

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON OPERATIONS
MINUTES OF SPECIAL, INTERIM MEETING
Tuesday, March 29, 2011**

Newark Liberty International Airport – Virgin Atlantic Airways Ltd. –
Lease ANC-249 – New Lease

3

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**COMMITTEE ON OPERATIONS
MINUTES OF SPECIAL, INTERIM MEETING**

225 Park Avenue South

New York, NY

Tuesday, March 29, 2011

PRESENT:

Hon. David Samson, Chair
 Hon. Anthony R. Coscia
 Hon. Stanley E. Grayson
 Hon. H. Sidney Holmes III
 Hon. Jeffrey A. Moerdler
 Hon. Raymond M. Pocino
 Hon. Anthony J. Sartor
 Hon. David S. Steiner
 Committee Members

Christopher O. Ward, Executive Director
 William Baroni, Jr., Deputy Executive Director
 Darrell B. Buchbinder, General Counsel
 Karen E. Eastman, Secretary

Susan M. Baer, Director, Aviation
 James E. Blackmore, Program Director, Tunnels, Bridges and Terminals
 Steven A. Borelli, Assistant Director of Port Business Development, Port Commerce
 Vincent J. Borst, Assistant Director of Property Management, Real Estate and Development
 Ernesto L. Butcher, Chief Operating Officer
 Steven J. Coleman, Assistant Director, Media Relations
 Gerard A. Del Tufo, Assistant Director of Development and Operations, Real Estate and
 Development
 Michael P. DePallo, Director, Rail Transit
 Gretchen P. DiMarco, Special Assistant to the Deputy Executive Director
 Francis A. DiMola, Director, Real Estate and Development
 John J. Drobny, Director, Security Projects
 Michael G. Fabiano, Chief Financial Officer
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 Michael B. Francois, Chief, Real Estate and Development
 Jennifer Friedberg, Public Information Officer, Media Relations
 Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
 Lash L. Green, Director, Office of Business and Job Opportunity
 Glenn P. Guzi, Senior External Affairs Representative, Government and Community Affairs
 Linda C. Handel, Deputy Secretary
 Andrew T. Hawthorne, Director, Marketing
 Mark D. Hoffer, Director, New Port Initiatives, Port Commerce
 Lawrence S. Hofrichter, Deputy General Counsel

Kara E. Hughes, Senior External Relations Client Manager, Government and Community Affairs
Howard G. Kadin, Esq., Law
John P. Kelly, Director, Media Relations
Kirby King, Director, Technology Services
Louis J. LaCapra, Chief Administrative Officer
Cristina M. Lado, Director, Government and Community Affairs
Conor Lanz, Special Assistant to the Executive Director
Jamie E. Loftus, Chief, Public and Government Affairs
Dennis Lombardi, Deputy Director, Port Commerce
Thomas P. Maher, Assistant Director, Real Estate and Development
Norma L. Manigan, Program Director, External Affairs, Marketing
Ronald Marsico, Assistant Director, Media Relations
Michael G. Massiah, Director, Management and Budget
Daniel G. McCarron, Comptroller
James E. McCoy, Manager, Board Management Support, Office of the Secretary
Anne Marie C. Mulligan, Treasurer
Edward Nathan, Assistant Director of Planning and Project Development, Real Estate and
Development
Timothy G. Stickelman, Assistant General Counsel
Gerald B. Stoughton, Director, Financial Analysis
Robert A. Sudman, Director, Audit
Ralph Tragale, Assistant Director, Public Affairs, Aviation
David B. Tweedy, Chief, Capital Programs
Lillian D. Valenti, Director, Procurement
Sheree Van Duyne, Manager, Policies and Protocol, Office of the Secretary
Andrew S. Warshaw, Chief of Staff to the Executive Director
David M. Wildstein, Director, Interagency Capital Projects, Office of the Deputy Executive
Director
Peter J. Zipf, Chief Engineer

Speakers:

Margaret Donovan, Twin Towers Alliance
Richard Hughes, Twin Towers Alliance
John McAusland, General Counsel, Port Authority Police Benevolent Association
Paul Nunziato, President, Port Authority Police Benevolent Association
Robert Paulsen, Delegate, Port Authority Police Benevolent Association

In view of the fact that there would be an insufficient number of affirmative votes cast to constitute a quorum with respect to a matter to be considered at today's Board meeting, the Secretary reported that, pursuant to the Board's resolution of December 15, 1994, a special, interim meeting of the Committee on Operations was called to permit the Committee to act on this item for and on behalf of the Board.

The meeting was called to order in public session by Chairman Samson at 12:47 p.m. and ended at 1:15 p.m.

NEWARK LIBERTY INTERNATIONAL AIRPORT – VIRGIN ATLANTIC AIRWAYS LTD. – LEASE ANC-249 – NEW LEASE

It was recommended that the Board authorize the Executive Director to enter into a new lease agreement with Virgin Atlantic Airways Ltd. (VA) for the letting of approximately 4,956 square feet of space in Terminal B at Newark Liberty International Airport (EWR) for an 11-year term, with the space to be used as a new first-class lounge.

Under the proposed lease, VA intends to invest \$3.5 million to build and fit out a new state-of-the-art lounge in the B2 connector of Terminal B, which is space newly created as part of the EWR Terminal B Modernization Program, to better accommodate its first-class, business and frequent-flyer patrons, as well as those of other airlines. The rent commencement date under the new lease would be the earlier of the date of beneficial occupancy of the leased premises or one year from the lease commencement date, which is on or about October 1, 2011. VA would pay a total aggregate rental of approximately \$4.4 million in fixed rent over the term of the lease.

The lease also would provide VA with the option of having the Port Authority advance an amount not to exceed \$3.5 million to VA, toward its construction costs, in which event an additional rental would be payable to the Port Authority sufficient for the Port Authority to recover such amount advanced on a financially self-sustaining basis. The Port Authority and VA each would have the right to terminate the lease, without cause, on 30 days' notice. In the event VA terminated the lease and the Port Authority had provided an advance toward VA's construction costs, VA would be required to repay any portion of such advance that had not been repaid as additional rent, in accordance with the terms outlined to the Board. In the event the Port Authority terminated the lease and the Port Authority had not advanced any funds to VA, the Port Authority would reimburse VA for the unamortized portion of its investment in the premises, in an amount not to exceed \$3.5 million.

Pursuant to the foregoing report, the Committee on Operations, acting for and on behalf of the Board pursuant to delegated authority, adopted the following resolution with Commissioners Coscia, Grayson, Holmes, Pocino, Samson, Sartor and Steiner voting in favor; none against; Commissioner Moerdler recused:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an 11-year lease agreement with Virgin Atlantic Airways Ltd. for the letting of approximately 4,956 square feet of space in Terminal B at Newark Liberty International Airport for the construction, operation and maintenance of a first-class lounge for its patrons, substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into any other contracts and agreements necessary or appropriate in connection with the foregoing; and it is further

RESOLVED, that the form of all documents in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary