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New York Airways Collection - Reports, Annual Reports, 1966-1969

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"It is difficult to understand how the Federal Government could have denied its interest in this promising urban transport service almost concurrently with its recognition that surface traffic problems within and between major metropolitan areas are so threatening as to be an urgent reason for organizing the new DOT. To be sure, the Helicopter Airlines are minute in relation to various modes of mass transportation, even in their separate localities. Also, political awareness of them on a national scale has been limited by their presence in only four major population centers. Nevertheless, the need to weave the unique capability of helicopter service into other means of trying to stave off massive traffic crises in many cities is so great that only the way in which it will be met is in question."

Every effort should and will be made to obtain reconsideration of the Congressional decision of 1965. However, realism obviously dictates that New York Airways must plan to continue without federal subsidy support for the indeterminate future.

Trunkline Operating Agreements

The Company's operations are presently being conducted under the operating agreements with Pan Am and TWA which became effective in June 1965 and were limited to breakeven payments by the two trunk carriers enabling continuation of the Company's operations. The initial term of the agreements was for one year (to June 1966) with an option in the two trunklines to extend for one or two additional years. The agreements are now in their second year, which expires in June 1967. The vital importance to your Company of Pan Am and TWA agreements is apparent. That these agreements have also proved beneficial to the two trunk carriers is equally evident. In 1966, 152,000 passengers used the Pan Am and 375,000 passengers the TWA sponsored services. Many travelers inbound as well as outbound who might otherwise have chosen other carriers have availed themselves of the services of TWA and Pan Am because of the convenient time-saving location of New York Airways' facilities at their respective airport terminals. Obviously, these are merely interim arrangements. Neither New York Airways nor any other company could long exist on a non-profit basis. Every effort must therefore be exerted to develop additional sources of income. Needless to say, future operating arrangements will be entered into on a basis which will include profit allowances.

As indicated above, the Company's commitment to TWA and Pan Am to operate under the present agreements will expire in June 1968. At that time a long-term agreement between the Company and Pan Am will become effective and continue in force through 1995.

This agreement confers on the Company the primary right to conduct any helicopter or other VTOL (Vertical Takeoff and Landing) operations desired by Pan Am to and from the Pan Am Building Heliport and Teterboro Airport and to act as the operator of the heliport itself. The agreement provides that the Company shall be reimbursed its fully allocated costs of performing services thereunder and, in addition, receive fair and reasonable profits.

Capital Obligations

In May 1964 New York Airways borrowed \$2 million from The Chase Manhattan Bank, repayable in monthly installments ending in January 1970. In July 1965 an additional \$1.2 million, due December 31, 1966, was borrowed from Pan Am, TWA, and two of the Company's principal stockholders, Messrs. J.H. Whitney and R.G. Goelet.

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