



AMERICAN AIRLINES SYSTEM

CABLE ADDRESS AMAIR

100 EAST 42nd STREET • NEW YORK 17, NEW YORK • MURRAY HILL 5-3900

October 9, 1947

TO THE DIRECTORS OF AMERICAN AIRLINES, INC.:

Enclosed are minutes of the meeting of the Board of Directors held September 17, 1947, together with an envelope for your convenience in returning them.

Please advise if there are any corrections or comments.

C. W. Jacob,
Secretary

CWJ:lds
enc.

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
AMERICAN AIRLINES, INC.

A regular meeting of the Board of Directors of American Airlines, Inc., was held in the Carlton Suite of the Ritz-Carlton Hotel, New York, New York, on Wednesday, September 17, 1947, at 10:00 o'clock, a. m., Eastern Daylight Saving Time, pursuant to due notice to all of the directors of the corporation in accordance with the By-Laws.

There were present at the meeting:

- Harry E. Benedict
- Charles S. Cheston
- Ralph S. Damon
- Silliman Evans
- O. M. Mosier
- Edgar M. Queeny
- C. R. Smith

being a quorum of the Board of Directors.

Also present at the request of the directors were R. E. S. Deichler, Vice President - Sales, W. J. Hogan, Treasurer and M. A. MacIntyre of the firm of Douglas, Proctor, MacIntyre & Gates, general counsel for the corporation.

Directors Ames, Bruce, Butler, Carter, Conroy, Farley, Hammond, Kemp, and McLucas were unable to attend the meeting.

The Chairman of the Board presided and the Secretary kept the records of the meeting.

1. The Chairman reported that Messrs. Ames and Conroy, members of the committee appointed in April, 1947 to review and study the financing program for American Overseas Airlines, were in Europe inspecting the facilities of that corporation.

2. The Secretary stated that the minutes of the previous meeting held July 16, 1947 had been mailed to each Director and presented a summary of action taken at such meeting. Thereupon, upon motion duly made and seconded, the minutes of the meeting of July 16, 1947 were approved.

3. Mr. Hogan presented financial statements of the corporation and of American Overseas Airlines, Inc. as of August 31, 1947. He submitted a report on disposal of surplus property in the month of August. The Directors then discussed the company's program for disposition of obsolete equipment.

4. The Chairman discussed anticipated new aircraft requirements and reviewed conditions of price and delivery under the contract for purchase of 100 Model 240 Convair aircraft. The contract price, including potential escalation, is approximately \$231,000 per airplane as compared to manufacturer's present quoted price of \$350,000. The Chairman stated that notwithstanding the corporation's favorable contractual position with respect to price, he anticipated the corporation would not require more than 75 of such aircraft up to the spring of 1949. He stated he believed the Consolidated Vultee Aircraft Company would be willing to defer delivery of 25 aircraft for a nominal service charge, or cancel such orders outright, without charge.

After full discussion the following resolution was duly made, seconded and unanimously carried:

RESOLVED that the officers of this corporation are authorized, subject to approval of the Chairman of the Board, to negotiate with Consolidated Vultee Aircraft Company to defer to the year 1949 delivery of 25 Model 240 Convair aircraft and for the right, without restriction, to resell such aircraft, at a maximum increased cost per aircraft of not to exceed \$10,000.

5. The President presented a statement of capital expenditures authorized by the management since the last meeting of the Board of Directors, each less than \$100,000, totaling \$216,904.99 for the corporation and \$9,221.47 for American Airlines de Mexico, S. A. Mr. Damon reported that the management anticipated making reductions approximating \$4,152,750 in certain capital projects previously approved by the Directors as follows:

<u>Date</u> <u>Approved</u>	<u>Description</u>	<u>Original</u> <u>Amount</u> <u>Approved</u>	<u>Estimated</u> <u>Reduction</u>	<u>Estimated</u> <u>Expenditure</u>
10/17/45	Ground equipment for DC-4 and DC-6	\$ 3,000,000	\$1,500,000	\$ 1,500,000
7/31/46	100 Convair aircraft, engines and parts	24,304,000	1,304,000	23,000,000
9/23/46	Ground equipment for Convair	1,164,000	914,000	250,000
1/15/47	Omni directional navigational radio equipment - DC-6 - Convair 240			
		<u>741,775</u>	<u>434,750</u>	<u>307,020</u>
		<u>\$29,209,775</u>	<u>\$4,152,750</u>	<u>\$25,057,020</u>

6. Mr. MacIntyre reported that the Boeing Aircraft Company has released this corporation from the guarantee of performance under American Overseas Airlines, Inc. contract with Boeing for the purchase of eight Boeing aircraft. He reported that American Overseas Airlines, Inc. had agreed not to cancel its existing bank credit agreement in the amount of \$12,000,000 except under certain circumstances acceptable to its Board of Directors.

7. The President recommended that the Directors authorize the purchase of a Douglas DC-4 airfreighter, without engines and propellers, from American Overseas Airlines, Inc. for approximately \$100,000. After discussion and upon motion duly made and seconded, the authority requested was granted.

8. Upon the recommendation of the Secretary, the following resolutions were made, seconded and unanimously carried:

WHEREAS, the Mutual Life Insurance Company of New York desires to exchange a total of \$2,000,000 principal amount of 3% Sinking Fund Debentures, due June 1, 1966, of American Airlines, Inc., presently owned by it, for a single fully registered Debenture in the principal amount of \$2,000,000; and

WHEREAS, Section 2.04 of the Indenture, dated as of June 1, 1946, relating to such Debentures, provides that fully registered Debentures shall be issuable in denominations of \$1,000, \$5,000, and such other denominations as may be authorized by the Board of Directors, be it therefore

RESOLVED, that the proper officers of the company be, and they hereby are, authorized to execute a registered Debenture without coupons in the denomination of \$2,000,000; and be it further

RESOLVED, that the Treasurer or an Assistant Treasurer, of the company be, and he hereby is, authorized to give written instructions to The New York Trust Company, the Trustee under the Indenture, authorizing it to authenticate such Debenture and to deliver it to the Mutual Life Insurance Company of New York in registered form without coupons, upon presentation and surrender by the Mutual Life Insurance Company of New York, upon the conditions and in the manner prescribed in Section 2.12 of the Indenture.

9. The Treasurer recommended revision of the Payroll, Imprest and Refund bank accounts to allow the replenishment of such accounts from any banking source employed by American Airlines, Inc. and to remove certain maximum balance limitations with respect to the Imprest and Refund Accounts. Whereupon, upon motion duly made, seconded and unanimously carried, the following resolutions were adopted:

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RESOLVED, that bank accounts of this corporation be opened and maintained, to be designated:

AMERICAN AIRLINES, INC. PAYROLL ACCOUNT

with the following banks:

The Chase National Bank of the City of New York
National Bank of Tulsa

and

AMERICAN AIRLINES, INC. SPECIAL PAYROLL ACCOUNT

with the following bank:

The Chase National Bank of the City of New York

subject to the limitations and conditions contained in these resolutions, and that funds of this corporation will be deposited therein by checks of this corporation, payable to the order of "American Airlines, Inc. Payroll Account" or "American Airlines, Inc. Special Payroll Account", as the case may be, and be it further

RESOLVED, that the aforementioned banks hereby are instructed never to receive for deposit in said "American Airlines, Inc. Payroll Account", or said "American Airlines, Inc. Special Payroll Account", any checks, drafts or orders for the payment of money drawn or endorsed to the order of this corporation by any other corporation, firm or person; and be it further

RESOLVED, that the funds of this corporation on deposit in the Payroll Account and the Special Payroll Account maintained in the name of the corporation with the Chase National Bank of the City of New York and National Bank of Tulsa, pursuant to resolutions heretofore adopted by the Board of Directors of this corporation, shall hereafter be subject to withdrawal only in accordance with checks, drafts, or other orders for the payment of money drawn on said account and signed in the name of the corporation by any one of the named individuals or persons holding the following offices:

President
Treasurer
Assistant Treasurers
J. C. McCormick
W. F. Calliott

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or, when such checks, drafts, or other orders for the payment of money do not exceed \$600.00, when signed with the facsimile signature of W. J. Hogan, Treasurer or P. G. Larie, Assistant Treasurer, or V. J. Long, Assistant Treasurer of the corporation impressed upon such instrument (regardless of how or by whom the same is impressed on such instrument, and without inquiry as to the circumstances of issue or disposition of the proceeds thereof), the said banks being entitled to honor and to charge this corporation for all such checks, drafts, or other orders for the payment of money, regardless of by whom or by what means the actual or purported facsimile signature or signatures thereon may have been affixed thereto, if such facsimile signature or signatures resemble the facsimile specimens from time to time filed with the said banks by the authorized officer of this corporation; and be it further

RESOLVED that the Secretary, Assistant Secretaries, or Treasurer of this corporation be authorized to file with said depositories a certified copy of the foregoing resolutions, together with the specimen signatures of the officers and agents hereby authorized manually to sign checks, drafts, or other orders for the payment of money drawn in the name of this corporation upon said accounts, and facsimile signatures of W. J. Hogan, Treasurer, or P. G. Larie, Assistant Treasurer, or V. J. Long, Assistant Treasurer of this corporation, as same will be impressed upon such instruments (regardless of how or by whom the same is impressed on such instrument, and without inquiry as to the circumstances of issue or disposition of the proceeds thereof), and that except as herein specifically modified the resolutions with respect to said accounts and the limitations upon deposits to be made in said Payroll Account and Special Payroll Account shall remain in full force and effect until repealed or modified by the Board of Directors of this corporation and until notice of such modification or repeal has been given to said depositories; and be it further

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RESOLVED, that bank accounts of this corporation be opened and maintained, to be designated:

"AMERICAN AIRLINES, INC. - IMPREST ACCOUNT"

with the following named banks:

The Cleveland Trust Company
Cleveland, Ohio

Corn Exchange Bank Trust Company
Commodore Branch
New York, New York

The First National Bank of Chicago
Chicago, Illinois

Republic National Bank of Dallas
Dallas, Texas

Security-First National Bank of Los Angeles
Seventh and Grand Branch
Los Angeles, California

State Street Trust Company
Boston, Massachusetts

subject to the limitations and conditions contained in these resolutions; that funds of the corporation may be deposited therein by check of this corporation; and be it further

RESOLVED, that the aforementioned banks hereby are instructed never to receive for deposit in said "Imprest Accounts" any checks, drafts, or orders for the payment of money drawn or endorsed to the order of this corporation, firm, or person; and be it further

RESOLVED, that all checks, drafts, or other instruments for the payment of money made or drawn by the corporation upon its Imprest Account so maintained with any of such depositaries shall be signed, in the name of the corporation, by its Treasurer, and Assistant Treasurer, jointly, or by either the Treasurer or Assistant Treasurer, and countersigned by the President, or a Vice President, two signatures being required upon every such check except that checks for not more than \$1,000.00 each for the withdrawal of funds from said bank accounts may be signed individually and without countersignature by any one of the

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aforesaid officers or by any one of such other officers, agents, or individuals as may from time to time be authorized in writing by the Treasurer and Assistant Treasurer, jointly, or by either one of them, and the President or a Vice President, two signatures being required upon every such authorization, and except further that checks for not more than \$2,500.00 each for the withdrawal of funds from said bank accounts may be signed by any Regional Vice President or Assistant Treasurer of the corporation and countersigned by any one of the individuals currently authorized in writing to sign checks for not more than \$1,000.00 each as indicated above, two signatures being required upon every such check; and be it further

RESOLVED, that said banks are hereby authorized to pay such checks, when drawn and signed as aforesaid and to receive the same for deposit to the credit of, or in payment from, any holder (including checks drawn to cash, or bearer, or to the individual order of the officer, agent, or individual signing same), whether payable to, or tendered for deposit to the credit of, or in payment of any obligation to, any officer or agent of this corporation, or otherwise; and be it further

RESOLVED, that the foregoing resolutions shall continue in force until formally rescinded and written notice of such rescission is filed with said banks respectively; and be it further

RESOLVED that bank accounts of this corporation be opened and maintained, to be designated:

"AMERICAN AIRLINES, INC.- REFUND ACCOUNT"

with the following named banks:

Irving Trust Company
Lincoln Branch
42nd Street at Park Avenue
New York, New York

First National Bank and Trust Company
325 South Main Street
Tulsa, Oklahoma

subject to the limitations and conditions contained in these resolutions; that funds of the corporation may be deposited therein by check of this corporation payable to the order of "American Airlines, Inc. - Refund Account"; and be it further

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RESOLVED that the aforementioned banks hereby are instructed never to receive for deposit in said "Refund Accounts" any checks, drafts, or orders for the payment of money drawn or endorsed to the order of this corporation by any other corporation, firm, or person; and be it further

RESOLVED that all checks, drafts or other instruments for the payment of money made or drawn by the corporation upon its Refund Account shall be signed, in the name of the corporation, by its Treasurer and Assistant Treasurer, jointly, or by either the Treasurer or Assistant Treasurer, and countersigned by the President, or Vice President, two signatures being required upon every such check, except that checks for not more than \$150.00 each for the withdrawal of funds from said bank account may be signed by any one of the aforesaid officers or by any one of such other officers, agents or individuals as may from time to time be authorized in writing by the Treasurer and Assistant Treasurer, jointly, or by either one of them, and the President or a Vice President, two signatures being required upon every such authorization, and the authority thereby granted to such other officers, agents or individuals acting alone being limited to the signing of checks for not more than \$150.00 each for the withdrawal of funds from said bank account; and be it further

RESOLVED that said bank is hereby authorized to pay such checks, when drawn and signed as aforesaid, and to receive the same for deposit to the credit of, or in payment from, any holder (including checks drawn to cash, or bearer, or to the individual order of the officer, agent, or individual signing same), whether payable to, or tendered for deposit to the credit of, or in payment of any obligations to, any officer or agent of this corporation, or otherwise; and be it further

RESOLVED that the foregoing resolutions shall continue in force until formally rescinded and written notice of such rescission is filed with said banks; and be it further

RESOLVED that a bank account of this corporation be opened and maintained, to be designated:

"AMERICAN AIRLINES, INC. - REFUND ACCOUNT-
INTERNATIONAL"

with the following named bank:

Irving Trust Company
Lincoln Branch
42nd Street at Park Avenue
New York, New York

subject to the limitations and conditions contained in these resolutions:

RESOLVED that funds of the corporation may be deposited in said "Refund Account - International" by check of this corporation payable to the order of "American Airlines, Inc. - Refund Account - International", and that the aforementioned bank hereby is instructed never to receive for deposit in said account any checks, drafts, or orders for the payment of money drawn or endorsed to the order of this corporation by any other corporation, firm, or person; and be it further

RESOLVED that all checks, drafts, or other instruments for the payment of money made or drawn by the corporation upon its "Refund Account - International" shall be signed, in the name of the corporation, by its Treasurer and Assistant Treasurer, jointly, or by either the Treasurer or Assistant Treasurer and countersigned by the President, or Vice President, two signatures being required upon every such check, except that checks for not more than \$1,000 each for the withdrawal of funds from said bank account may be signed by any one of the aforesaid officers or by any one of such other officers, agents or individuals as may from time to time be authorized in writing by the Treasurer and Assistant Treasurer, jointly, or by either one of them, and the President or a Vice President, two signatures being required upon every such authorization, and the authority thereby granted to such other officers, agents or individuals acting alone being limited to the signing of checks for not more than \$1,000 each for the withdrawal of funds from said bank account; and be it further

RESOLVED that said bank is hereby authorized to pay such checks, when drawn and signed as aforesaid, and to receive the same for deposit to the credit of, or in payment from, any holder, whether payable to, or tendered for deposit to the credit of, or in payment of any obligations to, any officer, agent or individual of this corporation signing same, or otherwise; and be it further

RESOLVED that the foregoing resolutions shall continue in force until formally rescinded and written notice of such rescission is filed with said bank.

10. The Secretary stated that it would be necessary to authorize the appointment of new registered agents to represent the corporation in Missouri, Michigan and the Province of Quebec. Whereupon, after due consideration, upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that the registered agent for American Airlines, Inc. in Missouri be Sam Buehman of Corporation Guarantee and Trust Company, Delmonica Building, Jefferson City, Missouri, or such other person as the Corporation Guarantee and Trust Company may designate; and be it further

RESOLVED that John C. Ray whose business address is 1006 Lafayette Building, Detroit 26, Michigan, be and he is duly appointed agent of this corporation, and authorized to acknowledge service of any and all process for and on behalf of this corporation; and this corporation does hereby consent that service of process upon said John C. Ray, 1006 Lafayette Building, Detroit 26, Michigan, shall be taken and held to be as valid as if served upon this corporation, according to the laws of the State of Michigan or any other state and this corporation hereby waives all claim of error by reason of such service; and be it further

RESOLVED that James Brendan O'Connor, Advocate, of the City of Montreal, be appointed chief agent and attorney of this corporation in the Province of Quebec under the provisions of the Extra-Provincial Companies Act of that Province; and be it further

RESOLVED that the Vice President and Secretary or an Assistant Secretary of the company, be and they hereby are authorized to sign a Power of Attorney appointing James Brendan O'Connor, Advocate, of the City of Montreal, the corporation's chief agent and attorney in the Province of Quebec under the provisions of the Extra-Provincial Companies Act of that Province.

11. The President recommended that the Directors authorize the corporation to pay the premiums at 90¢ per \$1,000 on aviation personal accident insurance in the amount of \$50,000 for each of the Directors and Vice Presidents. After discussion and upon motion duly made and seconded, the recommendation was approved.

12. The Chairman presented the accompanying written resignation of Director James Bruce. Thereupon, the resignation of Mr. James Bruce was accepted with regret, and with the expressed appreciation of the Directors for the valuable services rendered by him.

The Chairman appointed a committee consisting of A. N. Kemp, Chairman, Charles Cheston and Edgar Queeny to submit recommendations for the election of a Director to fill the vacancy on the Board.

13. The Chairman recommended adjustments in the salaries of certain officers of the corporation and upon motion duly made, seconded and unanimously carried, the salaries of such persons were established on the following basis effective September 1, 1947:

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Paul G. Larie, Comptroller and Assistant Treasurer	\$14,400 per annum
Vincent J. Long, Assistant Treasurer	\$13,500 per annum
Maurice T. Stallter, Assistant Vice President	\$11,400 per annum

14. At the request of the Chairman, Mr. Daichler explained the recent reductions in the company's air freight tariffs to meet reductions instituted by certain non scheduled airlines. Discussion followed with respect to other matters generally affecting the company.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.

C. W. Jacob, Secretary

APPROVED:

C. R. Smith, Chairman