

Duffy, Daniel

FOI#12686

From: cking@riker.com
Sent: Thursday, October 13, 2011 5:03 PM
To: Duffy, Daniel
Cc: Torres Rojas, Genara; Van Duyne, Sheree
Subject: Freedom of Information Online Request Form

Information:

First Name: Catherine
Last Name: King
Company: Riker Danzig
Mailing Address 1: Headquarters Plaza
Mailing Address 2: 1 Speedwell Avenue
City: Morristown
State: NJ
Zip Code: 07960
Email Address: cking@riker.com
Phone: 973-451-8545
Required copies of the records: Yes

List of specific record(s):

Any and all minutes, resolutions and approvals regarding privilege permits issued to rental car service providers in the last five 5 years.

Daniel D. Duffy
FOI Administrator

June 11, 2012

Ms. Catherine King
Riker Danzig
Headquarters Plaza, 1 Speedwell Avenue
Morristown, NJ 07960

Re: Freedom of Information Reference No. 12686

Dear Ms. King:

This is a response to your October 13, 2011 request, which has been processed under the Port Authority's Freedom of Information Code (the "Code", copy attached) for copies of minutes, resolutions and approvals regarding privilege permits issued to rental car service providers in the last five years.

Material responsive to your request and available under the Code can be found on the Port Authority's website at http://www.panynj.gov/corporateinformation/pdf/december_17_2008_board_minutes.pdf. Paper copies of the available records are available upon request.

Please refer to the above FOI reference number in any future correspondence relating to your request.

Very truly yours,



Daniel D. Duffy
FOI Administrator

Attachment

NEWARK LIBERTY INTERNATIONAL AIRPORT – LEASE AND PERMIT SUPPLEMENTS WITH CERTAIN RENTAL CAR OPERATORS AND NEW LEASE WITH ELRAC, INC.

It was recommended that the Board authorize the Executive Director to enter into: (1) lease supplements with five on-airport rental car operators at Newark Liberty International Airport (EWR), including: Avis Rent A Car System, LLC (Avis), Budget Rent A Car System, Inc. (Budget), DTG Operations, Inc. (Dollar), The Hertz Corporation (Hertz) and National Rental (US), Inc. (National), to extend the term of their respective leases to May 31, 2016 and eliminate the Monorail Fee payable thereunder; (2) a new lease with Elrac, Inc. (Enterprise) covering a portion of Building 34 and associated ground area at EWR, for use as an on-airport rental car facility for a ten-year term; and (3) supplements to the operating permits with Avis, Budget, Dollar, Hertz, National and Enterprise to eliminate the Customer Contract Fee and, in lieu thereof, impose a \$2.00 per-car-rental-day Transportation Facility Charge.

The lease supplements would increase the ground rental rates for each car rental company to the current airport ground rental rate of \$1.34 per square foot, effective February 1, 2009. In addition, the companies would continue to pay Airport Services Factor charges, in accordance with the established formula for EWR. The car rental companies would continue to pay no building rental, in recognition that prior investment in the car rental premises at EWR would continue to be amortized over an approximate 20-year period expiring May, 31, 2016, the expiration date of the extended lease terms.

The Port Authority maintains a policy that each of the on-airport rental car companies must operate at each of John F. Kennedy International Airport (JFK), LaGuardia Airport (LGA) and EWR. To implement this policy, a termination of a car rental company's lease or the revocation of its permit at one airport permits the Port Authority to revoke that car rental company's permit and terminate its leases at the other two airports. If the triggering event is the Port Authority's revocation of a privilege permit without cause, the termination of a car rental company's EWR and JFK leases would obligate the Port Authority to pay the car rental company's unamortized investment in its EWR and JFK premises.

The car rental privilege permits and leases at EWR would be amended to provide for a more streamlined method for the payment of the car rental companies' contributions to the AirTrain Newark capital and operating expenses, by implementing a Transportation Facility Charge of \$2.00 per car rental day.

Specific material terms of the leases with the rental car operators are as follows:

Avis – Supplement to Lease AN-637 / Permit AN 984

Avis would continue to rent approximately six acres of land, with the total aggregate rental and permit fees (including ground rental, Airport Service Factors, Transportation Facility Charges and percentage fees) over the term of the extended lease to be approximately \$63.6 million.

Budget – Supplement to Lease ANA-768 / Permit AN 934

Budget would continue to rent approximately 3.8 acres of land, with the total aggregate rental and permit fees (including ground rental, Airport Service Factors, Transportation Facility Charges and percentage fees) over the term of the extended lease to be approximately \$20 million.

Dollar – Supplement to Lease ANA-769 / Permit AN 935

Dollar would continue to rent approximately 3.4 acres of land, with the total aggregate rental and permit fees (including ground rental, Airport Service Factors, Transportation Facility Charges and percentage fees) over the term of the extended lease to be approximately \$17.3 million.

Hertz – Supplement to Lease AN-640 / Permit AN 985

The Hertz lease supplement would add to the premises approximately .55 acres currently used by Hertz under a separate space permit, so that the lease supplement would cover approximately 6.5 acres of land, with the total aggregate rental and permit fees (including ground rental, Airport Service Factors, Transportation Facility Charges and percentage fees) over the term of the extended lease to be approximately \$88.2 million.

**National – Supplement to Lease AN-639 / Permit AN 986 and
Enterprise – New Lease ANB-928 / Permit ANB 863**

At its June 2008 meeting, the Board authorized Enterprise as the Port Authority's sixth on-airport car rental permittee. With Enterprise's recent acquisition of National, Enterprise proposed that it be permitted to establish on-airport customer service and car-ready facilities at EWR by converting a portion of National's existing premises for its use.

National would surrender a portion of its EWR leasehold, and a new lease would be entered into with Enterprise for the surrendered premises. Enterprise would develop two separate and distinct ready-car areas, counter and office space for each brand on the current National premises. The Enterprise lease would cover approximately 2.1 acres of land, with the total aggregate rental and permit fees (including ground rental, Airport Service Factors, Transportation Facility Charges and percentage fees) over the term of the lease to be approximately \$22.3 million. The term of the Enterprise lease would be for ten years, commencing on the earlier to occur of the commencement of construction or August 1, 2009.

Up to \$6.5 million of Enterprise's investment in its EWR premises would be recognized for the purpose of calculating fee credits under Enterprise's EWR operating permit. The fee credits during construction would be based upon interest payments on investment, and after construction completion the credits would be calculated and applied on a monthly basis, equivalent to equal monthly installments of construction costs not to exceed \$6.5 million, and interest at the rate of 300 basis points plus the Bond Buyer rate at the time of lease execution, in an amount not to exceed 2.5 percent of Enterprise's gross receipts at EWR, JFK and LGA. The EWR fee credits would be applied after the application of the JFK fee credits authorized at the June 2008 meeting. These construction credits are consistent with the terms of the other on-

airport car rental agreements. In no event would the percentage fees payable by Enterprise be less than ten percent of its gross receipts at EWR, JFK and LGA.

Further, the Port Authority would be obligated to pay Enterprise an amount equal to its unamortized investment at EWR, in an amount not to exceed \$6.5 million, amortized on a straight-line basis over the period from the completion of construction to the expiration date of its EWR lease, if the Port Authority were to revoke either of Enterprise's operating permits without cause.

After the surrender of a portion of its premises for Enterprise's leasehold, National's extended lease would cover approximately 3.2 acres of land, with the total aggregate rental and permit fees (including ground rental, Airport Service Factors, Transportation Facility Charges and percentage fees) over the term of the extended lease to be approximately \$31.9 million.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, Hochberg, Holmes, Mack, Sartor and Steiner voting in favor; none against; Commissioner Grayson abstaining and Commissioner Silverman recused:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into: (1) supplemental lease agreements with five on-airport rental car operators at Newark Liberty International Airport (EWR), including: Avis Rent A Car System, LLC (Avis), Budget Rent A Car System, Inc. (Budget), DTG Operations, Inc. (Dollar), The Hertz Corporation (Hertz) and National Rental (US), Inc. (National) to extend the term of the agreements to May 31, 2016 and eliminate the Monorail Fee payable under the existing leases with those parties; (2) a new lease with Elrac, Inc. (Enterprise) covering a portion of Building 34 and associated ground area at EWR, for use as an on-airport rental car facility; and (3) permit supplements with Avis, Budget, Dollar, Hertz, National and Enterprise to eliminate the Customer Contract Fee and, in lieu thereof, impose a \$2.00 per-car-rental-day Transportation Facility Charge; all substantially in accordance with the terms and conditions outlined to the Board; and it is further

RESOLVED, that the form of the foregoing agreements shall be subject to the approval of General Counsel or his authorized representative.