasehold interest in the PA Lease; and

WHEREAS, the Corporation will be a mortgagee under the Leasehold Mortgage to secure an exemption from the mortgage recording tax and then will assign its interest in the Leasehold Mortgage to the Trustee pursuant to an Assignment of Leasehold Mortgage and Security Agreement, a form of which is annexed to this Resolution as Exhibit D; and

WHEREAS, the Series 2016 Bonds will be further secured by the Trustee's right, subject to certain preconditions (such as certain Borrower events of default), to enter into a Reletting Agreement between the Port Authority and the Trustee, which, when and if executed, would grant the Trustee certain reletting rights with respect to the Facility; and

WHEREAS, the duly authorized officers of the Corporation have caused to be prepared a Preliminary Official Statement, a form of which is annexed to this Resolution as Exhibit E, and will cause to be prepared an Official Statement to be used in connection with the issuance and sale of the Series 2016 Bonds (collectively, the "Official Statement") and have negotiated a purchase contract for the Series 2016 Bonds (the "Bond Purchase Agreement") by and among the Corporation, Citigroup Global Markets Inc., as representative of the underwriters, and the Borrower, a copy of which is annexed to this Resolution as Exhibit F; and



WHEREAS, the Board of Directors of the Corporation (the "Board") has previously appointed a senior managing underwriter for the Series 2016 Bonds, and now desires to appoint additional underwriters for the Series 2016 Bonds.

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 Exhibit 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 Corporation and are deemed to be incorporated herein by reference; and further

RESOLVED, that the Loan Agreement, the Indenture, the Leasehold Mortgage, the Assignment of Leasehold Mortgage 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 Corporation, 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 in connection with the sale of the Series 2016 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, such approval to be conclusively evidenced by the execution of the final Official Statement, is hereby authorized, and any Authorized Officer is hereby authorized and directed to execute the same on behalf of the Corporation; and further

RESOLVED, that the amount, maturity or maturities, prices and yields, if any, and other terms of or relating to the Series 2016 Bonds (the "Terms") insofar as set forth in the Indenture, are hereby approved, with the understanding that such Terms will be finalized in connection with the sale of the Series 2016 Bonds, which is expected to occur in June 2016, subject to the final approval of any Authorized Officer, such approval to be evidenced by such Authorized Officer's execution of each of the Indenture and the Bond Purchase Agreement and that all other documents relating to the Series 2016 Bonds shall similarly, as appropriate, be conformed thereto; provided that the aggregate principal amount of the Series 2016 Bonds shall not exceed \$1,100,000,000, the final maturity shall not extend past December 31, 2031 and the interest rates to be borne by the Series 2016 Bonds shall not exceed a net interest cost of 12%; and further

RESOLVED, that in connection with the issuance of the Series 2016 Bonds, the Corporation hereby appoints The Bank of New York Mellon as Trustee under the Indenture; and further

RESOLVED, that the Corporation, in addition to the appointment of Citigroup Global Markets, Inc. as the Senior Manager/Book Runner on April 5, 2016, hereby appoints Barclays Capital Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as Co-Senior Managers,

Goldman, Sachs and Co., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, US Bancorp Investments, Inc., Loop Capital Markets LLC and Rice Financial Products Company (the last two firms being certified minority or women owned business enterprises) as Co-Managers for the Series 2016 Bonds and authorizes the appointment of such other underwriters as determined by an Authorized Officer of the Corporation (collectively, the “Underwriters”); and further

RESOLVED, that, subject to the conditions set forth in the Bond Purchase Agreement, the Corporation shall sell and award the aggregate principal amount of the Series 2016 Bonds to the Underwriters; and further

RESOLVED, that the Corporation shall offer for sale, sell, issue and deliver the Series 2016 Bonds pursuant to the Bond Purchase Agreement and the Indenture and shall apply the proceeds thereof in accordance with the Indenture and certain documents and certificates to be delivered upon the issuance of the Series 2016 Bonds; and further

RESOLVED, that each of the Chairperson, President, Vice President and Treasurer of the Corporation, 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 Loan Agreement (including any exhibits thereto), the Indenture, the Leasehold Mortgage, the Assignment of Leasehold Mortgage, the Bond Purchase Agreement, the Official Statement and all other related documents as he or she may reasonably deem necessary, desirable or appropriate to consummate the transactions authorized hereby and thereby, make such payments and take such other actions in the name of the Corporation 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 2016 Bonds, the execution and delivery of the tax certificate relating to the Series 2016 Bonds and the negotiation and delivery of investment contracts, if any, relating to reinvestment of the proceeds of the Series 2016 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 2016 Bonds by any Authorized Officer or his or her designee are hereby ratified and approved.

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