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AMERICAN AIRLINES SYSTEM
American Airlines, Inc - American Overseas Airlines, Inc
100 East 42nd Street - New York 17, New York
Murray Hill 5-3900

January 21, 1946

Office of
The Secretary
American Airlines, Inc

Mr. Asa G. Carter
Fort Worth Star-Telegram
Fort Worth, Texas

Dear Mr. Carter:

Mr. Smith has asked us to write you about the action taken at last month's Directors' meeting which you were unable to attend.

I am enclosing a summary of the minutes of the meeting. Should you desire to see in detail all or any part of the minutes, I shall be glad to supply them.

With kind regards, I am,

Sincerely yours,

(Signed) G. W. Jacob

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Summary of the Minutes of the Special Meeting
of the Board of Directors of American Airlines, Inc.
Held December 5, 1945

There were present at the meeting: Directors Ames, Benedict, Bruce, Damon, Farley, Hammond, Kemp, McLucas, Mosier and Smith.

1. The minutes of the previous meeting held October 17, 1945 were approved.
2. Financial statements for the month of October 1945 and for the year to date were presented and discussed. The Chairman stated that the management is working on a definitive program of capital requirements and would be prepared to discuss the matter in detail at an early date.
3. The directors approved capital authorizations which had been authorized by the management amounting to \$154,489.57.

It was the consensus of the meeting that henceforth there be submitted at each directors' meeting a list of the capital expenditures approved since the last meeting although without the requirement, as has been the custom, of explaining the nature of items amounting to \$5,000 or more. The directors authorized appropriate officers of the corporation to approve future capital expenditures in individual amounts of up to \$100,000, provided that reports of the amounts so approved be submitted to the directors and, further provided, that the Chairman of the Board of the President, or in their absence the Vice-President-Engineering and Treasurer acting jointly personally approve each such expenditure amounting to \$5,000 or more.

The directors gave advance approval to the following proposed capital expenditures:

Shop overhaul facilities and modification of shop hangar at Fort Worth, Texas	\$200,000.00
Mechanical ticket issuing machine for New York Airlines Terminal	73,600.00
Additional cost of Los Angeles hangar (\$360,000 was authorized on April 19, 1945)	90,450.00
Bins and racks for warehouse, Long Island City, New York	24,920.00

4. The management was authorized to contribute \$15,000.00 to the 1946 American Red Cross Campaign.
5. Mr. Rheinstrom reported on traffic for the month of October and the year to date,
6. The Chairman stated the management felt that 100 twin-engine airplanes would be required for DC-3 replacement and expansion of local services, of which he recommended, if feasible, the purchase of 50 and obtaining an option for the remaining 50. The directors authorized management to negotiate and to purchase or secure options on up to 100 twin-engine aircraft from Consolidated Vultee Aircraft Corporation or Glenn L. Martin Company, together with spare flight equipment, at a cost of not to exceed \$240,000 per aircraft unit.

7. The management was authorized to lease from the City of Tulsa, Oklahoma the former Douglas Modification Center, comprising approximately 660,000 square feet of space, for a term of 20 years on a basis of either annual or prepair rentals of not to exceed \$750,000.

The following proposed leases negotiated by the management were reported:

Airport lease, Douglas, Arizona; 20 years;
Estimated rental-\$61,000.
Airport lease, Battle Creek, Michigan; 10 years;
Estimated rental -\$44,400.
Airport lease, Springfield, Missouri; 15 years;
Estimated rental-\$46,300.
Traffic and ticket office, 16 Commerce Street,
Newark, New Jersey; 5 years;
Estimated rental-\$36,000.

The directors gave advance approval to a proposed lease of space for enlarged shop and overhaul facilities at Fort Worth, Texas comprising approximately 17,300 square feet, for a five year term at approximate rental of \$43,200.

8. A resolution was adopted approving the change of name of American Export Airlines, Inc., to American Overseas Airlines, Inc.
9. In addition to the loan of \$1,000,000 previously authorized, the directors authorized a loan of up to \$2,500,000 to American Overseas Airlines, Inc., for six months at 1.5 percent interest.
10. The service agreement between this corporation and American Overseas Airlines, Inc., effective October 1, 1945 was ratified and approved.
11. The wartime limitation of \$10,000 on employee death benefits under the Retirement Benefit Plan was rescinded, and the death benefits in effect up to June 30, 1942 were reinstated subject to a maximum benefit of \$20,000. (The payment is to be no less than \$1,000 in excess of total contributions of the employee)
12. The directors ratified execution of the Definitive Agreement between the corporation and Joseph A. Zock providing for acquisition of not less than 50.75 percent of the stock of Mid-Continent Airlines, Inc. Such agreement supersedes the Preliminary Agreement with Mr. Zock, dated September 17, 1945.
13. Lt. Chandler H. Kibbee was elected an Assistant Treasurer to be effective upon his discharge from the U. S. Navy.

The salaries of Paul G. Larie, Comptroller and Assistant Treasurer, and Vincent J. Long, Assistant Treasurer and Assistant Secretary were readjusted, effective December 1, 1945.

14. The President explained the management's plans for certain employee wage increases, and reported that all employees of the corporation would go on a 40 hour week without reduction in pay, effective January 1, 1946.

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15. The President reported the amount of 1945 year end compensation payments to employees and supervisory personnel, pursuant to authority given by the directors previously,
16. The directors approved the employment of the firm of Covington, Burling, Rublee, Acheson & Shorb, Washington, D. C., as special counsel and authorized the Chairman to determine the appropriate amount of compensation to be paid to such firm for services performed in the latter part of 1945. The Treasurer was authorized to pay Covington, Burling, Rublee, Acheson & Shorb a retainer at the rate of \$50,000 per annum for the year 1946.

The directors authorized the firm of Pruitt, Hale and Curwen to act as General Counsel up to March 1, 1946, at the discretion of the Chairman, and the Chairman was authorized to determine the appropriate compensation for services for such period.

The Chairman was authorized to make tentative plans for the appointment of General Counsel, subject to the approval of the Board.

17. The Chairman reported the employment of Mr. Rex Smith as Director of Public Relations and of Mr. P.P. Willis as Advertising Manager.
18. The Directors approved payment of year end compensation amounting to \$65,200 to the 20 corporate officers exclusive of the Chairman of the Board. In connection with this authorization, it was recorded that failure to authorize any year end compensation payment to the Chairman should not prejudice or determine the course to be followed in succeeding years.

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AMERICAN AIRLINES, INC
Cable Address AMAIR

100 East 42nd Street - New York 17, New York - Murray Hill 5-3900

January 15, 1946

TO: THE DIRECTORS

TULSA OVERHAUL BASE:

We have completed negotiations, and signed lease with the City of Tulsa, for occupancy of the former Douglas Modification Center at Tulsa, Oklahoma. You will remember photographs of this Center, shown at the last meeting of the Board of Directors.

This series of four buildings, constructed during the war at a cost of approximately \$5,000,000.00, afford something more than 700,000 feet of floor space. That is a greater amount than we presently require and we have, therefore, made arrangements for RFC to retain a portion of it, to be utilized by RFC as surplus storage space. The lease is for a twenty-year period and gives us right to occupy the space as follows:

First two years	1/2 of the total space	\$17,500.00
Third year	3/4 " " " "	26,250.00
Fourth year and after	Total space	35,000.00

This works out at annual rental of approximately 56 per square foot and further permits us to occupy the space in accordance with our requirements. For the reason that the property now belongs to the City of Tulsa, no local or state taxes will be paid on the property by the occupant. This is, of course, a highly advantageous arrangement and this property should provide us sufficient space for aircraft overhaul for the next ten years. We are now beginning to occupy the space and the plant should be in operation within a couple of months.

AIRPORT LEASE, TULSA:

On account of the advantages to Tulsa of this move by American, we have been able to enter into an airport lease contract, defining the charges to be assessed against out operation, for a period of twenty years. This is a lease which we have been endeavoring to accomplish for more than five years; it has now been made possible and the lease has been completed. Details of the lease will be given at the next meeting; it is a favorable one.

OFFICE SPACE, TULSA:

By reason of the acquisition of the overhaul facilities at Tulsa, it is advantageous that certain office functions be transferred to Tulsa. Some of this work stems from operation of the overhaul plant; some of it should be moved as a part of our general de-centralization program.

40,000 square feet of office space will be required at Tulsa. We have, with some difficulty, arranged to secure this space in the Boston Building at Tulsa; annual rental of \$2.50. In order to protect our potential investment in this installation, lease of ten years should be secured. This would involve annual rental of \$100,000.00; total rental for ten years of \$1,000,000.00.

When the amount of this rental is considered it is logical to think about the value of the building which we are, indirectly, paying for and what the building could be

The Directors

purchased for.

This building has approximately 73,000 square feet of rentable space. Excluding the space occupied, or to be occupied by American, 33,000 square feet remain available for lease. At \$2.50 per square foot, potential rental is \$82,500.00 and of that potential space to the amount of \$66,000.00 per annum is presently rented.

The building is a 12-story building, constructed about 1930 and in good condition. Appraisers have estimated that the building, with normal repairs, will have additional useful life of 30-40 years. It is located on a plot of centrally located, downtown property, size of plot 120 x 140, and the building is 50 x 140. Appraisal value of the real estate is \$96,000.00 and reproduction cost of the building is estimated at \$760,000.00. Deducting accrued depreciation, present value of building is in the neighborhood of \$600,000.00, ex-land.

In view of the requirement to lease this space, and to incur contract commitment of \$1,000,000.00, it is advantageous to purchase the building and we are proceeding upon the basis that your judgment in the matter would be the same as ours. On the basis of full occupancy, 73,000 x \$2.50, annual rental would be \$182,500.00. Deducting cost of operating building, estimated at \$95,000.00, annual net would be \$87,500.00 and the building would pay out in less than ten years. We are, therefore, proceeding upon the basis that we should purchase the building and we hope that our judgment in the matter will be in keeping with your wishes.

P
C. R. Smith

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P.S. In reading this back over I notice that the price of the building is omitted; purchase price is \$750,000.00.