PRA #17116

A Public Records Access request has been submitted.

Request By:	Tathyane Vosgerau
Signature:	Tathyane Vosgerau
Request date:	06/27/2016
Address:	28 Liberty St.
Email:	tvosgerau@milbank.com
Phone number:	212-530-5406
Personal Information Request:	NO
Records seeking:	Lease agreement between NYC and The Port Authority regarding the JFK Airport. Any lease agreement between The Port Authority and the Terminal One Group Association, L.P. or Terminal One Management, Inc., regarding JFK's Airport terminal one.

PRA # 17116

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
PUBLIC RECORD ACCESS FORM

Action by (print / type name):

William Shalewitz , Freedom of Information Administrator

Signature: Date:

09/20/2016

On behalf of the Secretary of the Port Authority, as Records Access Officer and Custodian of Government Records of the Port Authority.

✓ The requested records are being made available.

☐ Any responsive records that may exist are currently in storage or archived, and a diligent search is being conducted. The Port Authority will respond by:

☐ A diligent search has been conducted, and no records responsive to your request have been located.

☐ The requested records that have been located are not being made available, as they are exempt from disclosure for the following specific reasons:

☐ Some requested records that have been located are being made available. The remainder are exempt from disclosure for the following specific reasons:

☐ The request does not reasonably describe or identify specific records; therefore, the Port Authority is unable to search for and locate responsive records. Please consider submitting a new request that describes or identifies the specific records requested with particularity and detail.

✓ Other:

Material responsive to your request can be found on the Port Authority's website at http://corpinfo.panynj.gov/documents/17116-C/. Paper copies of the available records are available upon request.
Exemptions applied for security and privacy.

This form is promulgated by the Port Authority pursuant to the Port Authority Public Records Access Policy and is intended to be construed consistent with the New York Freedom of Information Law and the New Jersey Open Public Records Act. It is intended to facilitate requests for Port Authority public records and does not constitute legal advice.

AMENDED AND RESTATED AGREEMENT OF LEASE OF THE MUNICIPAL AIR TERMINALS

between

THE CITY OF NEW YORK,
as Landlord

and

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY,
as Tenant

Dated as of November 24, 2004

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THIS AMENDED AND RESTATED AGREEMENT OF LEASE OF THE MUNICIPAL AIR TERMINALS (together with the Exhibits and Schedules attached hereto, this "**Agreement**") is made as of the 24th day of November 2004 (the "**Execution Date**"), by and between THE CITY OF NEW YORK, a municipal corporation of the State of New York with its principal office at City Hall, in the Borough of Manhattan, City of New York (the "**City**"), and THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, a body corporate and politic, created by compact between the States of New York and New Jersey with the consent of Congress with its office at 225 Park Avenue South, Borough of Manhattan, City of New York (the "**Port Authority**").

RECITALS

1. The City and the Port Authority have entered into an Agreement dated as of April 17, 1947, whereby, among other things, the City has leased John F. Kennedy International Airport and LaGuardia Airport (as such terms are hereinafter defined) to the Port Authority, which agreement has hitherto been supplemented, amended and extended pursuant to the following Supplemental Agreements: First, dated May 26, 1949; Second, dated November 7, 1952; Third, dated May 28, 1956; Fourth, dated November 6, 1958; Fifth, dated October 3, 1960; Sixth, dated August 24, 1965; Seventh, dated December 21, 1965; Eighth, dated December 12, 1968; Ninth, dated January 1, 1979; Tenth, dated September 30, 1983; Eleventh, dated December 11, 1992; Twelfth, dated June 27, 1994; and Thirteenth, dated February 19, 1998 (as so supplemented, amended and extended, the "**Old Agreement**").

2. The City and the Port Authority desire to amend and restate the Old Agreement in its entirety, upon the terms, conditions, and provisions contained in this Agreement..

TERMS OF AGREEMENT

NOW, THEREFORE, in consideration of the mutual premises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and the Port Authority hereby mutually undertake, promise and agree, each for itself and its successors and assigns, that the Old Agreement is hereby amended, extended and restated in its entirety as follows:

Section 1. Definitions

As used in this Agreement the following words and phrases shall be construed as follows:

"**Additional Lump Sum Payment**" shall have the meaning provided in **Subsection 4.2.2** below.

"**Additional Rent**" shall mean any amounts, other than Base Rent, the Lump Sum Payment and the Additional Lump Sum Payment, that shall be due and payable by the Port Authority to the City or EDC pursuant to the terms of this Agreement, including, without limitation, amounts that may become due hereunder as for example by virtue of the Port Authority's indemnity obligations.

"**Affiliate**" shall mean, with respect to any Person, any other Person that is controlled, in whole or in part, by such Person or that controls, in whole or in part, such Person or is under common control with such Person.

"**Air Terminal**" shall mean an Air Terminal as defined in Section 3 of Chapter Eight hundred two of the Laws of New York, 1947 and Chapter Forty three, Laws of New Jersey, 1947, as amended (McK. Unconsol. Laws § 6633; N.J.S.A. § 32:1-35.3).

"**Air Terminal Purposes**" shall have the meaning provided in Section 3 of Chapter Eight hundred two of the Laws of New York, 1947 and Chapter Forty three, Laws of New Jersey, 1947, as amended (McK. Unconsol. Laws § 6633; N.J.S.A. § 32:1-35.3).

"**Airport Board**" shall have the meaning provided in **Subsection 15.1** below.

"**Airport Board Agreement**" shall have the meaning provided in **Subsection 15.1** below.

"**Airport Fees**" shall mean all fees, charges and tolls (if any) to the extent actually received by the Port Authority, or by an Affiliate of the Port Authority or for the account of the Port Authority or its Affiliate, which are imposed at or in connection with the Demised Premises, including, without limitation (i) all airport landing fees, take off fees and flight fees, (ii) fuel flowage, fuel storage and other fuel fees, (iii) ramp, airport gate position, loading bridge and gate use charges, (iv) ticket counter charges, (v) passenger terminal rents and user fees, (vi) long-term and short-term aircraft parking fees; (vii) automobile parking fees; (viii) all fares, fees and charges imposed in connection with the Light Rail System; and (ix) all other fees, charges and tolls imposed in connection with or at the Demised Premises including any fees, charges, or tolls imposed on any transportation system or service (including but not limited to taxi, limousine, or bus service) operating at or serving the Demised Premises, whether operated by the Port Authority, any Affiliate of the Port Authority or any other Person including the City and the agencies thereof. Airport Fees shall be calculated without duplication, so that, for example, to the extent any item or sub-item of Airport Fees is included in another item of Airport Fees, the included item or sub-item shall not be counted twice.

"**Annual Gross Revenue**" shall have the meaning provided in **Subsection 4.1** below.

"**Annual Statement**" shall have the meaning provided in **Subsection 4.4** below.

"**Aqueduct Parcel**" shall mean the portion of the Demised Premises identified as the "Aqueduct Parcel" on Sheet JFK-3 of the survey of John F. Kennedy International Airport set forth in **Exhibit A** annexed hereto and more particularly described in **Exhibit B-1** annexed hereto, together with all Improvements located on and all Fixtures attached to such portion of the Demised Premises.

"**Aqueduct Easement**" shall mean the portion of the Demised Premises identified as the "Aqueduct Easement" on Sheet JFK-3 of the survey of John F. Kennedy International Airport set forth in **Exhibit A** annexed hereto and more particularly described in **Exhibit B-1** annexed hereto, together with all Improvements located on and all Fixtures attached to such portion of the Demised Premises.

"**Arbitration**" shall have the meaning provided in **Section 3.1** below.

"**Base Rent**" shall have the meaning provided in **Subsection 4.3** below.

"**Bonds**" shall mean bonds, notes, securities or other obligations or evidences of indebtedness of the Port Authority (including refunding issues).

"**Bowery Bay Parcel**" shall mean the parcel of land identified as "Bowery Bay" on Sheet LGA-2 of the survey of LaGuardia Airport set forth in **Exhibit A** annexed hereto and more particularly described in **Exhibit B-2** annexed hereto.

"**City**" shall have the meaning provided in the Preamble above.

"**Consumer Price Index**" shall mean the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor, New York, N.Y.-Northeastern N.J. Area, All Items (1982-84=100), or any successor index thereto appropriately adjusted.

"**Demised Premises**" shall mean all of the Land and all Improvements now or hereafter located thereon, but shall not include the Retained Water System Property.

"**DEP**" shall mean the City Department of Environmental Protection or such successor agency as may be designated by the City.

"**EDC**" shall mean the New York City Economic Development Corporation, a local development corporation formed pursuant to Section 1411 of the Not-for-Profit Corporation Law of the State of New York, or such successor entity as may be designated by the City.

"**Effective Date**" shall have the meaning provided in **Subsection 2.3** below.

"**Environmental Laws**" shall mean all federal, state, and local laws, statutes, ordinances, rules, regulations, judgments, guidance documents, permits, licenses, authorizations, registrations, plans, directives, agreements, consent orders or consent decrees, and other requirements of governmental authorities, whether now existing or hereafter enacted or promulgated, as the same have been or may be amended from time to time, including common law causes of action and all applicable judicial and administrative decisions, orders, and decrees, arising out of, relating to or imposing liability or standards of conduct concerning protection of human health, safety or the environment or Hazardous Materials including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), the Oil Pollution Act (33 U.S.C. § 2701 et seq.), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 et seq.), the National Environmental Policy Act (42 USC § 4321 et seq.), the State Environmental Quality Review Act (SEQRA) (NY ECL § 8-0101 et seq) and any analogous current or future federal, state, municipal, city or local laws.

"**Environmental Liabilities**" shall mean all claims, actions, judgments, obligations, suits, notices, notices of violation, investigations, proceedings, demands, orders, damages (including punitive and consequential damages), losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs and expenses of investigation, sampling, monitoring, containment, cleanup, removal, restoration, remedial work, or other response action of any kind and defense of any claim, whether or not such is ultimately dismissed, and of any settlement or judgment, in each case of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, any of which are incurred at any time in connection with (i) any actual or alleged violation of any Environmental Law, (ii) any Hazardous Materials or any actual or alleged use, manufacture, possession, storage, holding, presence, existence, location, release, threatened release, discharge, placement, generation, transportation, processing, treatment, abatement, removal, remediation, disposal, disposition or handling of any Hazardous Materials, and any investigation, corrective action or response action with respect to any of the foregoing, or (iii) any actual or alleged damage, injury, threat or harm to health, safety, natural resources or the environment.

"**Equipment**" shall mean machinery, equipment, automobiles, rolling stock, transportation equipment, furniture, furnishings and other items of tangible or intangible personal property (e.g. mainframe, peripheral and personal computers, utility infrastructure, computer software, and telecommunications and all audio-visual surveillance, security, air traffic control, ground traffic control equipment and emergency response equipment) owned or leased by the Port Authority or any Affiliate and which is located or used principally at, or is essential and convenient to the operation of, the Demised Premises, including, without limitation, "rolling stock" and all other property of the Light Rail System and avigational equipment located in the LaGuardia Avigational Easement Areas, the JFK Avigational Easement Areas, or the Public Place Easement Area. Notwithstanding the foregoing, personal property used exclusively by the Port Authority Police shall not constitute "Equipment."

"**Execution Date**" shall have the meaning provided in the Preamble above.

"**Expiration Date**" shall have the meaning provided in **Subsection 2.3** below.

"**FAA**" shall mean the Federal Aviation Administration or such successor agency designated by the Federal government.

"**Five-Year Period**" shall have the meaning provided in **Subsection 4.1** below.

"**Fixtures**" shall mean all fixtures incorporated into the Demised Premises or to the LaGuardia Avigational Easement Areas, the JFK Avigational Easement Areas, or the Public Place Easement Area, ***including*** all passenger loading bridges (other than those owned by Subtenants), navigational systems, machinery, trackage, rail ties, heating, ventilation, air conditioning, plumbing, mechanical and lighting equipment, wiring, pipes, conduits, fittings, communications apparatus, elevators, escalators, security systems, antennas, computers and sensors, to the extent that each of the foregoing is installed at the Demised Premises and affixed thereto, except to the extent that any of the foregoing (i) shall be owned by a utility company (that is not wholly or partially owned by the Port Authority or any of its Affiliates), as the same, from time to time, may be repaired, replaced, substituted, upgraded or improved, (ii) is a proprietary operating and

security system belonging exclusively to Federal agencies or (iii) constitutes a portion of the Retained Water System Property.

"**GAAP**" shall mean "United States of America generally accepted accounting principles."

"**Governmental Authority**" means any federal, state or local government or any court, tribunal, administrative agency or commission or other governmental or regulatory agency or body.

"**Hazardous Materials**" shall mean (i) any toxic substance or hazardous waste, substance or related material, or any pollutant or contaminant; (ii) radon gas, asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of federal, state or local safety guidelines, whichever are more stringent; (iii) petroleum and any by-products, fractions, derivatives and constituents thereof, of any kind and in any form, including, but not limited to, oil, petroleum, fuel, fuel oil, sludge, crude oil, gasoline, kerosene, and mixtures of, or waste materials containing, any of the foregoing; and (iv) any other gas, material or chemical which is or may hereafter be defined as or included in the definition of "hazardous substances," "toxic substances," "hazardous materials," "hazardous wastes" or words of similar import under any Environmental Law.

"**Height and Use Restricted Properties**" shall mean those City-owned properties identified as Height and Use Restricted Properties on Sheets JFK-2 and LGA-2 and more particularly described in **Exhibit B-6** attached hereto.

"**Horizontal Surface,**" "**Conical Surface,**" "**Primary Surface,**" "**Approach Surface**" and "**Transitional Surface**" shall mean those imaginary surfaces extending from the terminus of each runway located at the Demised Premises, as such runways may exist from time to time, having dimensions and other characteristics as specified in Title 14 CFR, PART 77.25 relating to FAA Regulations regarding "Objects Affecting Navigational Air Space – Obstruction Standards" which have the functions and standards specified in Runway Protection Zone guidelines in FAA Advisory Circular "Airport Design AC 150/15300-13, Paragraph 212 for the nature and type of runways located at the Demised Premises from time to time, such surfaces existing as of the Execution Date as shown on **Exhibit A** and more particularly described in **Exhibit B-3** annexed hereto.

"**Improvements**" shall mean all structures, facilities and other improvements and appurtenances of every kind and description located or hereafter erected, constructed or placed upon, and affixed to, the Demised Premises, including all buildings, terminals, hangars, control towers, runways, taxiways, aprons, roads, sidewalks, landscaping and utilities (unless owned by a utility company or the City), and all Fixtures located thereon and affixed thereto as the same, from time to time, may be repaired, replaced, substituted, upgraded or improved.

"**Installment**" shall have the meaning provided in **Subsection 4.5.2(e)** below.

"**Insurance Proceeds**" shall have the meaning provided in **Subsection 14.11** below.

"**Interest Rate**" shall mean the rate determined by reference to the Bond Buyer One-Year Note Index as of the date the corresponding obligation arises.

"JFK Avigational Easement Areas" shall mean those areas benefiting and pertaining to the John F. Kennedy International Airport identified as "JFK International Avigational Easement Areas" on Sheet JFK-2 of **Exhibit A** annexed hereto and more particularly described in **Exhibit B-4** annexed hereto.

"JFK Northern Off-Airport Parcels" mean the parcels of land adjacent to the northern boundary of the John F. Kennedy International Airport identified as "JFK Northern Off – Airport Parcels" on Sheet JFK-2 of **Exhibit A** annexed hereto and more particularly described in **Exhibit B-5** annexed hereto.

"John F. Kennedy International Airport" shall mean the portion of the Demised Premises identified as "JFK International Airport" on Sheet JFK-1 of **Exhibit A** annexed hereto and more particularly described on **Exhibit B** annexed hereto and such other property and premises as may be acquired in connection with such portion of the Demised Premises pursuant to **Section 19** below, which portion of the Demised Premises includes, without limitation, the Light Rail System and the Aqueduct Parcel.

"LaGuardia Access Bridges and Roadways" shall mean those roadways and bridges providing access to and egress from LaGuardia Airport to the City streets, identified on Sheet LGA-2 of **Exhibit A** as the "102nd Street Bridge," the "Flyover Bridge," and the "Grand Central Parkway Service Road connection" and more particularly described or shown in **Exhibit B-7** annexed hereto.

LaGuardia Airport" shall mean the portion of the Demised Premises identified as "LaGuardia Airport" on Sheet LGA-1 of **Exhibit A** annexed hereto and more particularly described in **Exhibit B** annexed hereto, and such other property and premises as may be acquired in connection with such portion of the Demised Premises pursuant to **Section 19** below, which portion of the Demised Premises includes, without limitation, the Bowery Bay Parcel and the LaGuardia Access Bridges and Roadways, provided they are added to LaGuardia Airport in accordance with **Sections 19.3** and **19.4** hereof.

"LaGuardia Avigational Easement Areas" shall mean those areas benefiting and pertaining to the LaGuardia Airport identified as "LaGuardia Avigational Easement Areas" on Sheet LGA-3 of **Exhibit A** annexed hereto and more particularly described in **Exhibit B-4** annexed hereto."

"Land" shall mean all of the land identified as the premises demised to the Port Authority as shown on Sheet LGA-1 and JFK-1 of **Exhibit A** and/or more particularly described in **Exhibit B**, together with all additional lands and after acquired property as and when the same is purchased, leased, or otherwise acquired pursuant to **Section 19** below, including Bowery Bay and the LaGuardia Access Bridges and Roadways, provided they are added to LaGuardia Airport in accordance with **Section 19.3** hereof.

"Late Rate" shall mean the rate determined by reference to the Bond Buyer 20-Bond GO Index as of the date the corresponding obligation arises, plus 300 basis points.

"Light Rail System" shall mean the rail system known as the "JFK AirTrain" connecting the Air Terminal at John F. Kennedy International Airport with the Long Island Rail Road station and the New York City Transit Authority Sutphin Boulevard/Archer Avenue Subway Station

Located in Jamaica, Queens, New York, and the New York City Transit Authority subway station located in Howard Beach, Queens, New York (including, without limitation, all Improvements thereon and Equipment used in connection therewith), as such light rail system alignment is generally shown on pages 1 and 2 of the John F. Kennedy International Airport Site Plan dated October 29, 2003, JFK 14156A annexed hereto as **Exhibit C**, together with all additional property interests purchased or acquired by or in the name of the Port Authority, conveyed to the City and leased to the Port Authority pursuant to **Section 19**.

"**Lump Sum Payment**" shall have the meaning provided in **Subsection 4.2.1** below.

"**Minimum Annual Rent**" shall have the meaning provided in **Subsection 4.1** below.

"**Municipal Air Terminal Purposes**" shall mean the effectuation, establishment, construction, rehabilitation, improvement, maintenance or operation of the Municipal Air Terminals, and purposes incidental thereto, including without limiting the generality hereof, the acquisition of land and improvements for use for Air Terminal Purposes, the acquisition of air space for Horizontal Surfaces, Conical Surfaces, Primary Surfaces, Approach Surfaces, Transitional Surfaces, and Runway Protection Zones, and the establishment, maintenance and operation of beacons or other aids to navigation at sites removed from the Municipal Air Terminals.

"**Municipal Air Terminals**" shall mean John F. Kennedy International Airport and LaGuardia Airport.

"**Newark Airport Lease**" shall mean the agreement of lease dated as of October 22, 1947 between the City of Newark, as landlord, and the Port Authority, as tenant, with respect to Air Terminal known as Newark Liberty International Airport and the Newark Marine Terminal, as the same has been, and may hereafter be, amended or supplemented from time to time.

"**NYRA**" shall have the meaning provided in **Subsection 20.1.1** below.

"**NYRA License Agreement**" shall have the meaning provided in **Subsection 20.1.1** below.

"**Old Agreement**" shall have the meaning provided in **Recital 1** of this Agreement.

"**Passenger Facility Charges**" shall mean the charges known as Passenger Facility Charges collected by the Port Authority pursuant to the Federal Safety and Capacity Expansion Act of 1990, as subsequently amended.

"**Performance Standards**" shall have the meaning provided in **Subsection 15.3** below and are set forth in the Airport Board Agreement attached hereto as **Appendix A**.

"**Permitted Assignee**" shall have the meaning provided in **Subsection 34.1.2** below.

"**Person**" shall mean an individual, corporation, partnership, joint venture, estate, trust, unincorporated association, any Federal, State, County or municipal government or any bureau, department or agency thereof, including, without limitation, the Port Authority.

"**Port Authority**" shall have the meaning provided in the Preamble above.

"Port Authority Water System Property" shall have the meaning provided in **Subsection 12.1.2** below.

"Public Place Easement Area" shall mean that parcel of land benefiting and pertaining to John F. Kennedy International Airport described as the "Public Place Easement Area" on Sheet JFK-2 of **Exhibit A** annexed hereto and more particularly described in **Exhibit B-4** annexed hereto.

"Rent" shall mean all Base Rent and Additional Rent.

"Rent Insurance" shall have the meaning provided in **Subsection 14.1.4** below.

"Restoration" shall have the meaning provided in **Subsection 14.12** below.

"Restore" shall have the meaning provided in **Subsection 14.12** below.

"Retained Water System Property" shall have the meaning provided in **Subsection 12.1.1** below.

"Side Agreements" shall mean those agreements between the City and the Port Authority, the forms of which are attached hereto as **Appendix A** through **Appendix D**, as the same may be modified, amended or supplemented, from time to time.

"Special Project Bonds" shall have the meaning provided in **Subsection 4.1** below.

"Statement of Adjustment" shall have meaning provided in **Subsection 4.10.1** below.

"Sublease" shall mean any sublease, franchise, license, occupancy permit, concession or other written agreement allowing a Person to enter, use or occupy any portion of the Demised Premises.

"Subtenant" shall mean each and every subtenant, franchisee, licensee, concessionaire or other party having a right to enter, use or occupy any part of the Demised Premises under any Sublease.

"Term" shall have the meaning set forth in **Subsection 2.3** below.

"Unavoidable Delays" shall mean any delays in the performance of obligations of a party to this Agreement due to strikes, lockouts, work stoppages due to labor jurisdictional disputes, acts of God, inability to obtain labor or materials due to governmental restrictions (other than any governmental restrictions which the City or the Port Authority is bound to observe in the normal course of affairs), enemy action, civil commotion, fire, unavoidable casualty or other similar causes beyond the control of such party (but not including such party's insolvency or financial condition) in each case provided the party claiming Unavoidable Delays shall have notified the other party within thirty (30) days of the party becoming aware that any condition or event is likely to result in Unavoidable Delays.

"Water Board" shall mean the New York City Water Board or any successor in function.

"**Year**" shall mean each calendar year, or portion thereof, as applicable, during the Term.

Section 2. Lease of Demised Premises, Use and Term

2.1 Lease of Demised Premises.

2.1.1 The City hereby demises and leases to the Port Authority, and the Port Authority does hereby take and hire from the City, the Demised Premises, subject to all matters of record or otherwise known or that should be known to the Port Authority, in light of the Port Authority's use, occupancy, and control of the Demised Premises under the Old Agreement including, without limitation, all leases, occupancy agreements, liens, encumbrances, easements, covenants, conditions, restrictions and other similar matters affecting title to the Demised Premises as of the Effective Date, for the Term (as such term is hereinafter defined).

2.1.2 Notwithstanding the provisions of **Subsection 2.1.1** above, the Demised Premises shall not include the portion of the Bowery Bay Parcel occupied by the Rikers Island Bridge or improvements or equipment located thereon, which portion is 80 feet in width measured 40 feet from each side of the center line of that portion of the Rikers Island Bridge approach structure presently constructed within the Demised Premises lying below a limiting plane the elevation of which is 45 feet above the surface elevation of the pavement surfaces of the bridge approach roadways, as shown on Sheet LGA-2 of **Exhibit A** attached hereto; however the Port Authority shall have the right to place fill therein and construct within, over or upon the aforesaid described property and under, in, over or upon said approach structure appropriate means of access to and from other portions of the Demised Premises abutting upon either side of the aforesaid described property for vehicles, pedestrians, pipelines or other utilities; provided, however, that (a) such rights shall be exercised with minimum inconvenience to the City in the use of the bridge approach structure, (b) any Port Authority plans and specifications for placing such fill and providing such access shall be subject to the approval of the Commissioner of the Department of Transportation of the City, which approval shall not be unreasonably withheld, (c) the City shall not erect, install or maintain any additional structure, building, tower, pole, wire or other object, the construction, maintenance or operation of which in the reasonable opinion of the Port Authority would constitute a hazard to avigation and (d) the City shall take all reasonably practicable precautions to prevent its agents, employees, licensees, contractors and invitees from intruding upon, interfering with or damaging any property located on the Rikers Island Bridge that is used in connection with the operation or development of LaGuardia Airport.

2.2 Use. The Port Authority shall use, and shall cause all Subtenants and any other Person to use, the Demised Premises solely for Municipal Air Terminal Purposes and for purposes incidental thereto and for no other purpose. Notwithstanding the foregoing, with respect to any portions of the Demised Premises that, as of the Execution Date, are used for purposes other than Municipal Air Terminal Purposes or purposes incidental thereto, such portions of the Demised Premises may continue to be used for such purposes; provided that (i) no other portion of the Demised Premises may be used for such purposes and (ii) such portions of the Demised Premises may not be used for any other purpose that is not a Municipal Air Terminal Purpose or purposes incidental thereto.

2.3 Term. The term (the "**Term**") of this Agreement shall commence as of 12:00 a.m. on the first day of January 2002 (the "**Effective Date**") and shall expire at 11:59 p.m. on the 31st day of December 2050 (the "**Expiration Date**") unless sooner terminated pursuant to the terms and conditions of this Agreement.

2.4 Acceptance of the Demised Premises. The City and the Port Authority recognize that the Port Authority has been the lessee of the Municipal Air Terminals since 1947. As a result, the Port Authority acknowledges that it is fully familiar with the Demised Premises and the physical condition thereof. The Port Authority hereby accepts the Demised Premises in its existing condition and state of repair. Except as otherwise expressly set forth in this Agreement, (i) no representations, statements, or warranties, express or implied, have been made by or on behalf of the City in respect of the Demised Premises, the status of title thereof, the physical condition thereof, the zoning or other laws, regulations, rules and orders applicable thereto, taxes or assessments, or the use that may be made of the Demised Premises and (ii) the Port Authority acknowledges that the Port Authority has relied on no such representation, statement or warranty in entering into this Agreement, and that the City shall in no event whatsoever be liable for any latent or patent physical defect or other condition in the Demised Premises. In no event shall the existence of any latent or patent physical defect or other condition of the Demised Premises relieve the Port Authority of any of its obligations under this Agreement.

2.5 Net Lease; Nature of Port Authority's Obligations. This Agreement is intended to be, and shall be construed as, a net lease, whereby under all circumstances and conditions (whether now or hereafter existing or whether or not within the contemplation of the parties) the Rent and the Lump Sum Payment and the Additional Lump Sum Payment shall be a completely net return to the City. There shall be no abatement, off-set, diminution or reduction of Rent payable by the Port Authority hereunder or of the Lump Sum Payment or the Additional Lump Sum Payment or the other obligations of the Port Authority hereunder under any circumstance, except as expressly provided in this Agreement. The obligations of the Port Authority to make the payments required hereunder shall be absolute and unconditional and shall be payable in the same manner and out of the same revenues as operating expenses of the Port Authority. Amounts payable by the Port Authority hereunder are general obligations of the Port Authority and are not dependent upon the sufficiency or existence of airport revenues.

2.6 Title to Improvements. Title to all Improvements (including, without limitation, all Fixtures) currently existing or added to the Demised Premises by the Port Authority or any Subtenants and any Fixtures or Equipment now or hereafter located on the LaGuardia Avigational Easement Areas, the JFK Avigational Easement Areas or the Public Place Easement Area shall vest in the City on the Execution Date or immediately upon annexation or construction of such Improvements, as the case may be, except where Subleases or other agreements provide that title thereto shall remain in the Subtenants or other third persons, in which event such title shall vest in the City not later than the expiration or sooner termination of this Agreement.

Section 3. Old Agreement Amended, Restated and Superseded; Disputes Terminated

3.1 In consideration of the parties' entering into this Agreement and the Side Agreements, and the mutual promises contained herein and therein, (x) the Old Agreement is

hereby amended, restated and superseded in its entirety, except as otherwise provided herein, effective as of 12:00 a.m. on the Effective Date, (y) the arbitration between the City and the Port Authority set forth on **Schedule C** attached hereto (the "**Arbitration**") is being terminated pursuant to a Stipulation of Settlement, the form of which is attached hereto as **Appendix D**, which stipulation is to be executed by the parties hereto simultaneously herewith, and (z) provided the City is not required to repay or forfeit any portion of the Lump Sum Payment, all claims or rights of action, of both the City and the Port Authority, with respect to the rents payable under Section 4A. of the Old Agreement are hereby extinguished. All other obligations of the Port Authority under the Old Agreement that arose or accrued during, or with respect to the period prior to the Effective Date shall survive this amendment and restatement of the Old Agreement including, without limitation, charges payable to the Water Board for water and wastewater services.

Section 4. **Rent**

4.1 Definitions.

"**Annual Gross Revenue**" shall mean, with respect to each and every Year (or prorated portion thereof), any and all income received and monies or revenue derived by or for the account of the Port Authority or any Affiliate of the Port Authority from or arising out of or in connection with the Demised Premises from any source, ***including***, without limitation, any and all (i) Airport Fees; (ii) rentals, receipts, and fees received directly or indirectly by or for the account of the Port Authority, or any Affiliate of the Port Authority, from Subtenants in connection with or directly or indirectly arising out of the Demised Premises, any part thereof, any right or interest therein or in respect thereof, or the leasing, use, occupation or operation of the Demised Premises or any part thereof, including, without limitation, amounts received from or in respect of (1) Subleases, such amounts including, without limitation, fixed rental, minimum rental, rental computed on the basis of sales or other criteria, additional rent, escalating rental, Subtenant security deposits (and interest thereon) to the extent applied in the payment of any such rental, license and user fees and all other charges or assessments and (2) the providing of goods or services of any kind to Subtenants; and (3) advertising fees received in connection with the right to advertise at the Demised Premises, regardless of whether the advertiser receives a Sublease in connection with such right or actually advertises at the Demised Premises; and (iii) all proceeds of Rent Insurance or any property or business interruption insurance proceeds, or equivalent recoveries from third parties, received in connection with the Demised Premises, except to the extent that such proceeds or amounts recovered are actually used to rebuild, repurchase or replace any Improvements in accordance with **Section 5** and **Section 14** of this Agreement; but ***excluding*** from such definition any and all (x) amounts attributable to repayment of principal on Special Project Bonds (it being expressly understood that no exclusion shall apply with respect to any amounts attributable to payment of interest, fees, and charges on Special Project Bonds or any amounts attributable to the payment of principal, interest, fees and charges on any other Bonds), (y) federal grants or monies received as a result of any federal statute, regulation or policy or program, such as Passenger Facility Charges and amounts used for airport security, where such statute or regulation, policy or program restricts the use of such monies to purposes benefiting the Municipal Air Terminals and such monies are in fact used at the Demised Premises and (z) any monies or other assets derived from Port Authority Police Asset Forfeiture activities at the Municipal Air Terminals that are required to be used for security enforcement

and are actually used in connection with security enforcement at the Municipal Air Terminals. Annual Gross Revenue shall be calculated without duplication, so that, for example, to the extent any item or sub-item of Annual Gross Revenue is included in another item of Annual Gross Revenue, the included item or sub-item shall not be counted twice. In any event, Annual Gross Revenue shall not include earnings derived from the Port Authority's general operating and capital funds after any and all income received and monies or revenue derived by or for the account of the Port Authority or any Affiliate of the Port Authority from or arising out of or in connection with the Demised Premises from any source have been accounted for under this Agreement. It is the expectation and intention of the City and the Port Authority that Annual Gross Revenue of the Municipal Air Terminals will increase over time so that Base Rent will escalate over the Term. It is not expected that the Port Authority will significantly change its business practices or methods of financing so as to negatively impact Annual Gross Revenue.

"**Five-Year Period**" shall mean each of the following periods of Years: 2002-2006, 2007-2011, 2012-2016, 2017-2021, 2022-2026, 2027-2031, 2032-2036, 2037-2041, 2042-2046 and 2047-2050.

"**Minimum Annual Rent**" shall mean an annual amount equal to:

(a) with respect to the period commencing on the Execution Date through Year 2006, Ninety-Three Million Five Hundred Thousand Dollars and No Cents ($93,500,000.00);

(b) with respect to the Five-Year Period comprising Years 2007 through 2011, (x) Ninety-Three Million Five Hundred Thousand Dollars and No Cents ($93,500,000.00) or (y) an amount equal to ten percent (10%) of the average Annual Gross Revenue for the 2002-2006 Five-Year Period, whichever is greater; and

(c) with respect to each Five-Year Period thereafter, (x) the Minimum Annual Rent for the preceding Five-Year Period or (y) an amount equal to ten percent (10%) of the average Annual Gross Revenue for the preceding Five-Year Period, whichever is greater.

"**SPB Subtenants**" shall mean Subtenants that are not, and are not Affiliates of, and whose direct and indirect owners are not, and are not Affiliates of the Port Authority or any State, local or foreign governmental (or quasi-governmental) entity, or any bureau, department or agency of any of the foregoing; *provided, however* that the term SPB Subtenants shall include airlines and passenger terminal operators that are owned directly or indirectly by foreign governmental or foreign quasi-governmental Persons.

"**Special Project Bonds**" means, individually and collectively, the series of special limited obligations issued by the Port Authority solely for the purposes of providing air cargo or passenger terminal projects, aircraft maintenance facilities or hotels for SPB Subtenants or for the purpose of refunding all or any part of any prior series of Special Project Bonds issued solely for such purposes or a combination of such purposes, and secured solely by a mortgage by the Port Authority, in favor of the holders of Special Project Bonds, of facility rental as set forth in a Sublease with such SPB Subtenant with respect to air cargo or passenger terminals, aircraft

maintenance facilities or hotels to be provided with the proceeds of Special Project Bonds, by a mortgage by the applicable SPB Subtenant, in favor of the holders of Special Project Bonds, of the SPB Subtenant's leasehold interests under the Sublease with respect to such project and by a security interest granted by the applicable Subtenant to the Port Authority and mortgaged by the Port Authority, in favor of the holders of such Bonds, in certain items of the SPB Subtenant's personalty to be located at such project, and such other security in addition to the foregoing as may be required by the Port Authority from time to time as appropriate to the particular project. Special Project Bonds shall also mean those outstanding bonds of the Port Authority, the proceeds of which were used to finance construction of the KIAC cogeneration facility currently existing at JFK International Airport, including, without limitation, any refunding of such outstanding bonds of the Port Authority. Bonds issued for capital projects other than air cargo or passenger terminals, aircraft maintenance facilities or hotels, e.g. for the purpose of providing general aviation runways, common airport roadways and other common infrastructure improvements, shall not be deemed to be Special Project Bonds for purposes of this Agreement.

4.2 Payments to the City on the Execution Date.

4.2.1 *Lump Sum Payment.* In consideration of the parties' entering into this Agreement, and the mutual promises contained herein and the Stipulation of Settlement set forth in **Appendix D**, in addition to all Base Rent, Additional Rent and the Additional Lump Sum Payment payable by the Port Authority pursuant to this Agreement, upon execution of this Agreement, the Port Authority shall make a lump sum payment (the "**Lump Sum Payment**") to the City in the amount of Five Hundred Million Dollars and No Cents ($500,000,000.00).

4.2.2 *Additional Lump Sum Payment.* In addition to all Base Rent, Additional Rent and the Lump Sum Payment payable by the Port Authority pursuant to this Agreement, upon execution of this Agreement, the Port Authority shall make a payment ("**Additional Lump Sum Payment**") to the City in the amount of $280,184,831.00.

4.3 Base Rent. The Port Authority shall pay to the City for the Demised Premises, for each Year of the Term, without notice or demand, annual rent ("**Base Rent**") as follows:

(a) for the period commencing on the Effective Date through and including the date immediately prior to the Execution Date, Base Rent in an amount equal to $3,500,000 per annum; and

(b) for the period commencing on the Execution Date through and including the Expiration Date in an amount equal to (x) Minimum Annual Rent for such Year or (y) eight percent (8%) of the Annual Gross Revenue for such Year, whichever is greater.

Under no circumstances shall the Minimum Annual Rent payable for any Year during the period described in **Subsection 4.3(b)** above be less than the Minimum Annual Rent payable in any prior Year. All amounts due and payable by the Port Authority to the City pursuant to **Subsection 4.3(a)** have been received by the City on or before the Execution Date.

4.4 Annual Statements.

4.4.1 Intentionally Deleted.

4.4.2 By March 31 immediately following each Year, commencing the March 31 following the Execution Date, Chief Financial Officer of the Port Authority shall deliver, a statement (each, an "**Annual Statement**") to the Person(s) or agencies designated by the City, from time to time, by written notice to the Port Authority, which Annual Statement shall include the following:

(a) A separate itemized statement, by source, for each of the Municipal Air Terminals setting forth the Annual Gross Revenue attributable to such Municipal Air Terminal for such Year, each of which statements shall be substantially in the form of **Exhibit D-1** annexed hereto and shall include, without limitation, a detailed statement setting forth, with particularity, each and every item of income, money or revenue that is described in the definition of Annual Gross Revenue for such Year, together with all items of income, money or revenue derived by or for the account of the Port Authority (or its Affiliates) from or arising out of or in connection with such Municipal Air Terminal that were excluded from Annual Gross Revenue for such Year, accompanied by a brief statement of the reason for exclusion of each such item together with a certification of each of the Chief Financial Officer of the Port Authority and the Port Authority's independent auditor certifying the accuracy of the determination of Annual Gross Revenue within the meaning of **Section 4.1** hereof; and

(b) The Port Authority's determination of the Base Rent for such Year, together with a certification from each of the Chief Financial Officer of the Port Authority and the Port Authority's independent auditor that the Port Authority's determination of the Base Rent for such Year complies with the definition of "Base Rent" set forth in **Subsection 4.3** of this Agreement and is in compliance with this Agreement.

4.4.3 (a) The Annual Statement to be delivered on the March 31 immediately following the end of each Five-Year Period shall, in addition to the information indicated above, include the following information:

(i) An itemized summary of the Annual Gross Revenue attributable to each of the Municipal Air Terminals with respect to the preceding Five-Year Period, substantially in the form of **Exhibit D-3** annexed hereto;

(ii) The Port Authority's determination of the Minimum Annual Rent for the Five-Year Period beginning in the Year in which such Annual Statement is delivered, together with a certification from each of the Chief Financial Officer of the Port Authority and the Port Authority's independent auditor that the Port Authority's determination of the new Minimum Annual Rent complies with the definition of "Minimum Annual Rent" set forth in **Subsection 4.1** of this Agreement.

(b) The Port Authority represents that it has heretofore delivered to the City a certified statement for the Year 2002 and Year 2003. The Port Authority hereby

represents that the Annual Gross Revenue with respect to Year 2002 is $935,731,362.00 and the Annual Gross Revenue with respect to Year 2003 is $986,045,051.00.

4.4.4 In the preparation of Annual Statements, each item of Annual Gross Revenue shall be computed in accordance with GAAP, consistently applied from Year to Year. The Chief Financial Officer of the Port Authority and the Port Authority's independent auditor shall certify each Annual Statement to the foregoing effect, and also to the effect that such Annual Statement fairly reflects Annual Gross Revenue for the applicable Year (except as described in the corresponding Statement of Management, if applicable). In the event that, in connection with the preparation of any Annual Statement, there is a variation in the manner of computation of any item of Annual Gross Revenue or the application of, or deviation from, GAAP, regardless of whether such variation or change produces an immediately discernable impact on the determination of Annual Gross Revenue, in each case, the Annual Statement shall include a "Statement of Management", which shall (i) identify with specificity each such variation, deviation or change and (ii) describe the reason for each such variation or change.

4.4.5 The form of any of the schedules attached hereto in **Exhibit D** may be revised, from time to time, upon the mutual written agreement of the City and the Port Authority. The Port Authority shall consider in good faith any changes in the form of such schedules that the City may propose.

4.4.6 The Port Authority shall deliver each Annual Statement to the City in both printed and electronic format.

4.4.7 The certifications to be made pursuant to **Subsection 4.4.2(a), 4.4.2(b), 4.4.3** and **4.4.4** above may be made in a single separate document accompanying and referring to the relevant portions of the Annual Statement.

4.4.8 The Port Authority shall, upon finalizing its budget with respect to each Year, provide to the City a separate itemized estimate for each of the Municipal Air Terminals reflecting the estimated Annual Gross Revenue, by source, attributable to such Municipal Air Terminal for such Year. A second, updated estimate, substantially in the form of **Exhibit D-2**, shall be provided by the Port Authority by September 1 of such Year. Together with each updated estimate, the Port Authority shall include a statement, signed by the Chief Financial Officer of the Port Authority, (i) identifying with specificity any material variation between each item of Annual Gross Revenue in the previous Year and the estimate of such item of Annual Gross Revenue delivered to the City in accordance with this **Subsection 4.4.8** and (ii) describing the reason for each such variation. For the purposes of this **Subsection 4.4.8**, a "material variation" shall mean a difference of five percent (5%) or more between two (2) successive Years or a change of ten percent (10%) or more over any period of three Years, but only to the extent such difference exceeds two hundred thousand dollars ($200,000.00) (the foregoing dollar amount to be increased annually in proportion to the increase, if any, in the Consumer Price Index).

4.5 Payment of Base Rent. For the portion of Year 2004 commencing on the Execution Date and for each Year thereafter, Base Rent shall be paid as follows:

(a) With respect to each Year during such period, the Port Authority shall pay to the City an amount equal to the Minimum Annual Rent for such Year, in twelve (12) equal installments (each an "**Installment**"), payable monthly in advance on the first (1st) day of January and on the first (1st) day of each succeeding calendar month of such Year. Notwithstanding the foregoing, with respect to the first Year of each Five Year Period commencing with the 2007-2011 Five Year Period, Installments shall be equal to the Installments payable by the Port Authority during the immediately preceding Year until such time that the Port Authority delivers the Annual Statement to the City for the immediately preceding Year. Each Installment due and payable after the date of delivery of such Annual Statement shall be equal to one twelfth (1/12th) of the Minimum Annual Rent for the then current Year (as reflected in such Annual Statement). Simultaneously with the delivery of such Annual Statement, the Port Authority shall also pay to the City the amount, if any, by which (x) the Minimum Annual Rent (as reflected in such Annual Statement) with respect to the portion of the then current Year for which Installments were due and payable pursuant to this **subparagraph (a)** exceeds (y) the amount actually paid by the Port Authority with respect to the period described in **clause (x)** above, plus interest on such excess (if any) at the Interest Rate, accruing with respect to each Installment from the first (1st) day of the calendar month to which such Installment applies through and including the date on which the Port Authority delivers such Annual Statement.

(b) In addition to the Installments for each Year payable by the Port Authority pursuant to **subparagraph (a)** above, the Port Authority shall, simultaneously with the delivery to the City of each Annual Statement (in accordance with **Subsection 4.4** above), pay to the City the amount, if any, by which (x) the Base Rent for the Year to which such Annual Statement applies, exceeds (y) the Minimum Annual Rent paid by the Port Authority for such Year, plus interest on such excess (if any) at the Interest Rate, accruing with respect to each Installment from the first (1st) day of the calendar month to which such Installment applies through and including the date of payment.

4.6 Payment of Taxes, etc., Deemed to be Payment of Rent. No breach by the City of any covenant, term or condition in this Agreement shall excuse the Port Authority from the prompt payment of the Rent; provided, however, that in the event the Port Authority, under any law that may hereafter be enacted or applied, shall be or become subject to and liable for payment to the City of any real estate taxes, assessments or governmental levies or imposts (except charges for water and for the use of the sewer system pursuant to **Section 12** and **Section 13** of this Agreement or other charges for municipal services that are generally applicable to the use of such services) upon or against the Demised Premises or upon any part or parts thereof, then the payment by the Port Authority of the amount of such taxes, assessments, levies or imposts (except those imposed on Subtenants for which the Port Authority, by agreement with such Subtenants, assumes the obligation to pay) shall, as between the City and the Port Authority, be deemed payment pro tanto of the Rent, and the amount of each such payment shall be treated as a credit against Base Rent otherwise payable hereunder.

4.7 Additional Rent. Except as otherwise expressly provided to the contrary herein, the Port Authority shall pay all Additional Rent when due without notice or demand therefor, but in any event within thirty (30) days after demand therefor by the City.

4.8 Late Fee. In the event that any payment of Base Rent, Additional Rent, the Lump Sum Payment or the Additional Lump Sum Payment shall not be paid on the due date thereof, then, in addition to reimbursing the City for any costs and expenses incurred by the City in connection therewith (including, without limitation, reasonable attorneys' fees and disbursements), the Port Authority shall also pay, as Additional Rent, interest on the sums so overdue at the Late Rate and such interest shall accrue from the applicable due date through and including the date of payment or, in the case of unpaid water and sewer charges payable to the Water Board, the Port Authority shall also pay interest according to the Water Board rules and regulations directly to the Water Board. No failure by the City to insist upon the strict performance by the Port Authority of its obligations to pay said interest shall constitute a waiver by the City of its right to enforce the provisions of this **Subsection 4.8** in any instance thereafter occurring. The provisions of this **Subsection 4.8** shall not be construed in any way to extend the grace periods or notice periods provided for in **Section 25** of this Agreement or to otherwise limit the City's rights and remedies under this Agreement or otherwise.

4.9 Covenants with Respect to Contracts; Other Port Authority Amenities.

4.9.1 All negotiations by the Port Authority (or its Affiliates) for contracts or other agreements on the provision of goods or services at or with respect to the Demised Premises (including, without limitation Subleases, service contracts and advertising contracts) shall be at arm's-length with Persons unrelated to the Port Authority or to Affiliates of the Port Authority.

4.9.2 In the event any such contract or other agreement relates in part to the Demised Premises and in part to other facilities or real property owned or operated by the Port Authority, all income or revenues received or derived by or for the account of the Port Authority (or its Affiliates) in connection with such contracts and agreements shall be apportioned between the Demised Premises and such other property or interests on a fair and equitable basis and the portion allocated to the Demised Premises shall be included in Annual Gross Revenue.

4.10 City's Right to Review the Port Authority's Determination of Base Rent.

4.10.1 *Statement of Adjustment.*

(a) The City shall have the right at any time and from time to time to review the Port Authority's determination of Rent and all components thereof, Annual Gross Revenue and all other information set forth in the Annual Statement for any Year. Without limiting the City's rights and remedies under this Agreement or otherwise, if the City disagrees with the Port Authority's determination of Base Rent, Minimum Annual Rent, Annual Gross Revenue or any other information set forth in an Annual Statement, the City may deliver a statement (the "**Statement of Adjustment**") to the Port Authority indicating with specificity (i) in what manner the City believes that the Port Authority's determination of Base Rent, Annual Gross Revenue, Minimum Annual Rent and/or such

other items indicated in such Statement of Adjustment, as applicable, for the Year(s) in question are incorrect or incomplete or otherwise subject to recalculation, including, without limitation, the basis of the City's belief and (ii) the aggregate amount of additional Base Rent, if any, payable by the Port Authority as a consequence of the City's re-determination thereof.

(b) If the Port Authority agrees with the re-determination(s) reflected in a Statement of Adjustment, the Port Authority shall, within thirty (30) days after its receipt of such Statement of Adjustment, deliver the additional Base Rent payable by the Port Authority pursuant thereto, plus interest thereon at the Late Rate, which such interest shall accrue from the date that each such payment of Base Rent would have been due and payable under this Agreement through the date of payment. If the Port Authority does not agree with such re-determination by the City, the Port Authority shall, within thirty (30) days after its receipt of the Statement of Adjustment, notify the City to such effect, and thereafter the parties shall proceed in good faith to resolve the issues raised in the Statement of Adjustment; provided that, within ten (10) days after a demand by the City, the Port Authority shall pay to the City the additional Base Rent reflected in the Statement of Adjustment in question.

(c) In the event that, based upon the final determination of issues raised in any Statement of Adjustment, it is determined that as a result of any payment made by the Port Authority in response to a demand by the City pursuant to **Subsection 4.10.1(b)** above, the Port Authority overpaid any portion of Base Rent, the Port Authority shall be entitled to a credit against Base Rent equal to such overpayment, plus interest thereon, accruing at the Late Rate from the date the Port Authority made such payment through the date of such determination. Any credit due to the Port Authority pursuant to this **Subsection 4.10.1(c)** shall be applied against the installments of Rent next due and payable by the Port Authority until the entire amount of such overpayment has been so credited.

(d) In the event that, it is determined that the Port Authority underpaid any portion of Base Rent, the Port Authority shall, within ten (10) days after the issuance of a final non-appealable judgment by a court of competent jurisdiction of such underpayment, pay to the City the amount of such underpayment plus interest thereon accruing at the Late Rate from the date that each portion of such underpayment of Base Rent was due and payable under this Agreement through the date of payment.

4.10.2 In no event shall the City have the right to object to or challenge the Rent for any Year following the sixth (6th) anniversary of the date upon which the Port Authority delivers to the City the Annual Statement applicable to such Year. Notwithstanding the foregoing, neither the acceptance of Rent from the Port Authority, nor the failure to review or object to any Annual Statement or methodology, interpretation or practice used in calculating Rent, irrespective of how many years the same methodology, interpretation or practice has been followed in the calculation of Rent, shall estop the City from asserting, or be deemed a waiver by the City of, its rights to review, object to and/or challenge the calculation of Rent or any methodology, interpretation or practice used in same, for any Year, including Years prior to the Effective Date; provided, however, that the City hereby waives its right to challenge the

methodology used in calculating the rent payable under the Old Agreement to the extent such methodology was challenged in the City's Amended Demand, dated March 10, 2000, in the Arbitration.

4.10.3 The provisions of this **Section 4.10** shall survive the expiration or sooner termination of this Agreement.

4.11 Preservation of Rights. The Port Authority shall not take, nor shall it permit its Affiliates to take, any actions that would adversely affect the ability under law of the Port Authority to pay, and of the City to receive and retain, any and all amounts of Rent due (or any component thereof) for all or any portion of the Municipal Air Terminals or the Lump Sum Payment or the Additional Lump Sum Payment, and each party shall cooperate with the other party by taking all reasonable actions to preserve such abilities. This provision shall survive the expiration or earlier termination of this Agreement.

4.12 Payments. All payments of Base Rent and all other amounts payable by the Port Authority under this Agreement shall be paid without notice or demand (except when a notice or demand is expressly required hereunder), and without deduction or setoff, in lawful money of the United States of America, by wire transfer to the account designated by notice, from time to time, to the Port Authority from the City's Budget Director (or his successor in function); or, at the City's direction by notice to the Port Authority from the City's Budget Director (or his successor in function), any such amount shall be paid by check drawn on a bank or trust company which is a member of the New York Clearinghouse Association to the City Office of Management and Budget at the address listed in **Section 27** (or to such other City Agency or address as the City's Budget Director (or his successor in function) may designate, from time to time, by notice to the Port Authority). Notwithstanding the foregoing, all amounts payable in connection the consumption and use of water and wastewater services shall be paid directly to the Water Board pursuant to **Subsection 13.2**, except in the event that, pursuant to **Subsection 32.2**, the City shall discharge a lien filed against the Demised Premises as a result of a failure by the Port Authority to timely pay any water or wastewater rents and surcharges when due and owing, in which case, the Port Authority shall pay such amounts directly to the City as Additional Rent in accordance with **Subsection 32.2**.

4.13 No Limitation on Settlement Rights. Nothing contained in **Subsection 4.11** is intended to limit, or shall be deemed to limit, in any way, the Port Authority's right to negotiate settlements of amounts owed by Subtenants.

4.14 Pledge of Revenue. Nothing contained in this Agreement shall prevent the Port Authority from pledging, in whole or in part, the revenues of the Municipal Air Terminals, other than the portion of Annual Gross Revenue that constitutes Rent hereunder, as security for the payment of Bonds or for the fulfillment of any other obligations directly assumed by it, or from making such Bonds a lien or charge upon such revenues, which pledge or lien shall be subject and subordinate to this Agreement and shall expressly so provide.

Section 5. Repairs

5.1 The Port Authority shall for the duration of the Term take good care of the Demised Premises together with all Equipment, whether now existing or hereafter added, and shall make all necessary repairs, inside and outside, structural or otherwise so as to maintain and preserve the Demised Premises and all Equipment in good order and condition, subject to ordinary wear and tear, and keep the Demised Premises and all Equipment operating in accordance with **Section 28** and all other terms and conditions of this Agreement.

5.2 Notwithstanding the provision of **Subsection 5.1** above, the parties understand and acknowledge that at any given time during the Term, there will be a portion of the Improvements and Equipment that will have become functionally obsolete or will have substantially outlived their useful lives, for which no replacement is necessary or warranted or for which a new use or replacement has not yet been devised or planned, and the foregoing provisions of this Section shall not apply to such Improvements and Equipment; provided that such failure to replace or to obtain such new use or replacement shall not impair the use, operation, maintenance or development of either Municipal Air Terminal in accordance with Section 28 and all other requirements of this Agreement.

5.3 In the event the Demised Premises or any part thereof, or any Equipment, is in a state of disrepair at the end of the Term resulting from the failure of the Port Authority to repair, replace, maintain or paint the Demised Premises, or any part thereof or any Equipment during the Term, then the Port Authority shall be required, at its sole cost and expense, to repair, replace, paint and restore the Demised Premises and any Equipment to the condition that the Demised Premises and Equipment would have been in had the Port Authority complied with its obligations set forth in the foregoing **Subsections 5.1** and **5.2**.

5.4 The provisions of this **Section 5** shall survive the expiration or termination of this Agreement.

Section 6. Representations

6.1 Representations of the Port Authority.

6.1.1 Upon the execution and delivery by the Port Authority of this Agreement and the Side Agreements, each of such documents will be a valid and binding obligation of the Port Authority, enforceable against the Port Authority in accordance with its terms.

6.1.2 Prior to the date hereof, the Port Authority has delivered a true, correct and complete copy of the Newark Airport Lease, together with each of the amendments thereto, as indicated on **Schedule E** attached hereto.

6.2 Representations of the City. Upon the execution and delivery by the City of this Agreement and the Side Agreements, each of such documents will be a valid and binding obligation of the City, enforceable against the City in accordance with its terms.

Section 7. Assignment and Subletting by the Port Authority

7.1 No Assignment, etc. The Port Authority shall not assign, mortgage, pledge, hypothecate, or encumber this Agreement or any part hereof or sublet the Demised Premises or one or more of the Municipal Air Terminals substantially in its or their entirety. In the event this Agreement is assigned, pledged, mortgaged, hypothecated, or encumbered in any way, or in the event the Demised Premises are sublet in violation of the provisions hereof, the City, in addition to any other remedies it may have, may collect rent from any assignee of the Demised Premises or any undertenant or occupant thereof, and apply the net rent collected to the rent reserved herein; but no such assignment, occupancy, or collection shall be deemed a waiver of this covenant or the acceptance of the assignee or subtenant as a tenant or a release of the Port Authority from the further performance by it of the covenants on its part to be performed.

7.2 Subletting. The Port Authority may sublet or sublease parts of the Demised Premises for the purposes set forth in **Subsection 2.2** hereof and enter into other agreements with Subtenants for such purpose. This consent shall not, however, include the right to sublet to one person or related persons the entire Demised Premises in a single transaction or a series of related transactions or to sublet to one person or related persons a Municipal Air Terminal substantially in its entirety in a single transaction or a series of related transactions. Under no circumstances shall the Port Authority be permitted to assign, delegate or otherwise alienate control or operational responsibility for a Municipal Air Terminal. All Subleases, whether now existing or to be entered into in the future, are hereby expressly subject and subordinate to this Agreement. Notwithstanding the foregoing, the Port Authority shall cause each Sublease entered into by the Port Authority from and after the Execution Date (and, with respect to any existing Sublease that is hereafter extended, other than pursuant to a pre-existing right on the part of the Subtenant to extend its Sublease, such existing Sublease) to provide the following:

(a) Such Sublease is subject and subordinate to this Agreement and to any interest superior to that of the Port Authority's;

(b) The Subtenant thereof will not pay rent or other sums under the Sublease for more than one (1) month in advance (excluding security and other deposits required under such Sublease);

(c) With respect to Subleases, the Subtenant thereof on the termination of this Agreement will, at the City's option, attorn to, or enter into a direct lease on identical terms with, the City;

(d) An indemnity by the Subtenant thereof for the benefit of the City covering all matters described in **Section 31** of this Agreement;

(e) A restriction on the Subtenant's use of the premises covered by the Sublease, which shall not provide for any use other than as permitted under this Agreement;

(f) A requirement that the Subtenant thereof shall use, operate and maintain the premises covered by the Sublease in a manner consistent with the Port Authority's obligations under **Section 28** hereof;

(g) That the failure of the Subtenant thereof to comply with the forgoing provisions shall be an event of default under such Sublease, which, after the giving of reasonable notice, shall provide the Port Authority with the right to terminate such Sublease and exercise any other rights that the Port Authority may have as the sublandlord of such Sublease; and

(h) Each Sublease which requires the Subtenant to carry property or liability insurance shall require that the City be named as an additional insured or loss payee thereunder, as applicable.

Upon request of the City, the Port Authority will deliver to the City, within thirty (30) days of each such request, true and complete copies of each existing or future Sublease.

The Port Authority shall make commercially reasonable efforts to cause the Subtenants to comply with the terms of their Subleases.

7.3 Water and Sewer Rents. Notwithstanding any mortgage, pledge, hypothecation, or encumbrance of any part of this Agreement, or the Sublease of any part of the Demised Premises, the Port Authority hereby agrees and acknowledges that, with respect to any period prior to the Expiration Date or earlier termination of this Agreement, it is wholly responsible for the payment of all water and wastewater rents and surcharges when due and owing in accordance with **Section 13** herein. The provisions of this **Subsection 7.3** shall survive the expiration or sooner termination of this Agreement.

Section 8. Accounts and Records

8.1 Keeping of Accounts and Records. The Port Authority shall, with respect to each Year, keep and maintain complete accounts and records in regard to its operation of the Demised Premises and the Municipal Airports for such Year in both printed and electronic format including, without limit, such accounts and records as may reasonably be required by the City for the purposes of verifying, if it shall so desire, the computation of Rent, Annual Gross Revenue and the accuracy of the Annual Statements and any other information required to be delivered by the Port Authority to the City pursuant to this Agreement or to the Airport Board pursuant to the Airport Board Agreement. The Port Authority shall maintain the accounts and records described in this **Subsection 8.1** for each Year until at least the end of the sixth (6th) anniversary of the date upon which the Annual Statement for such Year has been delivered to the City; provided that, in the event of a dispute between the parties with respect to this Agreement and relating to a particular Year, then the Port Authority shall maintain such accounts and records with respect to such Year or related to the dispute until a final non-appealable determination with respect to such dispute has been issued by a court of competent jurisdiction.

8.2 Availability of Accounts and Records. At any time prior to the sixth (6th) anniversary of the Expiration Date or earlier termination of this Agreement, the Port Authority shall (i) deliver to the City, in electronic format and within fifteen (15) days after each demand therefor, all or any portion of the records and accounts required to be kept by the Port Authority in electronic format pursuant to **Subsection 8.1** above and (ii) allow the City and any duly authorized representative of the City, at all reasonable times, to inspect, audit and copy all of the

accounts and records required to be maintained by the Port Authority pursuant to **Subsection 8.1** above. For the purpose of verifying the Annual Statements, the Port Authority shall make available agreement and lease files, and records reflecting any adjustments to accounts, and audit reports made by the internal auditors of the Port Authority or by outside accountants retained by the Port Authority or by consultants, relating to or verifying the factors of revenue which enter into the computation of Base Rent.

8.3 Subleases and other Agreements. Without limiting any of the other provisions of this Agreement, the Port Authority shall, promptly after each request by the City, deliver to the City (i) a list of all of the Subleases, service contracts, funding agreements and all other agreements entered into by the Port Authority in connection with the Municipal Air Terminal during or with respect to the Years indicated in the applicable request from the City and (ii) true, correct and complete copies of all of such agreements, but only to the extent requested by the City. The City may ask for documents by name, category or by some other designation if it elects to do so.

8.4 Survival. The provisions of this **Section 8** shall survive the Expiration Date or earlier termination of this Agreement.

Section 9. Financing the Development of the Municipal Air Terminals

9.1 Port Authority Bonds. The Port Authority shall have the right, in its discretion, to issue Bonds, including Special Project Bonds, and to make expenditures, from time to time, in such amounts as it may deem to be necessary or appropriate to rehabilitate, expand, improve and develop the Municipal Air Terminals.

9.2 No Lien upon Demised Premises. No Bonds, whether issued For Municipal Air Terminal Purposes or otherwise, shall be a lien or charge upon the Demised Premises or on Landlord's interest therein. The provisions of this section shall survive the expiration or earlier termination of this Agreement.

9.3 No Pledge of Revenue Beyond Term. Notwithstanding any other provision of this Agreement, (i) any pledge of revenues of the Municipal Air Terminals to secure Bonds or bonds issued by any Affiliate of the Port Authority or by any Subtenant shall be expressly subject and subordinate to the terms and conditions of this Agreement, (ii) the Port Authority shall not pledge any revenues of the Municipal Air Terminals, or any part thereof, derivable at any time after the end of the Term or sooner termination thereof (other than revenues accruing prior to the end of the Term), as security for the repayment of principal or interest, or of any part thereof, on any Bonds, and (iii) no Bonds or bonds of any Affiliate of the Port Authority or any Subtenant shall affect in any manner whatsoever or grant any right whatsoever to or in the Municipal Air Terminals or their use, operation or maintenance, or revenues for or during, any period after the Expiration Date or sooner termination of the Term. The provisions of this section shall survive the expiration or earlier termination of this Agreement.

9.4 No City Obligation. Bonds shall not be an obligation of the City, and the Port Authority shall have no power to pledge the credit of the City in any way whatsoever. The provisions of this section shall survive the expiration or earlier termination of this Agreement.

9.5 Financing of Projects by the City. During the Term, the City shall not finance any projects at the Demised Premises, except that such restriction on financing shall not apply with respect to (i) projects for which the City has adopted inducement resolutions prior to January 16, 2004, (ii) the refunding of any bond issues by the City or (iii) the maintenance, repair, extension, relocation, upgrading or replacement of any services or utilities provided or to be provided by the City, including, without limitation, all maintenance, repair, restoration, relocation, replacement and extension work that DEP elects to make to the Retained Water System Property pursuant to Section 12 and Section 13 of this Agreement.

Section 10. Competitive Facilities

10.1 By the City. During the Term and subject to **Section 10.2**, the City shall not, except as hereinafter provided, promote, finance, establish, construct, operate, or maintain within the geographic limits of the City any competitive airplane runways, landing areas, or other facilities for the landing or taking-off of aircraft, without the consent of the Port Authority, and shall not authorize any other person so to do, without such consent. Airplane runways, landing areas or other facilities designed or used for the landing or taking off of aircraft shall be deemed to be competitive with the Municipal Air Terminals if they are designed or used for the accommodation of any aircraft operated by common or contract carriers on scheduled or non-scheduled flights carrying passengers, mail, or cargo who or which are moving between a point within the Port of New York District and a point without the Port of New York District; or if they are designed or used for the accommodation of other aircraft having an allowable gross weight at take-off under existing or future Federal regulations in excess of 10,000 pounds. The prohibition shall not apply, and the Port Authority's consent shall not be required, in connection with, (i) facilities for the landing and taking off of aircraft, existing as of the Effective Date, (ii) any privately owned or operated airplane runways, (iii) helicopter landing areas or (iv) seaplane bases.

10.2 City's Power of Regulation Unaffected. The provisions hereof shall in no way affect the right of the City to have power of regulation over airports, airplane landing sites, and seaplane bases in the Port of New York or in the City, which are privately owned or operated; or the right to regulate such further local facilities, whether or not privately owned or operated, including helicopter landing sites and seaplane bases, as may be required in the public interest.

10.3 By the Port Authority. During the Term the Port Authority shall not promote, finance, establish, construct, operate or maintain within the geographic limits of the City any airplane runways, landing areas, or other facilities for the landing or taking off of aircraft without the express written consent of the City except at the Municipal Air Terminals. Nothing herein contained, however, shall prevent the Port Authority from promoting, financing, establishing, constructing, operating or maintaining airplane runways, landing areas, or other facilities for the landing or taking off of aircraft at any point or points outside of the limits of the City.

Section 11. Garbage Removal, Snow Removal, Police and Fire Protection

11.1 Garbage Removal. The Port Authority shall be responsible, at its sole cost and expense, for the collection and proper disposal of all garbage and refuse from each of the Municipal Air Terminals and the Demised Premises.

11.2 Snow Removal. The Port Authority shall, at its sole cost and expense, be responsible for removal of snow and ice from the Demised Premises. The Port Authority shall not place such snow and ice upon any of the public streets or highways of the City, other than in the immediate vicinity of the Light Rail System. The City shall not place at or on the Demised Premises any snow or ice originating from City-owned property.

11.3 Police and Fire Protection. The Port Authority will provide all necessary police for patrolling, for guarding and for traffic control in the Demised Premises, and equipment and personnel for aircraft crash, fire protection and rescue work. The City will have no responsibility for maintaining fire or police personnel in the Demised Premises. The Police Department of the City shall respond to calls from the Port Authority in the event of the commission of crime, rioting, disasters and other emergencies in the Demised Premises, and the Fire Department of the City shall respond to calls by the Port Authority in the event of a fire or any other emergency.

Section 12. Sewer and Other Rights Reserved to the City

12.1 Water and Wastewater System Property.

12.1.1 The parties recognize that within the Demised Premises there are currently located sewers, water mains, water and wastewater conduits, wastewater treatment facilities, sludge lines, a sludge dock and a sludge tank, power lines, telephone and signal lines, meters and other facilities to which the City retains ownership and control and which are not part of the Demised Premises and not subject to this Agreement (**"Retained Water System Property"**), and acknowledge and agree that the City shall have the right to maintain, repair, restore and replace all portions of the Retained Water System Property, provided, that any such maintenance, repair, restoration or replacement shall not interfere with or affect the safe operation of the Demised Premises. For that purpose, the City and its duly designated officials and employees shall have the right, at all reasonable times and on reasonable notice to the Port Authority (provided that, in the event of an emergency the City and its duly designated officials and employees shall have the right at all times and without prior notice), to enter upon the Demised Premises with personnel, equipment, trucks and vehicles for the purpose of making inspections, repairs, replacements and restorations (including but not limited to any restoration following a casualty) of the Retained Water System Property as shall be necessary in the opinion of the City.

12.1.2 The parties also recognize that within the Demised Premises there are currently located sewers, water mains, water and wastewater conduits and other facilities installed by the Port Authority (the **"Port Authority Water System Property"**). The parties hereby acknowledge that the Port Authority shall, at all times, maintain and operate, at its sole cost and expense, the Port Authority Water System Property and that such maintenance and operation of the Port Authority Water System Property shall comply with, and remain subject to, all applicable laws. By its execution of this Agreement, the City shall not be deemed to have consented to or approved any portion of the Port Authority Water System Property that has been, or may hereafter be, installed in violation of any applicable laws or without the proper consent of DEP and any other applicable Governmental Authority.

12.1.3 The City further reserves the right to use Thurston Basin and Bergen Basin within the Demised Premises, as shown on Sheet JFK-1 of **Exhibit A**, respectively, as outlets for storm sewers, and the further right, subject to security requirements, to use Bergen Basin as a means of access by tugs, tug-boats, barges and other water craft between Jamaica Bay and the sludge dock and tank located on the west side thereof, or for any other purpose consistent with its responsibilities to provide water and wastewater services for the City; provided that such purpose does not materially impair the operations of the Port Authority or its use of the Demised Premises for purposes permitted hereunder. If the City determines it is necessary for the provision of water and wastewater services, the City shall obtain any required permits and arrange to perform any dredging work at Thurston and Bergen Basins, as it deems necessary. The Port Authority shall have the right to bulkhead the sides of the basins and dredge Thurston and Bergen Basins at its own cost for navigation purposes if it so desires to do, and to use or permit their use for such purposes upon the prior written approval of the DEP, but the City shall have no obligation to dredge or maintain them for those purposes.

12.1.4 The Port Authority shall not construct or demolish or permit the construction or demolition of any building or structure or make or permit the making of any excavation which will interfere with or affect the usefulness of any Retained Water System Property or any other City owned sewer, water main, water or wastewater conduit, or facility related to a wastewater treatment plant owned and operated by the City or any appurtenant facility thereof or similar facility without the prior written approval and supervision of the DEP and any other applicable Governmental Authority.

12.1.5 In the event it is necessary to extend or relocate any portion of the Retained Water System Property as a result of any construction, fill or excavation done or to be done by the Port Authority or its Subtenants at, on or under the Demised Premises or because any Improvement requires additional water and wastewater services, any such extension or relocation shall be done or caused to be done at the sole cost of the Port Authority and upon plans and specifications and timelines approved by, and under the supervision of, DEP or the agency of the City succeeding to DEP's jurisdiction.

12.1.6 In the event it is necessary to extend or relocate any portion of the Port Authority Water System Property as a result of any construction, fill or excavation done or to be done by the Port Authority or its Subtenants at, on or under the Demised Premises or because any Improvement requires additional water and wastewater services, any such extension or relocation, and the operation and maintenance, repair or restoration associated therewith, shall be done or caused to be done at the sole cost of the Port Authority and upon plans and specifications and timelines approved by, and under the supervision of, DEP or the agency of the City succeeding to DEP's jurisdiction.

12.1.7 The parties recognize that, during the Term, the City may find it necessary, not only to maintain the existing Retained Water System Property, but also to relocate and extend the Retained Water System Property and to construct and maintain new sewers within the Demised Premises to serve areas or property outside of the Demised Premises. Accordingly, the City may relocate and extend the Retained Water System Property and may construct new sewers or extend existing sewers within the Demised Premises to the extent necessary, to areas or property outside of the Demised Premises, provided, that any such relocation and extension of

the Retained Water System Property, and construction or extension of new sewers to serve areas or property outside of the Demised Premises, shall not interfere with or affect the safe and efficient operation or future development of the Demised Premises. Upon the relocation or extension of the Retained Water System Property, or the construction or extension of new sewers to serve areas or property outside of the Demised Premises, the same shall become part of the Retained Water System Property. The City shall have the right to enter upon the Demised Premises in order to perform such relocation or extension of the existing Retained Water System Property, or the construction or extension of new sewers to serve areas or property outside of the Demised Premises at its own cost, subject to the prior approval of the Port Authority as to the proposed timing and location and in accordance with plans and specifications approved by the Port Authority. All work performed by the City in connection with the construction or extension of such sewers under this **Section 12.1.7** shall be done in a manner consistent with the safe and efficient operation of the Municipal Air Terminals and, to that end only, the Port Authority shall supervise the work

12.2 Utility Easements. The lease of the Demised Premises is subject to any existing easements or rights of gas, electric and other public utility companies to maintain facilities therein. The Port Authority shall have the right to use and maintain utility facilities heretofore installed in the portion of the bed of Ditmars Boulevard identified on Sheet LGA-2 of **Exhibit A** as the Ditmars Boulevard Utility Easement and more particularly described in **Exhibit B-8** attached hereto, which facilities shall be deemed Equipment for purposes of this Agreement.

Section 13. Water and Wastewater Service

13.1 The City shall provide and maintain water supply lines up to the perimeter of the Demised Premises necessary to serve the Municipal Air Terminals.

13.2 The City shall, at its own expense, install and maintain such meter or meters that DEP determines are best suited for measuring the amount of water and wastewater consumed or used within such Municipal Air Terminals. Upon installation, such meters shall become part of the Retained Water System Property. The Port Authority shall provide DEP and its duly designated officials, employees and contractors with full cooperation and access to complete the installation, and the City and its duly designated officials and contractors shall have the right at all reasonable times and on reasonable notice to enter upon the Demised Premises with personnel, equipment, trucks and vehicles for the purpose of making inspections, repairs, installations and replacements of such meters as shall be necessary in the opinion of the City. The Port Authority shall pay directly to the New York City Water Board, when due and owing, any and all water and wastewater bills issued by the DEP on behalf of the Water Board at rates annually established by the Water Board for any and all water and wastewater services provided to the Demised Premises. Charges payable for water and wastewater services to the Demised Premises shall be Additional Rent hereunder and shall be at rates and under same terms and conditions that would apply to any other customer of the New York City water and wastewater system. The provisions of this **Subsection 13.2** shall survive the expiration or sooner termination of this Agreement.

Section 14. Insurance

14.1 Definitions.

14.1.1 **"City Insureds"** as used in this **Section 14** means, for any type of insurance required hereunder, the City, the City's officials and employees (but only if the Port Authority's officials and employees are likewise insured), and EDC.

14.1.2 **"Losses"** as used in this **Section 14** means any costs, charges, expenses incurred in the defense, investigation or adjustment of any claims (including without limitation fees and disbursements of consultants, counsel or experts), losses, payments, damages (including without limitation any actual, consequential, or, where allowable by law, punitive or exemplary damages), civil fines or penalties, judgments, and amounts paid in settlement.

14.1.3 **"Maximum Available Limit"** as used in this **Section 14** shall mean, for any type of insurance required hereunder, the limit (or sublimit) that is commercially available to the Port Authority at the renewal, termination, or cancellation date of such type of insurance during the Term at any time after the Execution Date. In the event that the Port Authority believes that insurance that is commercially available to it does not provide protection for the risk at issue, the Port Authority may seek the City's consent, which shall not be unreasonably withheld, to an alternative method for it to protect against that risk.

14.1.4 **"Pollution Conditions"** as used in this **Section 14** means the discharge, dispersal, migration, release or escape of any Hazardous Materials into or upon land, or any structure on land, subsurface, soils, sediments, the atmosphere or any watercourse or body of water, including groundwater, whether caused by a third party (including without limitation remediation contractors or consultants), an act of war or Terrorism or otherwise, in each case, on, at, under, or migrating to or from, the Municipal Air Terminals.

14.1.5 **"Terrorism"** as used in this **Section 14** shall mean any violent act or an act that is dangerous to human life, property or infrastructure and is committed by any individual or individuals acting as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States by coercion.

14.2 Property Insurance.

14.2.1 The Port Authority shall, at all times throughout the Term, provide and keep in force comprehensive "All Risk" of direct physical loss or damage, insurance covering the Improvements, including, without limitation, coverage for loss or damage by acts of Terrorism, water, flood, subsidence and earthquake (excluding, at the Port Authority's option, from such coverage normal settling only) and, when and to the extent obtainable from the United States government or any agency thereof, war risks for all buildings, structures, equipment and fixtures in or upon the Demised Premises used in connection with the operation of the Municipal Air Terminals at the Maximum Available Limits. Such insurance, which shall cover the interests of both the City Insureds and the Port Authority in such property, shall be valued at full replacement cost, with the replacement value of the Improvements to be determined from time to time, but not less frequently than required by the insurer and in any event at least once every three (3) years, it being agreed that no omission on the part of the City Insureds to request any

such determination shall relieve the Port Authority of its obligation to determine and insure the replacement value thereof (in the absence of such valuation, the FM (Factory Mutual) or MIRI (Industrial Risk Insurers) indices will be applied); and shall include the following types of coverage:

(a) Automatic Coverage;

(b) Building Ordinance Coverage;

(c) Business Income including Extra Expense and Rents ("**Rent Insurance**") on an Actual Loss Sustained basis;

(d) Civil & Military Authority;

(e) Debris Removal;

(f) Decontamination Costs;

(g) Demolition and Increased Cost of Construction;

(h) Earth Movement;

(i) Extended Period of Liability;

(j) Extra Expense;

(k) Adjustment and Claim Expense;

(l) Flood;

(m) Ingress/Egress;

(n) On Premises Services;

(o) Property Damage;

(p) Service Interruption Property Damage;

(q) Service Interruption Time Element;

(r) Soft Costs;

(s) Terrorism;

(t) Contingent Business Interruption (one year from restoration); and

(u) Time Element Interdependency.

14.2.2 The Port Authority shall, at all times throughout the Term, provide and keep in force boiler and machinery insurance in an amount as may be reasonably agreed upon with the City every three (3) years (insofar as practicable) covering direct property loss and loss of income and covering all steam, mechanical and electrical equipment, including without limitation, all boilers, unfired pressure vessels, air conditioning equipment, elevators, piping and wiring.

14.2.3 The Port Authority shall, at all times throughout the Term, provide and keep in force sprinkler leakage insurance in amounts as may be reasonably agreed upon with the City (the foregoing to be required only if same is excluded from the insurance required to be provided and kept in force pursuant to **Subsection 14.2.1** above).

14.3 Liability Insurance.

14.3.1 The Port Authority shall, at all times throughout the Term, provide and keep in force (x) Airport Liability Insurance and (y) commercial general liability insurance and/or public liability insurance at the Maximum Available Limits covering the premises operations of the Port Authority for the Demised Premises, including the operation of mobile equipment, against liability for bodily injury, death and property damage, including the Demised Premises and all streets, alleys and sidewalks adjoining or appurtenant to the Demised Premises. The City Insureds shall be listed as an additional named insureds on the Airport Liability Insurance policies and as Additional Insureds (with coverage no narrower than that provided under ISO endorsement CG 20 26 11 85) on the commercial general liability and/or public liability policies. Such insurance shall include the following protection:

(a) broad form liability, including (A) blanket contractual liability (covering the indemnification provisions assumed by the Port Authority hereunder, including bodily injury to employees or others assumed by the Port Authority under contract, which insurance shall cover all costs, expenses and/or liability (including, without limitation, attorneys' fees and disbursements) arising out of or based upon any and all claims, accidents, injuries and damages mentioned in **Section 31** of this Agreement and required to be insured against hereunder), (B) personal injury and advertising injury liability, (C) premises medical payments, (D) host liquor liability, (E) fire legal liability on real property, (F) broad form property damage liability, including completed operations, (G) incidental medical malpractice, (H) non-owned watercraft liability, (I) limited world-wide coverage, (J) additional interests insured, (K) extended bodily injury coverage, and (L) automatic coverage on newly-acquired entities;

(b) products and completed operations;

(c) independent contractors;

(d) blanket automatic contractual liability to include bodily injury to employees of others assumed by the Port Authority; and

(e) water damage legal liability shall not be excluded;

(f) endorsement acknowledging aviation facility operations on the Demised Premises;

(g) Terrorism coverage;

(h) XCU coverage; and

(i) no coverage exceptions for properties containing or adjacent to railroad facilities.

Notwithstanding the foregoing, the commercial general liability insurance required by this **Subsection 14.3.1** shall not be required to provide one or more of the following protections in the event such protection, at the time of insurance placement, cannot be procured from the issuing insurance company: host liquor liability, incidental medical malpractice and/or XCU coverage and other risks insofar as reasonably agreed to by the City as being not present at the Air Terminals or procured and maintained by a Subtenant (with the City Insureds as additional insureds thereunder).

14.3.2 The Port Authority shall, at all times throughout the Term, provide and keep in force comprehensive automobile liability insurance for all owned, non-owned, leased, rented and/or hired vehicles insuring against liability for bodily injury and death and for property damage in an amount as may from time to time be reasonably determined by the City but not less than $2,000,000 (Two Million Dollars) per claim.

14.4 Pollution Insurance. The Port Authority shall, at all times throughout the Term, provide and keep in force at the Maximum Available Limit pollution legal liability coverage for the Port Authority as first named insured and the City Insureds as additional named insureds, including coverage of Losses arising from (1) investigation, removal, clean-up costs, remediation, monitoring or response action, to the extent required by Environmental Laws and any repair, replacement or restoration of real or personal property to substantially the same condition it was in prior to any of the forgoing activities; (2) orders, decrees, directives, injunctions or judgments by any Governmental Authority; (3) third party claims for bodily injury (including, without limitation, medical monitoring) and property damage (including, without limitation, natural resource damages); and (4) business interruption; in each case, to the extent such Losses relate to Pollution Conditions resulting from, or exacerbated by, facts, events or conditions first existing on or after the date hereof. Notwithstanding **Subsection 14.1.3**, such insurance policy (or policies) shall be in force at the Execution Date as well as the renewal, termination, and cancellation dates of such policies throughout the Term.

14.5 Workers' Compensation Insurance. The Port Authority shall, at all times throughout the Term, provide and keep in force workers' compensation coverage providing statutory New York State benefits for all persons employed by the Port Authority at or in connection with the Demised Premises and employer's liability insurance in an amount not less than that required by New York State law.

14.6 Other Insurance. The Port Authority shall provide and keep in force such other insurance in such amounts as may from time to time be reasonably required by the City or mutually agreed upon against such other insurable hazards as at the time are commonly insured against by prudent owners of like Improvements.

14.7 Insurance Policy Requirements.

14.7.1 All insurance provided by the Port Authority as required hereunder shall name the Port Authority as named insured and the City Insureds as additional named insureds, additional insureds, and loss payees to the extent, where applicable, of their respective insurable interests in the Demised Premises and shall be primary with respect to any other coverage which the City Insureds may obtain.

14.7.2 All insurance required by any provision of this Agreement shall be in such form and shall be issued by such responsible companies (i) rated by AM Best as at least A-(VII), (or comparable rating by Standard & Poors or other industry-recognized rating agency) unless the Port Authority obtains the prior written approval of the City with regard to a particular policy or coverage, (ii) authorized to do business in the State of New York and (iii) otherwise reasonably acceptable to the City.

14.7.3 Each policy of insurance required to be obtained by the Port Authority as herein provided shall contain to the extent obtainable and whether or not an additional premium shall be required in connection therewith (i) a provision that no act or omission or negligence of the Port Authority or any other named insured or violation of warranties, declarations or conditions by the Port Authority or any other named insured shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained, (ii) an agreement by the insurer that such policy shall not be cancelled or modified without at least thirty (30) days prior written notice to the City Insureds, (iii) an agreement that the coverage afforded by the insurance policy shall not be affected by the performance of any work in or about the Improvements or the occupation or use of the Demised Premises by the Port Authority or any Subtenant for purposes more hazardous than those permitted by the terms of such policy, (iv) a waiver by the insurer of any claim for insurance premiums against the City Insureds or any named insured other than the Port Authority, and (v) a waiver of subrogation by the insurer of any right to recover the amount of any loss resulting from the negligence of the Port Authority, the City Insureds, their agents, employees or licensees.

14.8 Premiums; Evidence of Insurance. All policies referred to in this Agreement shall be procured by the Port Authority at no expense to the City Insureds. Duplicate originals of such policies or, to the extent that such duplicate originals cannot be obtained, certificates of insurance with respect to such policies together with copies of such policies shall be delivered to the City promptly upon receipt from the insurance company or companies, together with proof satisfactory to the City that the then current installment of the premiums thereon have been paid; provided, that the City shall not, by reason of custody of such policies, be deemed to have knowledge of the contents thereof and no claim will be asserted or prosecuted that such custody or access, or action or inaction by the City with knowledge thereof or of information obtained under **Subsections 14.9, 14.17** or otherwise, is a waiver of any rights of the City hereunder or a defense to any default or obligation of cooperation. New or renewal binders and policies, or drafts thereof, to provide coverages or replace policies expiring during the Term, or duplicate originals thereof or certificates of insurance with respect thereto, together with copies of such policies (where available), shall be delivered as aforesaid within ten (10) days of the Port Authority's receipt, together with proof satisfactory to the City that the then current installment of the premiums thereon have been paid by the date required by the insurance company. Premiums on policies shall not be financed in any manner whereby the lender, on default or otherwise, shall have the right or privilege of surrendering or canceling the policies or reducing the amount of loss payable thereunder, unless agreed to by the City; provided, however, that premiums may be paid in installments.

14.9 Cooperation. The Port Authority and the City shall cooperate in connection with the placement of insurance coverages required hereunder and in the collection of any insurance moneys that may be due in the event of loss. The Port Authority and the City shall execute and deliver such proofs of loss and other instruments as may be required for the purpose of obtaining the recovery of any such insurance moneys. When submitting a notice to an insurer regarding an occurrence, loss or claim under any policy, the Port Authority shall specify, to the extent necessary under such policy, that such notice is being made on behalf of the City as well as itself, and shall thereafter provide the City, upon demand, with any response or other correspondence received by it from the insurer regarding such notice, occurrence, loss or claim.

14.10 Additional Policies of Personal Liability Insurance. The Port Authority shall not carry separate insurance (other than personal injury liability insurance) concurrent in form or contributing in the event of loss with that required by this Agreement to be furnished by the Port Authority, unless the City Insureds are included therein as additional named insureds. The Port Authority promptly shall notify the City of the carrying of any such separate insurance and shall cause the policies therefor or duplicate originals thereof or certificates of insurance with respect thereto together with copies of such policies to be delivered as required in this Agreement.

14.11 Adjustments for Claims. All property insurance policies as required by this Agreement shall provide in substance that all adjustments for claims with the insurers shall be made with the Port Authority. Notwithstanding the foregoing, the Port Authority (y) shall consult with the City during the process of such adjustment and provide the City with all relevant documentation upon demand and, (z) in the event that the Port Authority also has a pending claim relating to property outside the Demised Premises in excess of Ten Million Dollars ($10,000,000), shall give the City notice thereof and adjust such claim completely independently of and without prejudice to the adjustment of the claim relating to the Demised Premises.

14.12 Compliance with Requirements of Insurance Carriers. The Port Authority shall not violate or permit to be violated any of the conditions or provisions of any insurance policy required hereunder, and the Port Authority shall so perform and satisfy or cause to be performed and satisfied the requirements of the companies writing such policies so that at all times companies of good standing, reasonably satisfactory to the City, shall be willing to write and continue such insurance.

14.13 Liability Insurance on an "Occurrence" Basis. All liability insurance required to be provided and kept in force by the Port Authority under this Agreement shall be written on an "Occurrence" basis; provided, however, that if (i) a basis other than such "Occurrence" basis shall be adopted throughout the insurance industry and (ii) such other basis shall be accepted by the operators of competitive air terminals, then the Port Authority may provide and keep in force liability insurance written on such other basis reasonably satisfactory to the City.

14.14 Blanket Policy. The insurance required to be obtained by the Port Authority under this Agreement, at the option of the Port Authority, may be effected by blanket or umbrella policies issued to the Port Authority covering the Demised Premises and other properties owned or leased by the Port Authority; provided that the policies otherwise comply with the provisions of this Agreement and specifically allocate to the Demised Premises the coverages required hereby, without possibility of reduction or coinsurance by reason of any other premises named therein, and if the insurance required by this Agreement shall be effected by any such blanket or umbrella policies, the Port Authority shall furnish to the City certified copies or duplicate originals of such policies in place of the originals, with schedules thereto attached showing the amount of insurance afforded by such policies applicable to the Demised Premises, and in addition, within ten (10) days after the Port Authority's receipt thereof, copies of the schedule of all Improvements affected by any such blanket or umbrella policy of insurance.

14.15 Property Insurance Proceeds. All proceeds from Property Insurance ("**Insurance Proceeds**") shall be applied, in the first instance, to satisfy the Port Authority's obligation to pay Rent under this Agreement (if not otherwise satisfied by the Port Authority) in an amount equal

to not less than three (3) years of current Base Rent, and shall otherwise be applied to Restore the Improvements in accordance with **Subsection 14.22**.

14.16 Failure to Procure or Maintain Required Insurance. If the Port Authority fails or refuses to procure or maintain insurance as required by this Agreement (including, but not limited to, the Maximum Available Limit of such insurance) or fails upon request or refuses to furnish the City Insureds with required proof that the insurance has been procured and is in force and paid for, the City shall have the right, at the City's election and on ten (10) days notice, consistent with **Section 26.1**, to procure and maintain such insurance, and pay premiums thereon, without further notice to the Port Authority. In such event, the rights and obligations of **Section 26.2** shall govern.

14.17 Consultations with the City. Three months in advance of the end of the policy period of any insurance policy procured in accordance with this **Section 14** (or immediately upon receipt of a notice of cancellation of any such policy), the Port Authority shall notify the City of such event and enter into prompt discussions with the City concerning the placement of such insurance. As soon thereafter as feasible, the Port Authority shall inform the City of the availability and price of such type of insurance and, specifically, the Port Authority's opinion of the Maximum Available Limit(s) and the commercial necessity of any material exclusions or limitations of such type of insurance. The Port Authority shall also provide the City with all such information as the City may request concerning the Port Authority's efforts to secure such insurance, including, without limitation, all presentations to the Port Authority by its placing broker(s) and all recommendations and instructions given to such broker(s).

14.18 Self-Insurance. The Port Authority may self-insure a portion of its insurance obligations hereunder, but, in no event, shall the Port Authority self-insure an aggregate amount (not including any amounts exceeding the limits required hereunder) in excess of Fifty Million Dollars ($50,000,000) for all such lines of coverage combined (plus, in the event the Port Authority self-insures a portion of its insurance obligations pursuant to **Subsection 14.4**, an additional amount applicable to such obligations not to exceed Fifty Million Dollars ($50,000,000)), unless the Port Authority receives the City's advance written approval of some higher amount. Such self-insurance shall in no way limit or diminish the rights that the City Insureds, would have had under the insurance required hereunder (e.g., as additional named insureds, additional insureds or loss payees), or the rights they have under the insurance provided pursuant hereto. Further, this **Subsection 14.18** shall in no way limit or diminish the waiver of subrogation rights and obligations as required under this Agreement or the rights of the City Insureds' insurance carriers would have had under "other insurance" or similar clauses in the City Insureds' insurance policies if the Port Authority had not satisfied its insurance requirements with said self insurance. By the Port Authority self insuring any part of its insurance obligations pursuant to this **Subsection 14.18**, the Port Authority will defend, indemnify and hold harmless the City Insureds from all claims, suits or actions of every name, kind and description, brought forth, or on account of, injuries to or death of any person or damage to property to the extent, where applicable, of its insurable interest in the Demised Premises and shall be primary with respect to any other coverage which the City Insureds may obtain.

14.19 The City's Rights under Insurance Purchased by Third Parties. In all circumstances relating to improvements or operations at the Demised Premises where a third party (including, without limitation, Subtenants, contractors, or subcontractors of the Port Authority) is obligated to name the Port Authority as additional named insured, additional insured and/or loss payee under any insurance policy, the Port Authority shall, for all such policies, (a) obligate such third person to likewise name the City Insureds as additional named insureds, additional insureds or loss payees, (b) take all reasonable measures to assure that the City Insureds are named accordingly, (c) provide the City upon demand with access to all Certificates of Insurance evidencing such insurance (including the City Insureds' coverage thereunder), (d) when it submits any notice to an insurer regarding an occurrence, loss or claim under such policy, specify, to the extent necessary under such policy, that such notice is being made on behalf of the City as well as the Port Authority, and (e) provide the City, upon demand, with any response or other correspondence received by it from the insurer regarding such notice, occurrence, loss or claim.

14.20 Minimum Levels of Insurance Purchased by Certain Third Parties. The Port Authority shall obligate each of its contractors (and any such contractor's subcontractors) that operate, maintain or service any fuel tanks or fuel distribution systems on the Demised Premises to provide contractor's pollution liability insurance protecting itself, the Port Authority and the City Insureds at the Maximum Available Limit but, in any event, in an amount no lower than One Hundred Million Dollars ($100,000,000).

14.21 Relationship between Insurance and Indemnification. The obligations of the Port Authority under **Section 31** shall not be affected in any way by the absence in any case of covering insurance (whether or not required under this **Section 14**) or by the failure or refusal of any insurance carrier to perform any obligation on its part under insurance policies affecting the Demised Premises.

14.22 Use of Insurance Proceeds; Duty to Restore Damaged Improvements and Pay Rent; and Related Issues.

14.22.1 If all or any part of any of the Improvements, the value of which shall exceed $1,000,000, shall be destroyed or damaged in whole or in part by fire or other casualty (including any casualty for which insurance was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, the Port Authority shall give to the City immediate written notice thereof stating the nature of the casualty, what was destroyed or damaged and the estimated loss, and what insurance or self-insurance coverage may be available to cover the loss. Whether or not such damage or destruction shall have been insured, and whether or not insurance proceeds, if any, shall be sufficient for the purpose, the Port Authority shall, with reasonable diligence (subject to Unavoidable Delays), repair, alter, restore, replace and rebuild the same, at least to the extent of the value and as nearly as possible to the condition, quality and class of such Improvements existing immediately prior to such occurrence, with such changes or alterations as the Port Authority shall elect to make, or make other capital improvements to the Municipal Air Terminals (collectively, "**Restore**"); provided that, such changes, alterations, or other capital improvements comply with the Port Authority's obligation to maintain and operate the Municipal Air Terminals in accordance with **Section 28** of this Agreement, and provided further that, in the event the Port Authority wishes to make other

capital improvements to the Municipal Air Terminals, it shall notify the City of its intention to do so notwithstanding the threshold for such notice provided in **Subsection 17.2**, and in any event the Port Authority will, (x) within five (5) years of the casualty in question, obtain such authorization from the Port Authority Board of Commissioners (or other requisite authorization) as may be necessary to reinvest in the Municipal Air Terminals an amount (not counting for this purpose any amounts reflected in the Port Authority's capital budgets adopted prior to the date of the casualty in question) which is not less than the Insurance Proceeds together with interest at the Interest Rate accruing from the date of the casualty, and (y) commence construction of such improvement within two (2) years of the date of such authorization, and if the Port Authority fails to obtain such authorization or commence such construction within such time periods, the Port Authority shall pay to the City an amount equal to the Insurance Proceeds not so reinvested together with interest at the Late Rate accruing from the date of the casualty. In addition, the Port Authority shall, upon request, account to the City for all amounts spent in connection with any Restoration undertaken in connection with destruction or damage exceeding $1,000,000 and the use of Insurance Proceeds received in connection therewith. The City in no event shall be obligated to Restore the Improvements or any portion thereof or to pay any of the costs or expenses thereof.

14.22.2 In any case where this Agreement shall expire or be terminated for any reason prior to the completion of Restoration, (y) the City may, but shall not be required to, complete such Restoration at the Port Authority's expense, and (z) the Port Authority shall account to the City for all amounts spent in connection with any Restoration which was undertaken and shall pay over to the City, within ten (10) days after demand, the remainder, if any, of the Insurance Proceeds previously received by it or if any portion of Insurance Proceeds were not received, assign to the City the right to receive the same and the City shall be subrogated to the rights of the Port Authority under the insurances maintained pursuant to this Agreement.

14.22.3 In the event Insurance Proceeds received by the Port Authority pursuant to **Subsection 14.15** shall be insufficient to Restore the Improvements pursuant to **Subsection 14.22.1** , then the Port Authority shall Restore such Improvements, at its sole cost and expense. In the event Insurance Proceeds covering the Restoration of any Improvements exceeds the cost of such Restoration, the Port Authority shall use such excess Insurance Proceeds for the purpose of the making of other capital improvements to the Municipal Air Terminals.

14.22.4 This Agreement shall not terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Base Rent payable hereunder, by reason of damage to or total, substantial or partial destruction of the Improvements or any part thereof or by reason of the untenantability of the same or any part thereof, for or due to any reason or cause whatsoever, and the Port Authority, notwithstanding any law or statute present or future, waives any and all rights to quit or surrender the Demised Premises or any part thereof. The Port Authority's obligations hereunder, including, without limitation, the payment of Base Rent, shall continue as though such Improvements had not been so damaged or destroyed and without abatement, suspension, diminution or reduction of any kind. It is the intention of the City and the Port Authority that the foregoing is an "express agreement to the contrary" as provided in Section 227 of the Real Property Law of the State of New York.

14.23 The Port Authority's obligations under **Subsections 14.9, 14.11, 14.15, 14.21,** and **14.22** shall survive the expiration or termination of this Agreement.

Section 15. Airport Board

15.1 Creation of Airport Board. In accordance with that certain Airport Board Agreement (the "**Airport Board Agreement**") dated of even date herewith between the City and the Port Authority, the form of which is annexed hereto as **Appendix A**, the parties shall create an Airport Board (the "**Airport Board**") to review, on a quarterly basis, the operations and performance of the Municipal Air Terminals. The Airport Board shall consist of an equal number of representatives from the Port Authority and the City. The Port Authority's representatives shall include its Chief Operating Officer and Director of Aviation and the General Managers of the Municipal Air Terminals or their respective successors in duties. The City representatives shall be appointed by the Mayor.

15.2 Funding. Commencing with 2002 and each Year during the Term, the Port Authority shall pay directly to EDC (or a City agency to be designated by the City) an amount equal to $100,000 per Year and increasing by 3% annually for each Year following, for the purpose of funding Municipal Air Terminal liaison functions and, upon receipt of each such payment by EDC, the Port Authority shall receive a credit equal to the amount of each such payment to be applied against the next installment of Base Rent due and payable pursuant to **Section 4** of this Agreement. By December 31, 2004, the Port Authority shall pay to EDC the sum of Three Hundred Nine Thousand and Ninety Dollars ($309,090) representing amounts due and payable by the Port Authority pursuant to this Section 15.2 for Years 2002, 2003 and 2004, and, accordingly, the Port Authority shall receive a credit equal to the amount of such payment to be applied to the next installment of Base Rent.

15.3 Performance Standards. The Airport Board may review Municipal Air Terminal operations against certain financial, operational, and performance standards (the "**Performance Standards**") established by the City and the Port Authority, which Performance Standards are set forth in **Appendix A** and may be updated or revised in writing, from time to time, by the Port Authority and the City.

15.4 Consultants. The City and the Port Authority shall have the right to retain independent consultants to review and report on the operations and performance of the Municipal Air Terminals. The Port Authority and the City shall each fund an equal amount of up to $250,000 annually to pay for such consultants' services; provided, however, that at the City's direction, the City's share of such funding shall be deducted from Base Rent and paid by the Port Authority to the independent consultants or EDC, as applicable.

15.5 Quarterly Reports. The Port Authority shall transmit a report quarterly to the Airport Board, for its information, on achievement of the Performance Standards, which quarterly reports shall comply, in all respects, with the requirements prescribed in the Airport Board Agreement.

15.6 Actions not Binding. No action or omission of the Airport Board shall affect the rights or obligations of the City or the Port Authority under this Agreement. This provision shall survive expiration or earlier termination of this Agreement.

Section 16. Intentionally Deleted

Section 17. Physical Changes

17.1 Subject to the terms of this Agreement, the Port Authority shall have the right to alter, change, remove, relocate or demolish any Improvement on the Demised Premises, to place fill upon or excavate the Demised Premises, to erect Improvements thereon or therein, and to make other physical changes thereon or therein, provided, however, that such right shall not limit or modify any rights of the City or obligations of the Port Authority contained in this Agreement, including the Port Authority's obligation to use, operate, maintain and develop the Demised Premises as a "first class" airport and in accordance with the Performance Standards and the other terms and conditions of this Agreement.

17.2 The Port Authority shall notify the City of its or any Subtenant's intention to undertake any capital improvement the cost of which is in excess of $50,000,000 (which amount shall be increased in proportion to the increase, if any, in the Consumer Price Index for the month in which the Execution Date falls) prior to commencing such Improvements and shall, upon request of the City, deliver to the City (or to the Person or agency designated, from time to time, by the City) true, accurate and complete copies of the "as built" plans for all alterations to existing Improvements and construction of new Improvements on the Demised Premises, in each case, promptly after the completion thereof.

17.3 The Port Authority shall deliver to the City (or to the Person or agency designated in writing, from time to time, by the City), for information purposes only, (i) a true, accurate and complete copy of its Five Year Capital plan within ninety (90) days after the commencement of each fiscal year of the Port Authority and (ii) any capital planning documents pertaining to future capital projects planned for either of the Municipal Air Terminals.

Section 18. Policy in Regard to City Ordinances and Regulations; City Services and Franchises

18.1 In the use, operation, maintenance and future development and expansion of the Municipal Air Terminals, the Port Authority will as a matter of policy, conform to the enactments, ordinances, resolutions and regulations of the City and its various departments, boards and bureaus, in regard to the construction and maintenance of all Improvements, and in regard to life safety, health and fire protection, which would be applicable if the Port Authority were a private corporation, to the extent that the Port Authority finds it practicable so to do, without interfering with, impairing or affecting the efficiency and economy of its Air Terminal operations, or its ability to operate the Municipal Air Terminals upon a self-supporting basis, or its obligations, duties and responsibility to the two states, its bondholders and the general public, but the decision of the Port Authority as to whether it is practicable so to do shall be controlling, subject to its obligation to comply with all of the provisions of this Agreement, including without limitation, **Section 28** hereof. Nothing herein is intended to modify any written agreement or

Memorandum of Understanding with, or building code of, the New York City Department of Buildings or any other City agency.

18.2 The Port Authority shall not prevent, prohibit or inhibit (but may direct or otherwise control) public transportation or taxi services in, to or around the Demised Premises.

Section 19. Additional Lands and Interests Therein

19.1 Upon the Port Authority's, or Affiliate of or party acting on behalf of the Port Authority's, acquisition of any lands and improvements thereon or rights, easements or interests therein for use for Municipal Air Terminal Purposes other than temporary use for construction staging, access or egress during construction or other similar activity, including but not limited to lands or improvements acquired for the purpose of providing additional rail access to the Demised Premises or for use in maintaining airplane beacons, guides or other aids to navigation, the same shall be deemed part of the Demised Premises and subject to this Agreement, subject to compliance with or approval under all applicable laws, rules and regulations which may affect such conveyance and incorporation. The City will use good faith efforts to and the Port Authority will, at the Port Authority's expense, cooperate in expeditiously taking such actions and executing such documents as may be reasonably necessary and appropriate to effectuate the conveyance of the same to the City without consideration and the incorporation of the same into the Demised Premises. The City and the Port Authority acknowledge and agree that New York City Planning Commission Resolution # C 990117 PQQ/C 990118 PPQ adopted May 3, 1999 and City Council Resolution # 864 adopted June 7, 1999 authorize real property dispositions and acquisitions by the City to facilitate the Light Rail System to improve access to John F. Kennedy International Airport and to incorporate the Light Rail System into the Demised Premises.

19.2 The Port Authority hereby represents to the City that, as of the Execution Date, the Port Authority has conveyed to the City all of the property and rights heretofore acquired or used by the Port Authority for Municipal Air Terminal Purposes, including but not limited to the Light Rail System, except for certain improvements and property relating to the Light Rail System within Lots 11 and 17, Block 9989, Borough of Queens and certain easements as identified in "Agreement between the New York State Department of Transportation and the Port Authority of New York and New Jersey Regarding Design, Construction, the Transfer of Easements and Maintenance Responsibilities in Connection with Section "B" Stages II, III and IV of the Nassau Expressway" dated as of the 29th day of June, 1987 and recorded at Reel 2419, Page 0613 et. seq. in the Office of the City Register, County of Queens. The Port Authority shall acquire all of the improvements and property for the Light Rail System and to convey same to the City pursuant to this **Section 19** within one hundred and twenty (120) days following the Execution Date. Notwithstanding the foregoing, in the event the Port Authority has been unable to acquire the entirety of the Light Rail System within such one hundred and twenty (120) day period, the Port Authority shall immediately transfer such portions of the Light Rail System as have been acquired by or behalf of the Port Authority to the City upon the City's written demand for such transfer. The transfer of any portion of the Light Right System shall not relieve or be construed as relieving the Port Authority of its obligation to acquire and transfer the remainder of the Light Rail System. Notwithstanding the foregoing, the City hereby acknowledges and agrees that (a) the fee interest acquired by the Port Authority in Block 9989, Lot 60, Borough of Queens, and (b) the portions of Block 9989, Lots 11, 17 and 70, Borough of Queens owned or to

be owned by the Long Island Railroad and/or the Metropolitan Transportation Authority, pursuant to a Memorandum of Understanding between the Metropolitan Transportation Authority, the New York City Transit Authority, the Long Island Rail Road and the Port Authority regarding the JFK Light Rail System, Howard Beach Station and Jamaica Terminal Complex dated as of December 19, 2000, shall not be required to be conveyed to the City and shall not be part of the Demised Premises unless such portions are used for Air Terminal Purposes. All of the Port Authority's remaining interest in Block 9989 Lots 11, 17 and 70, including any development rights associated with such parcel, shall be part of the Demised Premises. The Port Authority shall convey to the City all of its right, title and interest in the easement recorded at Reel 2419, Page 0613 et seq., within thirty (30) days of the Execution Date, which interest shall thereafter be incorporated into the Demised Premises as provided in **Section 19.1** hereof.

19.3 The Port Authority shall at all times maintain, repair, restore and otherwise ensure that the LaGuardia Access Bridges and Roadways remain in a good, safe and proper working condition. Without limiting the Port Authority's obligations set forth in the first sentence of this **Section 19.3**, the City and the Port Authority agree that they will cooperate to determine the ownership of the LaGuardia Access Bridges and Roadways and: (i) in the event it is determined that they are owned by the City, the City, subject to applicable law, will expeditiously commence an application at the City's expense to permit their disposition to the Port Authority as part of the Demised Premises and lease same to the Port Authority as part of the Demised Premises pursuant to the terms of this Agreement; (ii) in the event that it is determined that they are owned by the Port Authority, the Port Authority will, at the Port Authority's expense, expeditiously take such actions and execute such documents as may be reasonably necessary and appropriate to effectuate the conveyance of the same to the City without consideration, and upon such conveyance from the Port Authority the City, subject to applicable law, shall concurrently incorporate the same into the Demised Premises as provided in **Section 19.1** hereof; and (iii) in the event that it is determined that they are owned or under the control of a third party, the Port Authority and the City, subject to applicable law, equally sharing all expenses, will use their best efforts to reach agreement to obtain the consent of such third party to permit the continuation of the use and maintenance thereof by the Port Authority for access and egress to LaGuardia Airport.

19.4 The Port Authority shall acquire, at its sole cost and expense, any and all portions of the Bowery Bay Parcel not presently owned by the City, and upon such acquisition shall promptly convey same to the City, and upon such acquisition and conveyance such portions of the Bowery Bay Parcel shall be deemed part of the Demised Premises, subject to **Section 2.1.2** hereof. Regardless of ownership, use of the Bowery Bay Parcel by the Port Authority and the City shall be subject to all of the terms and conditions of this Agreement.

Section 20. The Aqueduct Parcel

20.1 The Aqueduct Parcel.

20.1.1 *The NYRA License Agreement.* The Port Authority and the New York Racing Association, Inc. ("**NYRA**") have entered into a license agreement (the "**NYRA License Agreement**") dated as of December 11, 1992, a copy of which has been provided to the City,

permitting NYRA to use the Aqueduct Parcel in accordance with the terms and conditions of the NYRA License Agreement. The City has been advised by the Port Authority that a Termination Notice dated April 8, 2004 was sent to NYRA and that the NYRA License Agreement will terminate on May 1, 2005 (the "**NYRA Surrender Date**"), at which time the Port Authority shall cause NYRA to surrender and vacate the Aqueduct Parcel. The Port Authority shall not amend, modify or renew the NYRA License Agreement, or extend the NYRA Surrender Date without the City's prior written consent.

20.1.2 The Port Authority shall use the Aqueduct Parcel solely as permitted pursuant to **Section 20.2** hereof. In the event the Port Authority has not commenced using the Aqueduct Parcel for Municipal Air Terminal Purposes prior to, and is not continuing to use the entire Aqueduct Parcel for Municipal Air Terminal Purposes as of (a) the fifth (5th) anniversary of the NYRA Surrender Date and (b) as of each succeeding five (5) year anniversary of the NYRA Surrender Date, then on the fifth (5th) anniversary of the NYRA Surrender Date (and on each succeeding five (5) year anniversary thereafter) the City may, but shall not be obligated to terminate this Agreement as it relates to the Aqueduct Parcel by giving written notice (the "**Aqueduct Termination Notice**") to the Port Authority indicating that the City desires to terminate this Agreement with respect to the Aqueduct Parcel on the date (the "**Aqueduct Termination Date**") specified in such Aqueduct Termination Notice. The Aqueduct Termination Date shall be one hundred and twenty (120) days after the date upon which the Aqueduct Termination Notice is delivered to the Port Authority in accordance with **Section 27** hereof. Upon delivery of such notice, the City and the Port Authority shall each promptly order their own separate appraisal of the Aqueduct Parcel to determine the fair market value of the Port Authority's interest in the Aqueduct Parcel as encumbered by this Agreement. In the event the City and the Port Authority are unable to reach agreement as to such fair market value within thirty (30) days following the delivery of the Aqueduct Termination Notice to the Port Authority, such value shall be determined by an independent Member of Appraisal Institute (MAI) appraiser selected by the City, and approved by the Port Authority, which approval shall not be unreasonably withheld, delayed or conditioned, who shall have at least ten (10) years experience appraising leasehold interests of property similar to the Aqueduct Parcel. In determining the fair market value of the Port Authority's interest in the Aqueduct Parcel (as encumbered by this Agreement), the independent MAI Appraiser shall choose either the appraised value indicated in the appraisal previously ordered by the City or the appraised value indicated in the appraisal previously ordered by the Port Authority, in each case, pursuant to this Section, which determination by the MAI appraiser shall be made within thirty (30) days of his/her appointment and approval and shall be binding on the parties. The Port Authority shall quit and surrender, and cause all licensees to quit and surrender, the Aqueduct Parcel on or before the Aqueduct Termination Date, and, effective as of the Aqueduct Termination Date (i) this Agreement shall terminate as it relates to the Aqueduct Parcel and the Aqueduct Easement shall be extinguished and, thereafter, the Aqueduct Parcel shall no longer be part of the Demised Premises, (ii) neither the City nor the Port Authority (provided, as to the Port Authority, that it shall have surrendered and delivered vacant possession of the Aqueduct Parcel in accordance with the provisions of this **Subsection 20.1.2**) shall thereafter have any further obligation or liability to the other with respect to the Aqueduct Parcel or the Aqueduct Easement, except for obligations and liabilities which under this Agreement expressly survive the expiration or sooner termination of this Agreement and (iii) the parties shall execute a surrender agreement in recordable form when the Aqueduct Parcel is released from the Demised Premises. The City shall pay to the Port Authority

the fair market value of the Port Authority's interest in the Aqueduct Parcel (as encumbered by this Agreement) on the later to occur of (x) the Aqueduct Termination Date and (y) the date upon which the fair market value of such interest is determined pursuant to this **Subsection 20.1.2**. For purposes of this **Section 20.1.2**, the Port Authority will be deemed to have commenced use of the Aqueduct Parcel for a use permitted under **Section 20.2** only when construction work required in connection with a project (including site preparation work) has actually begun and continues with reasonable diligence on the Aqueduct Parcel, and not because design or other planning work has begun for a project at the Aqueduct Parcel.

20.1.3 The parties hereby acknowledge that there shall be no adjustment to the Base Rent due and payable from and after the Aqueduct Termination Date as a consequence of the termination of this Agreement with respect to the Aqueduct Parcel.

20.1.4 *Notification on Commencement of Use.* The Port Authority shall notify the City with respect to commencing use of the Aqueduct Parcel or any portion thereof for the purposes set forth in **Section 20.2** hereof.

20.1.5 *No City Reimbursement.* No costs incurred by the Port Authority pursuant to obligations to be performed by the Port Authority under this **Section 20** shall be reimbursed by the City.

20.2 Limitation on Use of the Aqueduct Parcel. Except as may otherwise be consented to in writing by the City, which consent may be granted or withheld in the City's sole discretion, the Port Authority shall not use or permit the use of the Aqueduct Parcel for any purpose other than long-term and employee parking lot facilities supporting the John F. Kennedy International Airport, nor shall it construct or locate or permit to be constructed or located any Improvements on the Aqueduct Parcel other than those incidental to such parking lot use.

20.3 Termination of Agreement With Respect to a Portion of the John F. Kennedy International Airport. Notwithstanding anything to the contrary contained in this Agreement, at the request of the City, the Port Authority agrees that it will enter into good faith negotiations with the City and third parties chosen by the City regarding the release from the terms of this Agreement of a portion of the Aqueduct Parcel or other portion of the John F. Kennedy International Airport, which portion shall not exceed ten (10) acres, for use by such third parties; provided that the City shall have identified such third party and the City and the Port Authority shall have agreed on the approximate boundaries of such parcel within six (6) months after the Execution Date. In the event the parties reach agreement regarding the release of such portion of the Aqueduct Parcel or other portion of the John F. Kennedy International Airport, and upon receipt of such authorizations as the City determines in its sole discretion are required to permit the lease or fee conveyance of such portion, (i) this Agreement shall terminate as it relates to such portion of the Aqueduct Parcel or other portion of John F. Kennedy International Airport and, thereafter, such portion shall no longer be part of the Demised Premises, (ii) neither the City nor the Port Authority (provided, as to the Port Authority, that it shall have surrendered and delivered vacant possession of such portion of the Aqueduct Parcel in accordance with the provisions of this **Subsection 20.3**) shall thereafter have any further obligation or liability to the other with respect to such parcel, except for obligations and liabilities which under this Agreement expressly survive the expiration or sooner termination of this Agreement, and (iii) the

parties shall execute a surrender agreement in recordable form when such portion is released from the Demised Premises. The parties hereby acknowledge that there shall be no adjustment to the Base Rent as a consequence of the termination of this Agreement with respect to a portion of the Aqueduct Parcel pursuant to this **Subsection 20.3**. In the event that a parcel of land is released from the Demised Premises pursuant to this **Section 20.3** and such parcel of land is not located on the Aqueduct Parcel, then notwithstanding any right to terminate this Agreement as it relates to the Aqueduct Parcel under **Section 20.1.2** the Port Authority shall have the right to retain a portion of the Aqueduct Parcel contiguous to the bridge connecting the Aqueduct Parcel to the remainder of the John F. Kennedy International Airport, which shall be equal in size to the size of the parcel released hereunder and which retained portion of the Aqueduct Parcel shall remain part of the Demised Premises.

Section 21. Horizontal Surfaces, Conical Surfaces, Primary Surfaces, Approach Surfaces, Transitional Surfaces and Runway Protection Zones; Avigational Easement Areas; JFK Northern Off-Airport Parcels; Off-Airport Properties-Height and Use Restrictions

21.1 During the term for which the Demised Premises are leased, the City shall not erect or authorize the erection of any obstructions or hazards to air navigation to the extent prohibited by law or by rule or regulation of the FAA, (x) upon or above City streets or other property belonging to the City which will project into the Horizontal Surfaces, Conical Surfaces, Primary Surfaces, Approach Surfaces or Transitional Surfaces or (y) within the boundaries of the Runway Protection Zones, as such may exist from time to time. If it becomes necessary or desirable to remove in whole or in part any such obstructions or hazards existing as of the Execution Date upon City-owned property and projecting into the Horizontal Surfaces, Conical Surfaces, Primary Surfaces, Approach Surfaces, Transitional Surfaces or Runway Protection Zones of such runways as they exist as of the Execution Date or as they may exist in the future, such removal shall be done only with the consent of the City and at the cost of the Port Authority.

21.2 Avigational Easement Areas.

21.2.1 The Port Authority shall have the right at all times throughout the Term to enter upon the LaGuardia Avigational Easement Areas, the JFK International Avigational Easement Areas and the Public Place Easement Area for the purpose of installing, replacing, repairing and maintaining such lighting, beacons, and similar aids to avigation and facilities incidental thereto, as may be determined by the Port Authority to be necessary or desirable for the safe and proper operation of the Demised Premises for Airport Purposes and shall have the right to cross over City streets in the vicinity thereof. For purposes of this Agreement, such avigational equipment shall be deemed Equipment. The rights and restrictions contained in this **Section 21.2.1** shall be subject and subordinate in all respects to the use by the City or the State of the portions of the JFK Avigational Easement Areas identified as the "Nassau Expressway Right of Way" on Sheet JFK-2 and more particularly described in **Exhibit B-4** attached hereto and made a part hereof for street or highway purposes.

21.2.2 The City shall not develop or use the JFK Avigational Easement Areas nor exercise any right with respect thereto so as to interfere with, impair or obstruct the safe and

efficient operation and development of the John F. Kennedy International Airport or the normal flight operations of aircraft, shall not erect or install any structure, building, tower, pole, wire or other object or installation or portion thereof, the construction, maintenance or operation of which would constitute a hazard to avigation without the prior approval of the Port Authority and shall not place fill in or upon the JFK Avigational Easements or place any structures thereon except in accordance with plans approved by the Chief Engineer of the Port Authority, *provided*, that no such approvals shall be unreasonably withheld, conditioned or delayed. The City may, without the express written consent of the Port Authority provide, operate, maintain and permit the operation and maintenance of:

(a) recreational facilities suitable for use for picnicking, boating, baseball, softball, court games, tennis and playground activities;

(b) facilities for the parking of motor vehicles of persons using the aforesaid recreational facilities; and

(c) such restaurant and/or "snack bar" facilities as are usually provided for the accommodation and convenience of persons using such recreational facilities as are above described.

The City shall take all reasonably practicable precautions to prevent its agents, employees, licensees, contractors and invitees from intruding upon, interfering with or damaging any property upon the said premises installed, operated and maintained by or on behalf of the Port Authority or the Federal Aeronautics Administration.

21.2.3 The City shall use the LaGuardia Avigational Easement Areas for park purposes and for no other purpose whatsoever and shall not develop or use the LaGuardia Avigational Easement Areas so as to interfere with, impair or obstruct the safe and efficient operation and development of LaGuardia Airport or the safe and unrestricted passage of aircraft in and over the same. The City shall not erect, install or maintain any structure, building, tower, pole, wire or other object within the LaGuardia Avigational Easement Areas the construction, maintenance or operation of which would constitute a hazard to avigation in the reasonable opinion of the Port Authority nor place fill in or upon the LaGuardia Avigational Easement Areas or place any structures or buildings thereon except in accordance with plans approved by the Chief Engineer of the Port Authority, which approval shall not be unreasonably withheld, conditioned or delayed. The City shall take all reasonably practical steps to prevent its agents, employees, licensees, contractors, and invitees from intruding upon, interfering with or damaging Equipment installed, operated or managed by or on behalf of the Port Authority or the FAA on the LaGuardia Avigational Easement Areas.

21.3 JFK Northern Off-Airport Parcels.

21.3.1 The City has advised the Port Authority that the JFK Northern Off-Airport Parcels may require the use of on-airport roadways including Eastern Road for ingress and egress and has requested the Port Authority to grant to the City and each subsequent owner or occupant thereof the right to use such roadways located on John F. Kennedy International Airport for access and egress thereto and therefrom. The Port Authority hereby grants to the

City and each subsequent owner or occupant of any portion of the JFK Northern Off-Airport Parcels such right of access and egress; provided that any instrument executed by the City conveying or leasing all or any portion of the JFK Northern Off-Airport Parcels shall expressly impose on-airport roadway use pro-rata payment covenants that shall be effective until the earlier to occur of (i) the expiration or earlier termination of this Agreement and (ii) the date upon which the City or subsequent owner or occupant, as the case may be, ceases use of the roadway; and provided further that any owner or occupant of any portion of said JFK Northern Off-Airport Parcels pays to the Port Authority its pro rata share, based on the overall use of on-airport roadways by Subtenants of the Port Authority, of the costs of maintaining the on-airport roadways (provided that such charges are comparable to charges paid by other users of the on-airport roadways who are Subtenants and payable in the same manner as for any other Subtenant permitted to use Eastern Road). Upon request, the Port Authority will deliver instruments confirming the same to any owner or occupant of said Parcels.

21.3.2 At all times during the Term, use, development and occupation of the JFK Northern Off-Airport Parcels shall be in conformance with the requirements of the FAA as specified in Title 14 CFR, PART 77.25 relating to FAA Regulations regarding "Objects Affecting Navigational Air Space – Obstruction Standards" which have the functions and standards specified in Runway Protection Zone guidelines in FAA Advisory Circular "Airport Design AC 150/15300-13, Paragraph 212, and the rights of the State of New York to construct the Nassau Expressway. Any instrument executed by the City conveying or leasing all or any portion of the City's interest in the JFK Northern Off-Airport Properties shall expressly impose such restrictions on the use, development, and occupation of the JFK Northern Off-Airport Parcels for, with respect to the FAA Regulations, so long as the John F. Kennedy International Airport is used for Air Terminal purposes and, with respect to the Nassau Expressway, until such time as the right to develop the Nassau Expressway is surrendered by the State of New York or otherwise extinguished unless the prior written consent of the Port Authority is obtained, which consent shall not be unreasonably withheld, conditioned or delayed.

21.3.3 The Port Authority shall have the right for the duration of this Agreement to use and maintain utilities and aids to aviation existing as of the Effective Date on the JFK Northern Off-Airport Parcels identified as Parcels 4, 5 and 6 in **Exhibit B-5** on Sheet JFK-2 of **Exhibit A** attached hereto and, subject to the approval of the City, the Port Authority may relocate and replace such installations. Such installations and any replacement installations shall be deemed Equipment.

21.4 Off-Airport Properties; Height and Use Restrictions.

21.4.1 The City agrees that at no time during the Term shall the Height and Use Restricted Properties be used or occupied at any time (i) for school house or similar educational purposes or (ii) for residential purposes which include but shall not be limited to private homes, apartment houses, hospitals, nursing homes or similar facilities, hotels or motels unless the use or occupancy of such hotel or motel shall have received the express prior written consent of the Port Authority, which consent shall not be unreasonably withheld, delayed or conditioned.

21.4.2 The City agrees that at no time during the Term shall structures of any nature be erected, vehicles parked, other items placed, or growth of natural objects be permitted

by the City upon the Height and Use Restricted Properties which would in the opinion of the FAA or in the reasonable opinion of the Port Authority constitute an obstruction to avigation nor shall any activity be permitted on the Height and Use Restricted Properties which in the opinion of the FAA or in the reasonable opinion of the Port Authority interferes with or constitutes a hazard to the Municipal Air Terminals or in any way interferes with avigation or communications serving the Municipal Air Terminals. In no event, moreover, shall any structure or structures be erected or growth of natural objects be permitted upon the Height and Use Restricted Properties which shall project above a horizontal plane (i) at elevation 316 measured in feet above mean sea level at Sandy Hook, New Jersey as to the Height and Use Restricted Property described in **Exhibit B-6** as Property 1, (ii) at elevation 212 measured in feet above mean sea level at Sandy Hook, New Jersey as to the Height and Use Restricted Property described in **Exhibit B-6** as Property 2 or (iii) at elevation 162 measured in feet above mean sea level at Sandy Hook, New Jersey as to the Height and Use Restricted Property described in **Exhibit B-6** as Property 3.

Section 22. Inspection

22.1 Free Access. The City through its designated officials and employees in the performance of their official duties shall at all reasonable times have the right of free access to all portions of the Demised Premises.

22.2 Federally Restricted Areas. Notwithstanding the foregoing, however, or any other provision of this Agreement, entry by City officials or employees, or any other Person, into any Federally restricted areas of the Demised Premises, including without limitation the FAA Control Tower, Federal inspection areas, aeronautical operations areas, etc., will be subject to all applicable Federal rules and regulations.

Section 23. Condemnation

23.1 Condemnation of a Municipal Air Terminal.

23.1.1 If the whole or substantially all of a Municipal Air Terminal shall be taken (excluding a taking of the fee interest in the Demised Premises, or any leasehold interest superior to that of the Port Authority's, if after such taking, the Port Authority's rights and obligations under this Agreement are not affected) for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement among the City, the Port Authority and those authorized to exercise such right, (i) this Agreement and the Term shall terminate and expire on the date of such taking with respect to the Municipal Air Terminal so taken, (ii) the Base Rent shall be apportioned between the Municipal Air Terminal so taken and the Municipal Air Terminal not taken based on the Annual Gross Revenue attributable thereto with respect to the Year immediately preceding such taking, (iii) all Rent allocated to the Municipal Air Terminal so taken shall not be due and payable under this Agreement from and after the date of such taking and (iv) as of the date of such taking, this Agreement and any and all obligations and liabilities of the Port Authority hereunder shall terminate and expire with respect to the Municipal Air Terminal so taken. Notwithstanding the foregoing, this Agreement and all of the Port Authority's obligations and liabilities hereunder

shall continue in full force and effect with respect to the Municipal Air Terminal not taken until the Expiration Date or sooner termination of this Agreement.

23.1.2 The term "**substantially all of a Municipal Air Terminal**" shall mean such portion of a Municipal Air Terminal as when so taken would leave remaining a balance of such Municipal Air Terminal which, due either to the area so taken or the location of the part so taken in relation to the part not so taken, would not under economic conditions and after performance by the Port Authority of all covenants, agreements, terms and provisions contained herein or by law required to be observed or performed by the Port Authority, permit the Restoration of the Improvements so as to enable the Port Authority to operate, maintain and develop such Municipal Air Terminal in accordance with **Section 28** of this Agreement.

23.1.3 If the whole or substantially all of a Municipal Air Terminal, shall be taken or condemned as provided in **Subsection 23.1.1** above, then the award, awards or damages in respect thereof shall be apportioned as follows:

(a) there shall first be paid to the City out of the award an amount which is equal to (i) the remaining rent that, but for the condemnation, would have been paid to the City, from the date of taking until the Expiration Date, discounted to present value as of the date of taking, plus (ii) the value of the Land, as vacant and unimproved, in fee simple absolute (as unencumbered by this Agreement), as of the Expiration Date;

(b) there shall next be paid to the Port Authority an amount equal to the greater of (i) the value of the Port Authority's leasehold interest in such Municipal Air Terminal and (ii) the amount required to allow the Port Authority to recover (A) the unamortized portion of its investment in the Improvements at such Municipal Air Terminal, (B) any remaining deferred charges for Equipment acquired by the Port Authority for use at or in connection with its operation of such Municipal Air Terminal (the Port Authority being entitled to any such remaining deferred charges for Equipment used for more than one facility only to the extent such deferred charges are attributable to such Municipal Air Terminal) and (C) any amounts which the Port Authority is required to pay to any of its Subtenants at such Municipal Air Terminal as a result of such taking or condemnation; and

(c) the balance, if any, of such compensation or award shall be paid to the City.

23.1.4 Each of the parties shall execute any and all documents that may be reasonably required in order to facilitate collection by the appropriate party of such awards.

23.2 Date of Taking. For purposes of this **Section 23**, the "**date of taking**" shall be deemed to be the date on which title to a Municipal Air Terminal or the aforesaid portion thereof shall have vested in any lawful power or authority pursuant to the provisions of the applicable federal or New York State law.

23.3 Partial Taking. If less than substantially all of a Municipal Air Terminal shall be so taken, this Agreement and the Term shall continue as to the portion of the Municipal Air Terminal not so taken together with the Municipal Air Terminal not affected by such taking;

provided that the Minimum Annual Rent shall be reduced by the percentage that the value of the area of the Demised Premises so taken bears to the Demised Premises. The Port Authority, whether or not the award or awards, if any, shall be sufficient for the purpose shall (subject to Unavoidable Delays) proceed diligently to Restore any remaining part of the Improvements not so taken so that each remaining Improvement shall be a complete, operable, self-contained architectural unit in good condition and repair. In the event of any taking pursuant to this **Subsection 23.3**, the entire award for or attributable to the Land taken, considered as unimproved and unencumbered by this Agreement, shall be first paid to the City to compensate it for the value of the Land taken, and the balance of the award, if any, shall be paid, in trust, to the Port Authority (provided that if any Superior Lease or Superior Mortgage requires payment in trust to the City, such balance shall be paid as provided therein) for application to the cost of Restoration of the part of the Improvements not so taken, and the remainder of the award, if any, shall go to the City.

23.4 Temporary Taking. If the temporary use of the whole or any part of the Demised Premises shall be taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain or by agreement between the Port Authority and those authorized to exercise such right, (w) the Port Authority shall give prompt notice thereof to the City, (x) the Term shall not be reduced or affected in any way and (y) the Port Authority shall continue to pay in full the Rent payable by the Port Authority hereunder without reduction or abatement, and (z) the Port Authority shall be entitled to receive for itself any award or payments for such use; provided, however, that:

(a) If the taking is for a period not extending beyond the Term, then (x) the award or payment shall first be paid to the Port Authority, in trust, in any amount sufficient to pay all Rent due and payable during the entire period of such taking; except that, if such taking results in changes or alterations in any of the Improvements which would necessitate an expenditure to Restore such Improvements to their former condition, then, an additional portion of such award or payment considered by the City, in its reasonable opinion, as appropriate to cover the expenses of such Restoration shall paid to the Port Authority to be held by the Port Authority, in trust, and applied and paid over toward the Restoration of the Improvements to their former condition, and (y) any portion of the award or payment which shall not be required pursuant to clause (x) above to be applied to the Restoration of the Improvements or to the payment of Rent through the end of the Term (or, if the taking is for a period terminating prior to the end of the Term, until the end of such period) shall be paid to the City; and

(b) If the taking is for a period extending beyond the Term, such award or payment shall be apportioned between the City and the Port Authority as of the Expiration Date; provided, however, that the amount of any award or payment paid to the Port Authority for the Restoration of the Improvements and not previously applied for such purpose shall be paid by the Port Authority to the City on the Expiration Date.

23.5 In the event of a negotiated sale of all or a portion of the Demised Premises in lieu of condemnation, the proceeds shall be distributed as provided in cases of condemnation.

23.6 The City shall be entitled to file a claim including, without limitation, any claim for the value of the Improvements. The Port Authority shall be entitled to file a separate claim only as provided in **Section 23.7** below and hereby waives any right to file a separate claim for the Land or any interest therein or the Improvements.

23.7 Notwithstanding anything to the contrary contained in this **Section 23**, in the event of any permanent or temporary taking of all or any part of the Demised Premises, the Port Authority and its Subtenants shall have the exclusive right to assert claims for any Equipment, trade fixtures and personal property so taken which were the property of the Port Authority or Subtenants (but not including any Fixtures) and for relocation expenses of the Port Authority and Subtenants, and all awards and damages in respect thereof shall belong to the Port Authority and Subtenants, and the City hereby waives any and all claims to any part thereof; provided, however, that if there shall be no separate award or allocation for such Equipment, trade fixtures or personal property, then such claims of the Port Authority and Subtenants, or awards and damages, shall be subject and subordinate to the City's claims under this **Section 23**.

Section 24. Covenant of Quiet Enjoyment

Subject to the exceptions, reservations, terms and conditions of this Agreement, the Port Authority, on paying the Base Rent and Additional Rent promptly when due and on performing all of the other terms, covenants and conditions set forth in this Agreement promptly as required, shall and may peaceably and quietly have, hold and enjoy the Demised Premises for the Term unless the Term shall cease, close or expire sooner.

Section 25. Events of Default; Rights and Remedies

25.1 Each of the following events shall be an "**Event of Default**" hereunder:

(a) if for any reason whatsoever (including, without limitation, any invalidity, unenforceability, illegality or legal inability to pay) (i) the Port Authority shall fail to pay any item of Base Rent or Additional Rent, or any part thereof, when the same shall become due and payable (or would have become due and payable but for any invalidity, unenforceability, illegality or legal inability to pay), nor may Unavoidable Delay be claimed as a reason for such failure, and such failure shall continue for thirty (30) days following notice from the City to the Port Authority that such item is unpaid, or (ii) the City is required to forfeit or repay all or any portion of the Lump Sum Payment or (iii) the City is required to forfeit or repay any portion of the Additional Lump Sum Payment or previously paid Rent for any Year or Years;

(b) if the Port Authority shall fail to provide to the City or the Airport Board, as the case may be, any item of information with respect to the operation or financials of the Municipal Air Terminals or the Performance Standards, and such failure shall continue for ninety (90) days after notice from the City or the Airport Board to the Port Authority specifying such failure (unless such failure requires acts to be done, or conditions to be removed which cannot by their nature or because of Unavoidable Delays reasonably be done or removed, as the case may be, within such ninety (90) day period, in which case no Event of Default shall be deemed to exist as long as the Port Authority

(i) shall have commenced curing the same within such ninety (90) day period, (ii) shall have given notice to the City of such Unavoidable Delay both (A) within thirty (30) days of the Port Authority becoming aware that any condition or event is likely to result in Unavoidable Delay and (B) once per month following the delivery of such initial notice until the Unavoidable Delay no longer exists, in each case, indicating the steps taken by the Port Authority to address or extinguish such Unavoidable Delay and (iii) shall continue, subject to Unavoidable Delays, to diligently and continuously prosecute the same to completion);

(c) if the Port Authority shall fail to observe or perform one or more of the other terms, conditions, covenants or agreements contained in this Agreement and such failure shall continue for a period of ninety (90) days after notice thereof by the City to the Port Authority specifying such failure (unless such failure requires work to be performed, acts to be done, or conditions to be removed which cannot by their nature or because of Unavoidable Delays reasonably be performed, done or removed, as the case may be, within such ninety (90) day period, in which case no Event of Default shall be deemed to exist as long as the Port Authority shall have commenced curing the same within such ninety (90) day period and shall, subject to Unavoidable Delays, diligently and continuously prosecute the same to completion);

(d) a breach of any representation by the Port Authority contained in this Agreement, including, without limitation, the representations contained in **Subsection 6.1;**

(e) if this Agreement or the Port Authority's leasehold interest or the Demised Premises or any portion of any of same shall be assigned, subleased, transferred, mortgaged or encumbered without compliance with the provisions of this Agreement applicable thereto and such transaction shall not be made to comply or voided ab initio within thirty (30) days after notice thereof from the City to the Port Authority; and

(f) if a levy under execution or attachment shall be made against the Demised Premises and such execution or attachment shall not be vacated or removed by court order, or otherwise or bonded within a period of ninety (90) days from the date on which the Port Authority shall have received notice of same.

25.2 Upon the occurrence of an Event of Default, the City shall have all the rights and remedies for which provision is now made by law and all additional remedies which may hereafter be provided by law, including, without limitation, to the extent set forth in §6638 of McKinney's Unconsolidated Laws, as the same may, from time to time, be amended, supplemented or replaced or otherwise available to the City, including, without limitation, the right on the part of the City to institute actions or proceedings of any form or nature in law, equity or otherwise in connection with this Agreement for money damages, money damages for torts arising out of the operation of the Municipal Air Terminals, for Base Rent and Additional Rent and the Lump Sum Payment or the Additional Lump Sum Payment, for specific performance or injunction, for reformation thereof, for accounting, for declaratory judgment and for judgments, orders, or decrees restraining or enjoining the Port Authority from committing or continuing to commit breaches of this Agreement including, without limitation, (a) actions for a

declaratory judgment declaring that an Event of Default has occurred and declaring, in the case and only in the case of an Event of Default under **paragraph 25.1(a)** or **25.1(b)** above, that this Agreement is terminated in accordance with the terms and conditions of this Agreement, and (b) actions for specific performance and/or an injunction requiring the Port Authority to abide by covenants in this Agreement, including, without limitation, its covenant to quit and surrender the Demised Premises upon any termination of this Agreement in accordance with the terms and conditions of this Agreement. The provisions of this **Section 25.2** shall survive the expiration or sooner termination of this Agreement.

25.3 (a) If an Event of Default described in **subparagraphs (a)** or **(b)** of **Subsection 25.1** above shall occur, then, in addition to the exercise of any remedies of the kind described in **Subsection 25.2** above (i) the City, at its election, by notice to the Port Authority, shall have the right to terminate this Agreement as of the date specified in the notice, which date shall not be less than one hundred twenty (120) days following the effective date of such notice, and if on such specified date the Port Authority shall have failed to cure the default which is the basis for the Event of Default, then the Term and all rights of the Port Authority under this Agreement shall expire and terminate as if such specified date were the date herein definitely fixed for the expiration of the Term, and the Port Authority immediately shall quit and surrender the Demised Premises in accordance with **Section 33** of this Agreement and (ii) at any time after the date specified in the notice described in **clause (i)** above, the City may dispossess the Port Authority by summary proceedings or otherwise. In the event this Agreement is terminated pursuant to this **subparagraph (a)** of this **Subsection 25.3**, then, except for the provisions of this Agreement which, by their terms, survive expiration or sooner termination of this Agreement, the entirety of this Agreement shall immediately terminate and be of no further force or effect, and the Port Authority shall have no further rights hereunder

(b) Notwithstanding the provisions of **Subsection 25.3(a)**, in the event that (i) an Event of Default under **clause (i)** of **Subsection 25.1(a)** has occurred by reason of the Port Authority's obligation to pay all or any portion of Base Rent or Additional Rent having been determined to be invalid or unenforceable or unlawful, or (ii) an Event of Default under **clause (iii)** of **Subsection 25.1(a)** has occurred, the City shall not have the right to terminate this Agreement solely by reason thereof so long as the Port Authority lawfully and validly, as applicable, (x) pays to the City within sixty (60) days from the date of repayment or forfeiture an amount equal to so much of the Additional Lump Sum Payment or previously paid Rent as has been repaid or forfeited, plus interest at the Interest Rate from the date of such repayment or forfeiture, as applicable, and (y) within sixty (60) days of such Event of Default, pays and thereafter continues to timely pay amounts equal to all Base Rent and Additional Rent as would have been paid under the terms of, and reasonably close (with appropriate present-value adjustments) to the times set forth in, this Agreement had the same not been held to be invalid, unenforceable or unlawful.

(c) Notwithstanding the provisions of **Subsection 25.3(a)**, in the event of the occurrence of an Event of Default of the kind described in **clause (ii)** of **Subsection 25.1(a)**, the Port Authority shall use best efforts to lawfully and validly pay to the City an amount equal to the Lump Sum Payment or portion thereof that was repaid or forfeited, together with interest at the Interest Rate from the date of repayment or forfeiture, and so long as the Port Authority continues such best efforts and complies with all of the terms of this Agreement, and

there is no other Event of Default hereunder, the City shall not have the right to terminate this Agreement solely by reason of such Event of Default described in clause (ii) of **Subsection 25.1(a)**, provided however, that if such payment is not lawfully and validly made within two years from the date of such Event of Default, the City may thereafter terminate this Agreement by reason thereof and may also, at its option, reinstate the Arbitration in accordance with the terms of the Stipulation of Settlement, the form of which is set forth in **Appendix D**, pursuant to which the City's recovery is limited to Five Hundred Million Dollars ($500,000,000). The City shall in good faith cooperate with such efforts. The provisions of this **Subsection 25.3(c)** shall survive the expiration or sooner termination of this Agreement.

(d) If this Agreement shall be terminated by reason of an Event of Default under (x) **clause (i)** of **Subsection 25.1(a)** by reason of the Port Authority's obligation to pay all or any portion of Base Rent or Additional Rent having been determined to be invalid or unenforceable or unlawful or (y) **clause (iii)** of **Subsection 25.1(a)**, then, notwithstanding such termination, the parties agree that (xx) for a period of nine (9) months following the date of termination, they will use good faith efforts to negotiate the terms of a substitute lease agreement covering the Demised Premises and (yy) during the period of such negotiation, the Port Authority may continue to occupy the Demised Premises; provided that, at all times during such occupancy of the Demised Premises, the Port Authority (A) continues to operate and maintain the Municipal Air Terminals in a manner consistent with the provisions of **Section 28** of this Agreement, (B) continues to maintain all insurance policies required under **Section 14** at limits, and otherwise in accordance with the requirements of **Section 14** and (C) otherwise complies with the terms of this Agreement as if this Agreement were still in full force and effect. The provisions of this **Subsection 25.3(d)** shall survive the expiration or sooner termination of this Agreement.

25.4 In addition to any other rights the City may have in connection with an Event of Default under this Section, if the Port Authority fails to pay to the City any Base Rent or Additional Rent due under the terms of this Agreement, the City shall have the right to bring a summary proceeding for non-payment of rent pursuant to RPAPL § 711(2). The parties agree that service of a rent demand pursuant to RPAPL §711(2) and the notice of petition and petition shall be proper service on the Port Authority pursuant to RPAPL § 735 if personally delivered to any employee of the Port Authority located at the Office of the Manager of Kennedy Airport, which is currently located at General Manager's Office, JFK International Airport, Building 14, 2nd Floor, Jamaica, NY 11430, John F. Kennedy International Airport, and by mailing same both by registered or certified mail, and by first class mail to the Port Authority at 225 Park Avenue South, New York, NY 10003, Attn: Executive Director, within one day after delivery. If the location of the Office of the Manager changes, the Port Authority shall immediately notify the City of such new location. The provisions of this **Section 25.4** shall survive the expiration or sooner termination of this Agreement.

25.5 All obligations and liabilities of the Port Authority under this Agreement shall survive any expiration or earlier termination of this Agreement until the Port Authority surrenders possession of the entire Demised Premises to the City, after which time only those obligations and liabilities of the Port Authority that, by the terms of this Agreement, expressly survive the expiration or sooner termination of this Agreement shall survive and remain enforceable against the Port Authority.

25.6 The Port Authority hereby waives and releases all rights now or hereafter conferred by statute or otherwise which would have the effect of limiting or modifying any of the provisions of this **Section 25**. The Port Authority shall execute, acknowledge and deliver any instruments which the City may request, whether before or after the occurrence of an Event of Default, evidencing such waiver or release.

25.7 No receipt of moneys by the City from the Port Authority after the termination of this Agreement, or after the giving of any notice of the termination of this Agreement (unless such receipt cures the Event of Default which was the basis for the notice), shall reinstate, continue or extend the Term or affect any notice theretofore given to the Port Authority or operate as a waiver of the right of the City to enforce the payment of Rent or the Lump Sum Payment or the Additional Lump Sum Payment payable by the Port Authority hereunder or thereafter falling due, or operate as a waiver of the right of the City to recover possession of the Demised Premises by proper remedy, it being agreed that after the termination of this Agreement, or after the service of notice to terminate this Agreement or the commencement of any suit or summary proceedings, or after a final order or judgment for the possession of the Demised Premises, the City may demand, receive and collect any moneys due or thereafter falling due without in any manner affecting such notice, proceeding, order, suit or judgment, all such moneys collected being deemed payments on account of the use and operation of the Demised Premises or, at the election of the City, on account of the Port Authority's liability hereunder. The provisions of this section shall survive the expiration or earlier termination of this Agreement.

25.8 Except as otherwise expressly provided herein, the Port Authority, for and on behalf of itself and all persons claiming through or under the Port Authority, expressly waives any and all right of redemption provided by any law or statute now in force or hereafter enacted or otherwise, or re-entry or repossession or to restore the operation of this Agreement in case the Port Authority shall be dispossessed by a judgment or by warrant of any court or judge or in case of re-entry or repossession by landlord or in case of any expiration or termination of this Agreement, and the City and the Port Authority waive and shall waive trial by jury in any action; proceeding or counterclaim brought by either of the parties hereto against the other on any matter whatsoever arising out of or in any way connected with this Agreement, the relationship of the City and the Port Authority, the Port Authority's use or occupancy of the Demised Premises, or any claim of injury or damage. The terms "enter," "re-enter," "entry," or "re-entry" as used in this Agreement are not restricted to their technical legal meaning. The provisions of this section shall survive the expiration or earlier termination of this Agreement.

25.9 No failure by the City or the Port Authority to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Rent during the continuance of any such breach, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No covenant, agreement, term or condition of this Agreement and no breach thereof, shall be waived, altered or modified except by a written instrument expressly agreeing to such waiver, alteration or modification executed by the City and the Port Authority. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, agreement, term and condition of this Agreement still continue in full force and effect with respect to any other then existing or subsequent breach thereof.

25.10 Each right and remedy of the City provided for in this Agreement shall be cumulative and shall be in addition to every other right or remedy provided for in this Agreement and the exercise or beginning of the exercise by the City of any one or more of the rights or remedies provided for in this Agreement shall not preclude the simultaneous or later exercise by the City of any or all other rights or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise.

25.11 The Port Authority shall pay to the City all costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, incurred by the City in any action or proceeding to which the City may be made a party by reason of any act or omission of the Port Authority. The Port Authority also shall pay to the City all costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements incurred by the City in enforcing any of the covenants and provisions of this Agreement and incurred in any action brought by the City against the Port Authority on account of the provisions hereof, and all such costs, expenses, and reasonable attorneys' fees and disbursements may be included in, and form a part of, any judgment entered in any proceeding brought by the City against the Port Authority, on or under this Agreement. All of the sums paid or obligations incurred by the City as aforesaid, with interest at the Interest Rate accruing from the date such amount was so paid or incurred, shall be paid by the Port Authority to the City within fifteen (15) days after demand by the City. The provisions of this **Section 25.11** shall survive the expiration or sooner termination of this Agreement.

25.12 Suit or suits for the recovery of damages, or for a sum equal to any installment or installments of Rent payable hereunder or other sums payable by the Port Authority to the City pursuant to this Agreement, may be brought by the City from time to time at the City's election, and nothing herein contained shall be deemed to require the City to await the date where this Agreement or the Term would have expired had there been no Event of Default by the Port Authority.

Section 26. The City's Right to Perform Obligation of the Port Authority

26.1 If, after notice thereof and after applicable grace periods, if any, provided under this Agreement for the Port Authority to perform or commence to perform any covenant or take any action to be performed or taken by the Port Authority pursuant to **Subsection 14.17** or **Subsection 32.2** of this Agreement, the City, without waiving or releasing the Port Authority from any obligation of the Port Authority contained in this Agreement, may (but shall be under no obligation to) perform such, covenant or take such action on the Port Authority's behalf.

26.2 All sums paid by the City and all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, incurred by the City in connection with its performance of any obligation or the taking of any action pursuant to **Subsection 26.1** above, together with interest thereon at the Late Rate from the respective dates of the City's making of each such payment or incurring of each such sum, cost, expense, charge, payment or deposit until the date of repayment to the City, shall be paid by the Port Authority to the City as Additional Rent within thirty (30) days after the City shall have submitted to the Port Authority a statement, in reasonable detail, substantiating the amount demanded by the City. Any performance by the City pursuant to **Subsection 26.1** above, or any payment made pursuant

thereto, shall not be nor be deemed to be a waiver or release (i) by the City of a claim of breach of this Agreement on the part of the Port Authority or (ii) a claim for an Event of Default with respect thereto or (iii) of the right on the part of the City to, as applicable, terminate this Agreement, institute summary proceedings or take such other action as may be permissible hereunder or otherwise provided at law or in equity if an Event of Default the Port Authority shall have occurred. The provisions of this Section 26 shall survive the expiration or earlier termination of this Agreement.

Section 27. Notice

27.1 Notices, requests, demands, consents and approvals required to be given to or by either party hereunder, including without limitation statements, audit reports and reports of rental payments ("**Notices**"), shall be in writing and shall be personally delivered during business hours or delivered by a nationally recognized overnight courier service or sent by registered or certified mail, postage prepaid and return receipt requested, to the duly designated officer of such party. Until further notice, the duly designated officers are as follows:

To the Port Authority
Executive Director
The Port Authority of New York and New Jersey
225 Park Avenue South
New York NY 10003

To the City
The City of New York
c/o New York City Economic Development Corporation
110 William Street
New York, New York 10038
Attention: Director of the Aviation Department

With a copy to:

The City of New York
c/o The New York City Economic Development Corporation
110 William Street
New York, New York 10038
Attention: Chief Financial Officer

Notwithstanding the foregoing, the Port Authority shall also send copies of all Annual Statements, estimates and other information and documents required by **Section 4.4** to the City at the following address:

New York City Office of Management and Budget
75 Park Place
New York, New York 10007
Attention: Budget Director

27.2 Each Notice shall be deemed given and effective upon receipt, or, in the event of a refusal by the addressee, on the first tender of such Notice to the addressee at the designated address.

27.3 All Notices shall be forwarded to the above addresses until notice in writing of change of address is forwarded by either party to the other by Notice given in the manner provided herein.

Section 28. Operation and Development of the Municipal Air Terminals

28.1 Covenants of the Port Authority. The Port Authority shall use, operate and maintain, rehabilitate, expand, improve, and develop the Municipal Air Terminals as "first-class" airports and in accordance with the Performance Standards. In that connection:

(a) The Port Authority shall provide all necessary facilities for the accommodation of aircraft and for the safe and efficient loading, unloading, transfer, and interchange of passengers and cargo and for the safe and efficient use and convenience of operators and passengers;

(b) The Port Authority shall take all commercially reasonable steps as may be necessary to maintain the continuous, uninterrupted and safe operation of the Municipal Air Terminals at levels necessary to meet the air travel and cargo demands of the City of New York and surrounding metropolitan area, including any growth in such demands;

(c) The Port Authority shall continue to make all Air Terminal facilities and services available for public use on fair and reasonable terms without unjust discrimination;

(d) The Port Authority shall keep each of the Municipal Air Terminals open for operations in accordance with all relevant FAA approvals and requirements;

(e) The Port Authority shall take all commercially reasonable steps as may be necessary to ensure that the operation of the Municipal Air Terminals will not be interrupted if the Port Authority becomes insolvent or seeks the protection of or becomes subject to any state or federal bankruptcy, reorganization, insolvency, liquidation, or dissolution proceeding or any petition or similar request seeking the dissolution or reorganization of the Port Authority or the appointment of a receiver, trustee, custodian, or liquidator for the Port Authority or a substantial part of the Port Authority or its property, assets, or business;

(f) The Port Authority will maintain, improve, and modernize the facilities of the Municipal Air Terminals through capital investment and will submit to the Airport Board all plans for carrying out such maintenance, improvement and modernization so as to maintain, at all times, each of the Municipal Air Terminals as a "first-class" airport and in accordance with the Performance Standards;

(g) The Port Authority shall take such steps as are necessary to and shall attain, on an ongoing basis, the Performance Standards at each of the Municipal Air Terminals;

(h) The Port Authority shall maintain safety and security at the Municipal Air Terminals at the highest possible levels;

(i) Except as expressly provided in **Section 18** of this Agreement, the Port Authority shall, and shall cause all Subtenants and all other users of the Demised Premises to, comply with all existing and future laws, ordinances, rules and regulations of the United States, the State of New York, the City of New York or any agency, instrumentality, department, commission, court, tribunal or board thereof having jurisdiction over, or affecting the Demised Premises, at any time during the Term;

(j) The Port Authority shall, and shall cause the Demised Premises and all Subtenants and other users of the Demised Premises to, comply with all Environmental Laws;

(k) The Port Authority has complied with, and shall continue to comply in all respects, with the New York State Department of Environmental Conservation Order on Consent, In the Matter of Alleged Violations of Article 12 of the New York State Navigation Law, Article 17 of the New York State Environmental Law, and Title 6, Parts 611, 613, 702 and 703 of the New York Codes, Rules and Regulations, John F. Kennedy International Airport Environmental Compliance Order, DEC File No. R2-3519-91-02, effective February 22, 1994;

(l) If at any time any Hazardous Materials are found at, on, under or migrating to or from the Demised Premises, the Port Authority shall, or shall cause responsible Subtenants and other users of the Demised Premises to, (A) promptly commence and diligently prosecute to completion all investigation, sampling, monitoring, containment, cleanup, removal, restoration, remedial work, or other response action of any kind to the extent required by and in compliance with Environmental Laws, and (B) provide periodic notices or reports to the City in such form and substance as the City may reasonably require, specifying the nature and condition of such Hazardous Materials, and such action the Port Authority, any Subtenant or any other Person the Port Authority has knowledge of, has taken, is taking or proposes to take with respect thereto;

(m) The Port Authority shall promptly provide notice to the City if the Port Authority becomes aware of any claim, action, judgment, obligation, suit, notice, notice of violation, investigation, proceeding, order or lien relating to (A) a violation or alleged violation of, or matter arising under, any Environmental Laws with respect to the Demised Premises, or (B) Hazardous Materials at, on, under or migrating to or from the Demised Premises; and

(n) The Port Authority shall cause all inspections of and maintenance to the Light Rail System to be performed in accordance with all guidelines and procedures of the New York City Department of Transportation, which shall include,

without limitation, obtaining all permits required to be obtained in the event that any such inspection or maintenance restricts the flow of traffic on any vehicular artery.

28.2 Continuous Operation of Municipal Air Terminals. The Port Authority acknowledges that the continuous, uninterrupted, safe, convenient, and efficient operation of each of the Municipal Air Terminals is important to the health, safety and welfare of the public.

28.3 Authority and Discretion of the Port Authority. Subject to the terms of this Agreement, the Port Authority shall have full power and discretion to proceed with the operation, maintenance, financing, rehabilitation, expansion, improvement and development of the Municipal Air Terminals, and to enter into such contracts, agreements, Subleases or other arrangements with respect thereto as it may deem necessary and desirable, and all matters connected therewith, including but not limited to, all details of financing, construction, leasing, charges, rates, tolls, contracts, and operation shall be within the sole discretion of the Port Authority. Subject to the terms of this Agreement, the decisions of the Port Authority in connection with any and all matters concerning the Municipal Air Terminals shall be controlling, provided that all such things shall be done by the Port Authority in its own name and on its own credit.

28.4 Delegation of Obligations by the Port Authority. The Port Authority shall not delegate all or any portion of its (i) obligations or (ii) authority or discretion, under this Agreement, except, in either case, as such obligations, authority and discretion are customarily delegated to contractors, Subtenants and other third parties pursuant to contracts, subleases and other agreements entered into in the ordinary course of the business of maintaining and operating the Air Terminals.

28.5 No Obligations on the Part of the City. Except as expressly provided herein, the City shall not be required to furnish any services, utilities or facilities whatsoever to the Demised Premises, nor shall the City have any duty or obligation or to make any alteration, change, improvement, replacement, Restoration or Repair to, nor to demolish, any Improvements or to maintain or manage the Demised Premises; nor shall the reservation, if any, of the right to the City hereunder create any obligation on the part of the City to the Port Authority or any third party.

Section 29. Entire Agreement

This Agreement, together with the Exhibits, Schedules and Appendices annexed hereto, amends and restates and supersedes the Old Agreement in its entirety, effective as of the Effective Date, and constitutes the entire agreement between the Port Authority and the City on the subject matter, and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the City. Except for certain obligations that may survive as provided in Section 3.1, from and after the Effective Date, the Old Agreement shall have no further force or effect.

Section 30. No Third Party Beneficiary, No Personal Liability

30.1 Except as expressly provided herein, nothing herein contained shall be deemed or construed to be an undertaking or covenant for the benefit of any third party.

30.2 No Commissioner, director, elected official, officer, agent, representative or employee of the Port Authority or the City or EDC shall be charged personally by either party hereto with any liability or held personally liable under any of the terms or provisions of this Agreement or because of its execution or because of any breach or attempted or alleged breach hereof.

30.3 Without limiting the generality of **Subsection 30.2** above, the City and EDC shall not in any event whatsoever be liable for any injury or damage to the Port Authority or to any other Person happening on, in or about the Demised Premises and its appurtenances, nor for any injury or damage to the Demised Premises or to any property belonging to the Port Authority or to any other Person which may be caused by any fire or breakage, or by the use, misuse or abuse of the Improvements, or the streets or sidewalk area within the Demised Premises or which way arise from any other cause whatsoever.

30.4 The City and EDC shall not be liable to the Port Authority or to any other Person for any failure of water supply, gas or electric current, nor for any injury or damage to any property of the Port Authority or of any other Person or to the Demised Premises caused by or resulting from gasoline, oil, steam, gas, electricity, or hurricane, tornado, flood, wind or similar storms or disturbances, or water, rain or snow which may leak or flow from the street, sewer, gas or subsurface area or from any part of the Demised Premises, or leakage of gasoline or oil from pipes, appliances, sewer or plumbing works therein, or from any other place, nor for interference with light or other incorporeal hereditaments by anybody, or caused by any public or quasi-public work.

30.5 In no event shall the City or EDC be liable to the Port Authority or to any other Person for any injury or damage to any property of the Port Authority or of any other Person or to the Demised Premises, arising out of any sinking, shifting, movement, subsidence, failure in load-bearing capacity of, or other matter or difficulty related to, the soil, or other surface or subsurface materials, on the Demised Premises, it being agreed that the Port Authority shall assume and bear all risk of loss with respect thereto.

30.6 The provisions of this **Section 30** shall survive the expiration or sooner termination of this Agreement.

Section 31. Indemnification by the Port Authority

31.1 *General Indemnity.* The Port Authority hereby undertakes and agrees to indemnify and save the City and EDC harmless from any claims, causes of action or judgments, by reason of bodily injuries sustained by any person or persons, including death, and for any claims for damages to property arising out of or occurring at the Demised Premises.

31.2 *Environmental Indemnity.* In addition to the provisions of **Subsection 31.1** and for the avoidance of doubt, the Port Authority shall indemnify and save the City and the EDC harmless from and against any and all Environmental Liabilities, which may be imposed upon or incurred by or asserted against the City or the EDC by any Person, at any time from and after the commencement date of the Old Agreement arising from any action (including, without

limitation, acts of terrorism) or inaction by, or status of, any Person relating to, arising out of or occurring at the Demised Premises.

31.3 The provisions of this **Section 31** shall survive the expiration or earlier termination of this Agreement (including, without limitation, resulting from a taking of all or any portion of the Demised Premises) with respect to events occurring prior to such expiration or termination, whether claims with respect thereto are made before or after such expiration or termination.

Section 32. Liens and Impositions

32.1 Under Section 1045-(j)(5) of the New York State Public Authorities Law, unpaid water and sewer charges are a lien upon the Demised Premises and a charge against the owner of the Demised Premises. The Port Authority shall not create or permit to be created any such lien, or any other lien, encumbrance or charge upon the Demised Premises or any part thereof, the income therefrom or any assets of, or funds appropriated to, the City, and the Port Authority shall not suffer any other matter or thing whereby the estate, right and interest of the City in the Demised Premises or any part thereof might be impaired.

32.2 If any mechanic's, laborer's or materialman's lien or any lien exists as a result of a failure to pay any water or wastewater rents and surcharges when due and owing, at any time, shall be filed in violation of the obligations of the Port Authority pursuant to **Subsection 32.1** above against the Demised Premises or any part thereof or, if any public improvement lien created or permitted to be created by the Port Authority shall be filed against any assets of, or funds appropriated to, the City, the Port Authority, within forty-five (45) days after receipt of notice of the filing thereof shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If the Port Authority shall fail to cause such lien to be discharged of record within the period aforesaid, and if such lien shall continue for an additional ten (10) days after notice by the City to the Port Authority, then, in addition to any other right or remedy, the City may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding proceedings, and in any such event, the City shall be entitled, if the City so elects, to compel the prosecution of an action for the foreclosure of such lien by the lienor and to pay the amount of the judgment in favor of the lienor with interest, costs and allowances. Any amount so paid by the City, including all reasonable costs and expenses incurred by the City in connection therewith including, without limitation, reasonable attorneys' fees and disbursements, together with interest thereon at the Late Rate from the respective dates of the City's making of the payment or incurring of the costs and expenses, shall constitute Additional Rent and shall be paid by the Port Authority to the City within five (5) days after demand. Notwithstanding the foregoing provisions of this **Subsection 32.2**, the Port Authority shall not be required to discharge any such lien, and shall not take any of the actions described in this paragraph, if the Port Authority is in good faith contesting the same which, in the case of water and sewer charges, shall include the filing of a complaint administratively according to DEP and Water Board administrative procedures. The provisions of this Section 32.2 shall survive the expiration or earlier termination of this Agreement.

Section 33. Surrender at End of Term

33.1 Demised Premises. Upon the expiration or sooner termination of the Term the Port Authority covenants and agrees that it shall, in compliance with **Section 5** and all other relevant provisions of this Agreement, surrender and deliver to the City the Demised Premises together with all Improvements thereon, as well as all Equipment, including, without limitation, the Port Authority Water System Property, the intent being that when the Demised Premises are returned to the City, (i) all Equipment shall become the property of the City and (ii) the Demised Premises shall be in good condition as operating Air Terminals maintained to the standards provided herein, all of which shall be free and clear of any and all lettings, occupancies, liens, debts or encumbrances of whatsoever kind, nature and description (except with respect to such leased Equipment), except to the extent otherwise agreed by the City in writing.

33.2 Records, Permits and other Agreements. On the last day of the Term or upon any earlier termination of the Agreement, or upon a re-entry by the City upon the Demised Premises pursuant to this Agreement, the Port Authority shall make available to the City (i) to the extent within the possession or control of the Port Authority, executed counterparts of all Subleases concessions, license agreements and any service and maintenance contracts then affecting the Demised Premises or, if not originals, "best copies" of such documents, (ii) true and complete maintenance records for the Demised Premises, (iii) all original licenses and permits then pertaining to the Demised Premises, and (iv) all warranties and guarantees then in effect which the Port Authority has received in connection with any work or services performed or Fixtures or Equipment installed in or on the Demised Premises, together with a duly executed assignment thereof to the City, all financial reports, books and records required to be maintained by the Port Authority pursuant to the terms of this Agreement and any and all other documents of every kind and nature whatsoever relating to the Demised Premises.

33.3 The provisions of this **Section 33** shall survive the expiration or sooner termination of this Agreement.

Section 34. Assignment of Rents; No Subordination of City's Interest

34.1.1 Neither the City's interest in the Demised Premises nor the City's interest in this Agreement, as this Agreement may be modified, amended or supplemented, shall be subject or subordinate to any mortgage, liens or encumbrances now or hereafter affecting the Port Authority's interest in this Agreement, including, without limitation, any existing or future Sublease or Subtenant leasehold mortgage.

34.1.2 The City shall have the right at any time to assign all or any portion of its right, title and interest in and to the receipt of Rent to be paid by the Port Authority hereunder and to direct that the Rent, or designated portions thereof, be paid to a public authority or to such other entity or entities, including a trustee whose duties include the receipt of such payments, as the City may, by at least thirty (30) days prior written notice to the Port Authority, designate (each such assignee, a "Permitted Assignee"). Upon receipt of written direction from the City, the Port Authority shall pay the portion of Rent specified in such direction to the Permitted Assignee named therein. Any Permitted Assignee may bring an action against the Port Authority to recover sums due to it, and a Permitted Assignee shall have all of the lawfully assignable

remedies the City has hereunder for the failure of the Port Authority to pay Rent, provided that the City shall not assign its right to terminate this Agreement, and the Port Authority hereby consents to the jurisdiction of the courts of the State of New York and the Federal District Court of the Southern District of New York for any action by a Permitted Assignee to recover sums due hereunder.

Section 35. Intentionally Deleted

Section 36. Miscellaneous

36.1 Consents. Except as expressly provided herein to the contrary, wherever this Agreement provides for consent or approval to be given by either party, such consent or approval shall not be unreasonably withheld, conditioned or delayed.

36.2 Intentionally Deleted.

36.3 Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held to be invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. Notwithstanding the foregoing, if any provision that gives the City the right to terminate this Agreement for failure to pay Rent or any other payment is held to be invalid or unenforceable by the determination of any court or administrative agency having jurisdiction, then this entire Agreement shall automatically terminate and be of no further force or effect, except for those provisions that expressly survive the expiration or earlier termination of this Agreement; provided that this Agreement shall not terminate, if the adverse determination was by an administrative agency, unless and until such time as such determination is upheld on appeal to a court having jurisdiction, or the applicable time for bringing such appeal has expired, whichever is sooner.

36.4 Change in Name of Municipal Air Terminals. Neither party shall, at any time during the Term, change the name of either of the Municipal Air Terminals or otherwise refer to the Municipal Air Terminals by any name other than "John F. Kennedy International Airport" and "LaGuardia Airport," respectively, without the prior written consent of the other party, which consent may be granted or withheld in such party's sole and absolute discretion.

36.5 Most Favored Nation. In the event that the Port Authority shall after the date hereof enter into any agreement, amendment, supplement, settlement or extension that (i) relates, directly or indirectly, to the Newark Airport Lease or the premises covered thereby, including, without limitation, any agreement entered into pursuant to Section 47 of the Newark Airport Lease (as amended by the Eighteenth Supplemental Agreement to the Newark Airport Lease dated as of January 1, 2002), but expressly excluding the Newark MFN Amendment (as hereinafter defined) *and* (ii) provides, directly or indirectly, for increased or enhanced financial consideration to the City of Newark, *then* the Port Authority shall offer comparable increased or enhanced financial consideration to the City and shall agree to amend or supplement this Agreement accordingly. The "Newark MFN Amendment" is hereby defined as the first

amendment, after execution and delivery of this Agreement, of the Newark Airport Lease, to the extent said amendment incorporates provisions that are comparable to the corresponding provisions of this Agreement and is required pursuant to a certain agreement entered into between the Port Authority and the City of Newark as of October 31, 2002. The Port Authority shall, within thirty (30) days of its execution, provide the City with a copy of any agreement, amendment, supplement, settlement or extension described in this Section and of any other amendment, supplement, settlement or extension of the Newark Airport Lease, irrespective of whether it provides for increased financial consideration.

36.6 Allocation of Passenger Facility Charges. The Passenger Facility Charges received by the Port Authority to date from the three major airports operated by the Port Authority, as well as any increased Passenger Facility Charges authorized and imposed in the future, shall be invested in the Municipal Air Terminals in an amount equal to the proportion which the Passenger Facility Charges originating at the Municipal Air Terminals bear to all such Passenger Facility Charges collected by the Port Authority, although it is understood that such proportion may be reached over a period of years and not necessarily in each year. The Port Authority agrees that such proportion will be reached within five years. The Port Authority will submit to the City an initial list of projects eligible for Passenger Facility Charge funding approval by the Federal government on or about January 1, 2005. The City will submit to the Port Authority any projects it wishes the Port Authority to consider for submission to the Federal Government for Passenger Facility Charge funding approval.

36.7 Uninvested Charges. At the expiration or earlier termination of this Agreement, all Passenger Facility Charges which have been collected by the Port Authority or any of its Affiliates from or with respect to the Municipal Air Terminals but not invested in the Municipal Air Terminals shall be paid to the operator of the Municipal Air Terminals in accordance with Federal law and regulations. The provisions of this **Section 36.7** shall survive the expiration or earlier termination of this Agreement.

36.8 Modifications. This Agreement may not be changed, modified, or terminated orally, but only by a written instrument expressly agreeing to change, modify or terminate it and executed by the party against whom enforcement of any such change, modification, or termination is sought.

36.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

36.10 Binding Effect. The agreements, terms, covenants and conditions herein shall be binding upon, and shall inure to the benefit of, the City and the Port Authority and their respective successors and permitted assigns.

36.11 Section Headings. The section headings of this Agreement are for reference purposes only and shall not be deemed descriptive of such sections.

36.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which counterparts shall be deemed an original and all of which counterparts shall constitute one and the same document.

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EFFECTIVE

IN WITNESS WHEREOF, the City has caused its corporate seal to be hereunto affixed and duly attested and this Agreement to be signed by its Commissioner of the Department of Small Business Services; and the Port Authority has caused its corporate seal to be hereunto affixed and duly attested and this Agreement to be signed by its Executive Director, as of the day and year first written above.

THE CITY OF NEW YORK

Attest:

City Clerk

By: _____
Robert W. Walsh
Commissioner
Department of Small Business Services

Michael McSweeney
1st Deputy & Acting City Clerk

Approved as to form:

Acting Corporation Counsel

Attest:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____
Secretary

_____
Kenneth J. Ringler, Jr.
Executive Director

Approved as to form:

_____

EFFECTIVE

IN WITNESS WHEREOF, the City has caused its corporate seal to be hereunto affixed and duly attested and this Agreement to be signed by its Commissioner of the Department of Small Business Services; and the Port Authority has caused its corporate seal to be hereunto affixed and duly attested and this Agreement to be signed by its Executive Director, as of the day and year first written above.

Attest:

THE CITY OF NEW YORK

_____
City Clerk

By: _____
Robert W. Walsh
Commissioner
Department of Small Business Services

Approved as to form:

_____
Acting Corporation Counsel

Attest:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____
Secretary

_____
Kenneth J. Ringler, Jr.
Executive Director

Approved as to form:

_____
Darrell Buchbinder
General Counsel

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the 23 day of November, 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared Robert W. Walsh, Commissioner of the Department of Small Business Services of THE CITY OF NEW YORK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual who subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

ANDREW SCHWARTZ
Notary Public, State of New York
No. 24-4943703
Qualified in Kings County
Commission Expires Oct. 31, 2006

Notary Public

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the 24 day of November, 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared Michael McSweeney, City Clerk of THE CITY OF NEW YORK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

LILIA DWYER
Commissioner of Deeds
City of New York No. 3-7093
Certificate Filed In New York County
Commission Expires Feb. 01, 20[illegible]

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the 24th day of November, 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared KENNETH J. RINGLER, JR., Executive Director of the PORT AUTHORITY OF NEW YORK AND NEW JERSEY, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

TIMOTHY G. STICKELMAN
Notary Public, State of New York
No. 02ST6086913
Qualified in Suffolk County
Commission Expires on February 3, 2007

EXHIBIT A

The original of the Surveys of the Demised Premises prepared by Vollmer Associates LLP on November 23, 2004, certified to the Port Authority and The City of New York and consisting of seven (7) pages designated as Map Number VA# 2004-018-02 and Map Number VA# 2004-018-03 is being delivered to the Office of the Register of The City of New York for recording simultaneously with this Agreement.

EXHIBIT B

(see attached)

EXHIBIT B
DEMISED PREMISES
JOHN F. KENNEDY INTERNATIONAL AIRPORT

All that certain plot, piece or parcel of land lying and being in the borough of Queens, City and State of New York bounded and described as follows:

Beginning at an angle point of the U.S. Pierhead and Bulkhead line, the coordinates of said point being South 60966.20 East 63757.37 and running thence; along the U.S. Pierhead and Bulkhead line, (1) South 74°14'56" West a distance of 2726.47' feet to the easterly side of the land of the Long Island Railroad;
Running thence, in a northerly direction along the land of the Long Island Railroad the following courses and distances:
(2) North 40°18'26" West a distance of 1173.23' feet to a point; thence
(3) South 38°51'40" West a distance of 35.64' feet to a point; thence
(4) North 40°18'26" West a distance of 2370.27' feet to a point of curvature; thence
(5) along an arc curving to the left, having a radius of 5769.58' feet a distance of 906.28'feet and a central angle of 9°00'00" to a point; thence
(6) North 49°18'26" West a distance of 644.54' feet to a point; thence
(7) North 40°41'34" East a distance of 20.00' feet to a point; thence
(8) North 49°18'26" West a distance of 43.00' feet to a point; thence
(9) North 03°17'17" West a distance of 48.64' feet to a point; thence
(10) North 49°18'26" West a distance of 110.00' feet to a point; thence
(11) South 50°15'01" West a distance of 35.49' feet to a point; thence
(12) North 49°18'26" West a distance of 467.36' feet to a point; thence
(13) South 40°41'34" West a distance of 20.00' feet to a point; thence
(14) North 49°18'26" West a distance of 508.28' feet to a point; thence
(15) North 40°41'34" East a distance of 10.00' feet to a point; thence
(16) North 49°18'26" West a distance of 620.10' feet to a point; thence
(17) North 19°52'53" West a distance of 40.71' feet to a point; thence
(18) North 49°18'26" West a distance of 116.60' feet to a point on the southerly line of Southern Parkway, also known as the Belt Parkway; thence
(19) North 76°26'23" East a distance of 15.00' feet; thence
(20) along a bridge that crosses over the Southern Parkway, North 49°18'31" West a distance of 707.83' feet to a point to the northerly side of North Conduit Avenue; thence
(21) along the northerly side of North Conduit Avenue, South 80°38'48" West a distance of 62.17' feet to the easterly side of the Long Island Railroad; thence the following courses and distances along the easterly side of the land of the Long Island Railroad,
(22) North 12°11'48" West a distance of 0.83' feet; thence
(23) North 49°16'48" West a distance of 33.17' feet; thence
(24) North 12°11 '48" West a distance of 8.29' feet; thence
(25) North 49°16'48" West a distance of 1248.25' feet; thence
(26) North 45°49'23" West a distance of 165.84' feet; thence
(27) North 44°15'09" West a distance of 62.04' feet; to a point thence
(28) North 44°15'09" West a distance of 17.86' feet to the land now or formerly of the New York Racing Association; thence
through the land of the New York Racing Association (29) North 45°44'51" East a distance of 24.11' feet; thence
(30) North 28°15'57" East a distance of 115.64' feet; thence
(31) North 72°38'36" East a distance of 386.70' feet to a point of curvature, thence
(32) along an arc curving to the right having a radius of 95.00' a distance of 107.33' feet and a central angle of 64°43'50"; thence
(33) South 42°37'34" East a distance of 54.55' feet; thence
(34) South 44°42'27" East a distance of 131.39' feet to a point of curvature; thence
(35) along an arc curving to the left having a radius of 505.00' a distance of 51.31' feet and a central angle of 5°49'17"; thence

(36) South 50°31 '44" East a distance of 46.47' feet; thence
(37) along an arc curving to the left having a radius of 115.00' a distance of 32.08' feet and a central
angle of 15°59'03"; thence
(38) South 66°30'47" East a distance of 153.69' feet to a point of curvature; thence
(39) along an arc curving to the left having a radius of 615.00' a distance of 354.73' feet and a central angle of 33°02'52"; thence
(40) North 80°26'21" East a distance of 280.00' feet to a point of curvature; thence
(41) along an arc curving to the right having a radius of 129.00' a distance of 148.52' feet and a central angle of 66°00'33"; thence
(42) along an arc curving to the right having a radius of 335.00' a distance of 141.07' feet and a central angle of 24°07'41"; thence
(43) South 09°25'24" East a distance of 228.54' feet; thence
(44) South 10°02'30" East a distance of 180.75' feet to a point of curvature; thence
(45) along an arc curving to the left having a radius of 130.00' a distance of 100.00' feet and a central angle of 44°04'25"; thence
(46) along an arc curving to the left having a radius of 154.00' a distance of 60.36' and a central angle of 22°27'30"; thence
(47) South 19°44'18" East a distance of 86.81' feet to the northerly line of North Conduit Avenue; thence
along the northerly line of North Conduit Avenue in a westerly direction (48) along an arc curving to the right having a radius of 1375.30' a distance of 379.80' feet and a central angle of 15°49'22"; thence
(49) South 81°31'49" West a distance of 151.31' feet; thence
(50) South 79°25'12" West a distance of 149.59' feet; thence
(51) South 80°38'48" West a distance of 0.82' feet; thence
(52) South 49°18'31" East a distance of 703.35' feet along a bridge that crosses over the Southern Parkway to the southerly line of the Southern Parkway, which is also the northerly line of John F. Kennedy International Airport; thence
(53) North 76°26'23" East a distance of 334.19' feet to a point of curvature; thence
(54) along an arc curving to the right having a radius of 1958.00' a distance of 243.51' feet and a central angle of 7°07'32"; thence
(55) North 83°33'53" East a distance of 406.86' feet to a point of curvature; thence
(56) along an arc curving to the left having a radius of 2530.00' a distance of 980.02' feet and a central angle of 22°11 '38"; thence
(57) North 61°22'14" East a distance of 543.78' feet; thence
(58) North 69°37'14" East a distance of 100.33' feet; thence
(59) North 69°26'50" East a distance of 1420.99' feet to a point of curvature; thence
(60) along an arc curving to the right having a radius of 4970.00' a distance of 541.25' feet and a central angle of 6°14'23"; thence
(61) North 75°41'13" East a distance of 155.61' feet to a point of curvature; thence
(62) along an arc curving to the left having a radius of 530.00' a distance of 220.74' feet and a central angle of 23°51'47"; thence
(63) North 51°49°27" East a distance of 473.01 feet to a point of curvature; thence
(64) along an arc curving to the left having a radius of 1520.00' a distance of 325.19' feet and a central angle of 12°15'28"; thence
(65) South 15°44'22" East a distance of 623.68' feet; thence
(66) North 74°15'38" East a distance of 1380.00' feet; thence
(67) North 15°44'22" West a distance of 1619.13' feet; thence
(68) North 52°18'11" East a distance of 535.40' feet; thence
(69) North 79°46'53" East a distance of 410.00' feet a point on a non tangent curve; thence
(70) along an arc curving to the right having a radius of 2324.00' a distance of 138.14' feet and a central angle of 3°24'23"; thence
(71) North 88°35'38" East a distance of 96.00' feet to a point on a non tangent curve; thence
(72) along an arc curving to the left having a radius of 593.00' a distance of 276.49' feet and a central angle of 26°42'51" to a point on a non tangent curve; thence

(73) along an arc curving to the right having a radius of 1528.00' a distance of 122.57' feet and a central angle of 4°35'46"; thence
(74) along an arc curving to the right having a radius of 728.00' a distance of 559.11' and a central angle of 44°00'13"; thence
(75) South 36°17'01" West a distance of 153.60' feet; thence
(76) South 53°42'58" East a distance of 168.00' feet; thence
(77) North 36°17'01" East a distance of 682.30' feet to a point of curvature; thence
(78) along an arc curving to the right having a radius of 243.59' a distance of 111.67' feet and a central angle of 26°16'00"; thence
(79) North 60°24°18" East a distance of 267.10' feet to a point of curvature; thence
(80) along an arc curving to the left having a radius of 673.35' a distance of 566.35' feet and a central angle of 48°11°29"; thence
(81) North 12°12'52" East a distance of 654.62' feet to a point of curvature; thence
(82) along an arc curving to the right having a radius of 1918.64' a distance of 143.36' feet and a central angle of 4°16'52"; thence
(83) along an arc curving to the right having a radius of 394.38" a distance of 357.98' feet and a central angle of 52°00'31"; thence
(84) along an arc curving to the right having a radius of 15224.42' a distance of 783.66' feet and a central angle of 2°56'57"; thence
(85) along an arc curving to the right having a radius of 1130.14' a distance of 196.96' feet and a central angle of 9°59'07"; thence
(86) North 81°26'18" East a distance of 462.33' feet to a point of curvature; thence
(87) along an arc curving to the left having a radius of 1050.00' a distance of 243.96' feet and a central angle of 13°18'44"; thence
(88) North 66°07'45" East a distance of 838.03' feet to a non tangent curve; thence
(89) along an arc curving to the right having a radius of 785.00' a distance of 85.84' feet and a central angle of 6°15'55"; thence
(90) along an arc curving to the right having a radius of 2124.25' a distance of 549.65' feet and a central angle of 14°49'31"; thence
(91) along an arc curving to the right having a radius of 6404.00' a distance of 2025.33' feet and a central angle of 18°07'13"; thence
(92) along an arc curving to the right having a radius of 46486.00' a distance of 441.80' feet and a central angle of 0°32'40"; thence
(93) South 75°37'41" East a distance of 202.52' feet to a non tangent curve; thence
(94) along an arc curving to the left having a radius of 46450.77' a distance of 82.84' feet and a central angle of 0°06'08" to a point of reverse curvature; thence
(95) along an arc curving to the right having a radius of 12860.50' a distance of 1512.64' feet and a central angle of 6°44°20"; thence
(96) North 5°47'21" East a distance of 23.88' feet to a point; thence
(97) South 82°12'20" East a distance of 482.52' feet to a point of curvature; thence
(98) along an arc curving to the left having a radius of 2631.00' a distance of 569.30' feet and a central angle of 12°23'52"; thence
(99) South 00°36'07" East a distance of 202.16' feet to a point on a non tangent curve; thence
(100) along an arc curving to the left having a radius of 1225.65' a distance of 294.73' feet and a central angle of 13°46°40"; thence
(101) along an arc curving to the left having a radius of 3369.00' a distance of 1620.86' feet and a central angle of 27°33'56"; thence
(102) North 84°22'06" East a distance of 773.64' feet to a point of curvature; thence
(103) along an arc curving to the right having a radius of 4564.98' a distance of 665.86' feet and a central angle of 81°38'40"; thence
(104) North 31°39'01" East a distance of 315.42'; thence
(105) South 82°24'03" East a distance of 2351.46'; thence
(106) South 10°10'50" West a distance of 217.68' feet to a point on a non tangent curve'; thence
(107) along an arc curving to the right having a radius of 27481.50' a distance of 184.04' feet and a central angle of 00°23'01" to a point of curvature; thence

(108) along an arc curving to the right having a radius of 4806.26' a distance of 1641.80' feet and a central angle of 19°34'19" to a point; thence
(109) South 61°29'50" East a distance of 400.00' feet to a point of curvature; thence
(110) along an arc curving to the right having a radius of 2740.00' a distance of 330.00' feet and a central angle of 6°54'02"; thence
(111) South 54°35'48" East a distance of 224.00' feet to a point of curvature'; thence
(112) along an arc curving to the left having a radius of 960.00' a distance of 523.97' feet and a central angle of 31°16'19" to the westerly line of Brookville Boulevard; thence
(113) South 9°35'56" West a distance of 4.13' feet to a point; thence
(114) South 25°09'35" West a distance of 902.88' feet to a point; thence
(115) South 18°36'15" East a distance of 747.65' feet to the U.S. Pierhead and Bulkhead line; thence
(116) South 34°16'50" West a distance of 4552.86' feet to a point; thence
(117) South 01°39'00" West a distance of 927.26' feet to a point; thence
(118) South 34°16'50" West a distance of 1328.27' feet to a point; thence
(119) South 33°31 '36" East a distance of 540.01' feet to a point; thence
(120) South 34°16'50" West a distance of 1191.74 ' feet to a point; thence
(121) South 01°39'00" West a distance of 2166.56' feet to a point; thence
(122) North 88°21'00" West a distance of 100.00' feet to a point; thence
(123) North 01°39'00" East a distance of 2010.38' feet to a point; thence
(124) South 34°16'50" West a distance of 201.26' feet to a point; thence
(125) North 88°21'00" West a distance of 1067.27' feet to a point; thence
(126) North 43°21 '00" West a distance of 724.02' feet to a point; thence
(127) North 87°43'49" West a distance of 1014.56' feet to a point; thence
(128) South 01°39'00" West a distance of 2784.30' feet to a point; thence
(129) North 88°21'58" West a distance of 1037.50' feet to a point; thence
(130) North 01°39'00" East a distance of 721.00' feet to a point; thence
(131) North 46°21 '00" East a distance of 337.64' feet to a point; thence
(132) North 01°39'00" East a distance of 1831.95' feet to a point; thence
(133) North 87°43'49" West a distance of 3165.43' feet to a point; thence
(134) South 31°39'00" West a distance of 1908.81 ' feet to a point; thence
(135) North 58°21 '00" West a distance of 100.00' feet to a point; thence
(136) North 31°39'00" East a distance of 1852.51' feet to a point; thence
(137) North 87°43'49" West a distance of 7655.58' feet to the point and place of beginning.

Containing 172,521,401.09 square feet or 3960.55 acres.

The coordinates and bearings hereinabove mentioned refer to the 10th Avenue Meridian as established by the Topographical Bureau of the Borough of Queens, City of New York, grid North being 28°59'13.5" East of true north.

Together with the Aqueduct Parcel, as described in Exhibit B-1.

Together with the portions of the Light Rail System more particularly described as follows:

JFK AIR TRAIN RIGHT OF WAY PREMISES INCLUDED IN THE AMENDED AND RESTATED AGREEMENT OF LEASE OF THE MUNICIPAL AIR TERMINALS BETWEEN THE CITY OF NEW YORK, AS LANDLORD, AND THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, AS TENANT, DATED AS OF NOVEMBER 24, 2004

A. Permanent aerial, surface and subsurface easements for the construction, reconstruction, operation, inspection, maintenance and repair of the LRS, which easements are more specifically defined herein over all those pieces or parcels of property in the Fourth Ward of the Borough Queens, City of New York, County of Queens, State of New York, which are shown and described as Aerial Parcels or

Easements, Column Parcels or Easements, and Subsurface Parcels or Easements, of Segments CR – 402 through CR – 415 of a series of maps entitled, "THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY AIRTRAIN PROJECT, JFKIA-JAMAICA SEGMENT, ALTA/ACSM LAND TITLE SURVEY, A PORTION OF VAN WYCK EXPRESSWAY, SEGMENT CR- (402 THROUGH 415), BOROUGH OF QUEENS, QUEENS COUNTY, STATE OF NEW YORK", prepared by Volimer Associates LLP, dated February 28, 2002, bearing Project Number 2001-003-03 and filed contemporaneously in the Office of the Register of Deeds, Queens County on September 17, 2002 with the Grant of Permanent Easement between The People of the State of New York, acting by and through Joseph H. Boardman, the Commissioner of Transportation of the State of New York and the Port Authority of New York and New Jersey made August 19, 2002 and recorded at Reel 6582, Page 0118 *et seq.*, City Register Serial Number 128069.

Subject, however, to the provisions of the aforesaid Grant of Permanent Easement made August 19, 2002.

B. All that certain plot, piece or parcel of land situate, lying and being in the Fourth Ward of the Borough of Queens, City of New York, County of Queens, and State of New York, being more particularly bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of 94th Avenue formerly Johnson Avenue (50 feet wide) with the easterly side of Van Wyck Expressway (Service Road); said corner having a New York State Coordinate System (NAD 83-96) value of N 58916.0472 meters E 315799.1275 meters (N193293.7316 feet E1036084.3037 feet);

1. Running thence North 69 degrees 25 minutes 33.1 seconds East along the southerly side of 94th Avenue, 63.627 meters (208.75 feet) to a point on the division line between property now or formerly of David Oil Corp. and property now or formerly of Carole A. Murray and Thomas D. Murray;

2. Running thence along said division line South 20 degrees 34 minutes 26.9 seconds East, at right angles to the southerly side of 94th Avenue, 25.292 meters (82.98 feet) to a point;

3. Running thence South 66 degrees 54 minutes 37.1 seconds West along the division line between property now or formerly of David Oil Corp. and the following properties: property now or formerly of Edgardo E. Contreras; property now or formerly of David Byrd, Patricia Portis, and Gary Michael Byrd; property now or formerly of Cheryl Winter Naipaul and Gagnatli Naipaul; property now or formerly of Joseph F. Nowinski and Jennie Nowinski; property now or formerly of Stanley P. Francosky, et al; and property now or formerly of Mohamed Shafi and Ramdai Shafi, said line forming an interior angle of 92 degrees 30 minutes 56 seconds with the last mentioned course, 39.127 meters (128.37 feet) to a point in a line distant 34.013 meters (111.59 feet) northerly from the northerly side of 95th Avenue, drawn at right angles thereto, from a point thereon and distant 13.283 meters (43.58 feet) easterly from said easterly side of Van Wyck Expressway (Service Road);

4. Running thence South 20 degrees 34 minutes 26.9 seconds East along the division line between property now or formerly of David Oil Corp. and property now or formerly of Mohamed Shafi and Ramdai Shafi, at right angles to the northerly side of 95th Avenue, formerly Chichester Avenue, 34.013 meters (111.59 feet) to the northerly side of 95th Avenue;

5. Running thence South 69 degrees 25 minutes 33.1 seconds West along the northerly side of 95th Avenue, 13.283 meters (43.58 feet) to the corner formed by the intersection of the said northerly side of 95th Avenue and the easterly side of Van Wyck Expressway (Service Road);

6. Running thence North 31 degrees 01 minutes 19.1 seconds West along the easterly side of Van Wyck Expressway (Service Road), 62.054 meters (203.59 feet) to the point and place of beginning.

Containing 2176.289 square meters (23425.28 square feet) or 0.218 Hectare (0.538 acre).

Also known as Tax Block 9990, Tax Lot 5, Borough of Queens, City of New York.

Being the premises shown on an ALTA/ACSM Land Title Surveys of Lot 5, Block 9990, Queens, New York, prepared by Vollmer Associates, dated February 15, 2000 and signed by Kenneth J. Stigner, L.S.

Together with the appurtenances and all the estate and rights in and to said premises.

Being the same premises conveyed to the Port Authority by David Oil Corp. by Indenture made November 3, 2000 recorded with the Office of the Register of Deeds, Queens County, November 29, 2000 at Reel 5732, Page 0424 *et seq.*, City Register Serial Number 113076

All bearings refer to The New York Coordinate System of 1983-96, Long Island Zone 3104.

DEMISED PREMISES
LA GUARDIA AIRPORT

All that certain plot, piece or parcel of land lying and being in the borough of Queens, City and State of New York bounded and described as follows:

Beginning at a point on the northerly line of the Grand Central Parkway, the coordinates of said point being South 28503.87 East 31015.83 and running thence;
(1) North 11°16'29" East a distance of 458.89' to a point; thence
(2) North 88°44'45" East a distance of 460.98' to a point; thence
(3) North 11°16'29" East a distance of 1100.00' to a point; thence
(4) North 18°29'24" East a distance of 20.77' to a point; thence
(5) South 86°41 '51" East a distance of 220.00' to a point; thence
(6) North 18°27'15" East a distance of 258.99' to a point; thence
(7) North 86°41'13" West a distance of 220.00' to a point; thence
(8) North 18°27'15" East a distance of 360.20' to a point; thence
(9) North 03°05'15" East a distance of 800.00' to a point; thence
(10) North 50°30'13" West a distance of 298.21' to a point; thence
(11) North 86°54'45" West a distance of 750.00' to a point; thence
(12) South 38°44'34" West a distance of 283.06' to a point; thence
(13) North 86°54'45" West a distance of 5408.51' to a point; thence
(14) South 51°18'36" West a distance of 4540.72' to a point; thence
(15) South 13°51 '22" West a distance of 1080.58' to a point; thence
(16) North 76°08'37" West a distance of 470.04' to a point; thence
(17) South 13°51 '22" West a distance of 870.00' to the northerly line of 19th Avenue; thence

along the northerly line of 19th Avenue (18) South 76°08'37" East a distance of 1075.04' to a point of curvature; thence
(19) along an arc curving to the left, having a radius of 681.03' a distance of 322.10' and a central angle of 27°05'56"; thence
(20) North 76°45'26" East a distance of 942.63' to the easterly line of 81st Street; thence
along the easterly line of 81st Street (21) South 36°54'45" East a distance of 1476.44' to a point of curvature; thence
(22) along an arc curving to the left, having a radius of 50.00' a distance of 51.23' and a central angle of 58°42'26" to a point of reverse curvature; thence
(23) along an arc curving to the right, having a radius of 165.00' a distance of 154.85' and a central angle of 53°46'14" to a point; thence
(24) South 41°50'57" East a distance of 505.03' to a point on a non tangent curve on the northerly line of the Grand Central Parkway; thence
along the northerly line of the Grand Central Parkway (25) along an arc curving to the left, having a radius of 6257.00' a distance of 484.45' and a central angle of 4°26'10" to a point on a non tangent curve; thence
(26) along an arc curving to the left, having a radius of 1369.23' a distance of 80.80' and a central angle of 3°22'52" to a point; thence
(27) North 41°05'55" East a distance of 292.89' to a point of curvature; thence
(28) along an arc curving to the left, having a radius of 6350.00' a distance of 808.80' and a central angle of 7°17'52" to a point of curvature; thence
(29) along an arc curving to the left, having a radius of 2179.45' a distance of 482.18' and a central angle of 12°40'34" to a point of reverse curvature; thence
(30) along an arc curving to the right, having a radius of 2705.00' a distance of 1154.97' and a central angle of 24°27'50" to a point; thence
(31) North 17°48'51" East a distance of 100.64' to a point on a non tangent curve; thence
(32) along an arc curving to the right, having a radius of 2743.00' a distance of 733.52' and a central angle of 15°19'18" to a point; thence
(33) North 65°09'17" East a distance of 414.40' to a point; thence
(34) North 73°19'26" East a distance of 194.16' to a point; thence
(35) North 72°17'26" East a distance of 655.31' to a point of curvature; thence
(36) along an arc curving to the right, having a radius of 2362.00' a distance of 813.92' and a central angle of 19°44'38" to a point of curvature; thence
(37) along an arc curving to the right, having a radius of 9711.30' a distance of 1147.99' and a central angle of 6°46'23" to a point of curvature; thence
(38) along an arc curving to the right, having a radius of 9711.30' a distance of 342.94' and a central angle of 2°01'24" to a point; thence
(39) South 68°45'22" East a distance of 685.00' to the point and place of beginning.

Containing 33,290,055.46 square feet or 764.23 acres.

The coordinates and bearings hereinabove mentioned refer to the 10th Avenue Meridian as established by the Topographical Bureau of the Borough of Queens, City of New York, grid North being 28°59'13.5" East of true north.

EXHIBIT-B1
AQUEDUCT PARCEL

FEE PARCEL

All that certain plot, piece or parcel of land lying and being in the borough of Queens, City and State of New York bounded and described as follows:

Commencing at a point on the northerly side of North Conduit Avenue, said point being the following courses and distances from the corner formed by the intersection of the northerly side of North Conduit Avenue and the westerly side of 114th Street (60 feet wide), South 59°31'52" West 298.32 feet, South 64°52'32" West 337.76 feet to a point of curvature; thence southwesterly along the northerly side of North Conduit Avenue as it curves having a radius of 1375.30 feet a distance of 19.97 feet to the true point or place of beginning; running thence
southwesterly along an arc curving to the right having a radius of 1375.30 feet a distance of 379.80 feet a central angle of 15°49'23" to a point of tangency; thence
the following courses and distances along the northerly side of North Conduit Avenue:
South 81°31'49" West 151.31 feet; thence
South 79e°25'12" West 149.59 feet; thence
South 80°38'48" West a distance of 0.82' feet to the easterly side of a bridge; thence
South 49°18'31" East a distance of 703.35' feet along a bridge that crosses over the Southern Parkway to the southerly line of the Southern Parkway; thence
South 76°26'23" West along the southerly line of the Southern Parkway a distance of 46.88' feet to the westerly side of the bridge; thence
North 49°18'31" East a distance of 707.83' feet along a bridge that crosses over the Southern Parkway to the northerly side of North Conduit Avenue; thence
along the northerly side of North Conduit Avenue, South 80°38'48" West a distance of 62.17' feet to the easterly side of the long island rail road; thence
the following courses and distances along the easterly side of the land of the long island rail road:
North 12°11'48" West 0.83 feet to a point; thence
North 49°16'48" West 33.17 feet to a point; thence
North 12°11'48" West 8.29 feet to a point; thence
North 49°16'48" West 1248.25 feet to a point; thence
North 45°49'23" West 165.84 feet to a point; thence
North 44°15'09" West 62.04 feet to a point; thence
North 44°15'09" West 17.86 feet to a point; thence
the following courses and distances:
North 45°44'51" East 24.11 feet to a point; thence
North 28°15'57" East 115.64 feet to a point; thence
North 72°38'36" East 386.70 feet to a point of curvature; thence
along an arc curving to the right, having a radius of 95.00 feet a distance of 107.33 feet and a central angle of 64°43'50" to a point of tangency; thence
South 42°37'34" East 54.55 feet
South 44°42'27" East 131.39 feet to a point of curvature; thence
along an arc curving to the left having a radius of 505.00 feet a distance of 51.31 feet and a central angle of 05°49'17" to a point of tangency; thence
South 50°31"44" East 46.47 feet to a point of curvature; thence
along an arc curving to the left having a radius of 115.00 feet a distance of 37.08 feet and a central angle of 15°59'03" to the point of tangency; thence
South 66°30"47" East 153.69 feet to a point of curvature; thence
along an arc curving to the left having a radius of 615.00 feet a distance of 354.73 feet and a central angle of 33°02'52" to a point of tangency; thence
North 80°26'21" East 280.00' feet to a point of curvature; thence
along an arc curving to the right having a radius of 129.00 feet a distance of 148.52 feet and a central angle of 66°00'33" to a point of compound curvature; thence

running along an arc curving to the right having a radius of 335.00 feet a distance of 141.07 feet and a central angle of 24°07'41" to a point of tangency; thence
South 09°25'24" East 228.54 feet; thence
South 10°02'30" East 180.75 feet to a point of curvature; thence
along an arc curving to the left having a radius of 130.00 feet a distance of 100.00 feet and a central angle of 44°04'25" to a point of compound curvature; thence
along an arc curving to the left having a radius of 154.00 feet a distance of 60.36 feet and a central angle of 22°27'30" to a non tangent point; thence
South 19°44'18" East 86.81 feet to the point or place of beginning.

Containing 1,131,352.78 square feet or 25.97 acres.

EASEMENT TO PORT AUTHORITY

All that certain plot, piece or parcel of land lying and being in the Borough of Queens, City and State of New York bounded and described as follows:

Commencing at a point on the northerly side of North Conduit Avenue, said point being the following courses and distances from the corner formed by the intersection of the northerly side of North Conduit Avenue and the westerly side of 114th street (60 feet wide), South 59°31'52" West 298.32 feet, South 64°52'32" West 337.76 feet to a point of curvature; thence southwesterly along the northerly side of North Conduit Avenue as it curves having a radius of 1375.30 feet a distance of 19.97 feet to the true point or place of beginning;

running thence southwesterly along an arc curving to the right having a radius of 1375.30 feet a distance of 156.31 feet and a central angle of 6°30'43" to a point; thence the following courses and distances:

North 01°28'49" West a distance of 153.78 feet to a point; thence
North 08°59'31" West a distance of 269.03 feet to a point; thence
North 09°25'24" West a distance of 228.45 feet to a point of curvature; thence
northwesterly along, an arc curving to the left having a radius of 310.00 feet a distance of 130.55 feet and a central angle of 24°07'41" to a point of compound curvature; thence
northwesterly along an arc curving to the left having a radius of 104.00 feet a distance of 119.82 feet a central angle of 66°00'33" to a point of tangency; thence
South 80°26'21" West a distance of 280.00 feet to a point of curvature; thence
northwesterly along an arc curving to the right having a radius of 640.00 feet a distance of 369.15 feet and a central angle of 33°02'52" to a point of tangency; thence
North 66°30'47" West a distance of 153.69 feet to a point of curvature; thence
northwesterly along an arc curving to the right having a radius of 140.00 feet a distance of 39.06 feet and a central angle of 15°59'03" to a point of tangency; thence
North 50°31'44" West a distance of 46.47 feet to a point of curvature; thence
northwesterly along an arc curving to the right having a radius of 530.00 feet a distance of 53.85 feet and a central angle of 5°49'17" to a point of tangency; thence
North 44°42'27" West a distance of 131.85 feet to a point; thence
North 42°37'34" West a distance of 55.00 feet to a point of curvature; thence
northwesterly along an arc curving to the left having a radius of 70.00 feet a distance of 57.62 feet and a central angle of 47°09'51" to a point; thence
South 00°12'35" West a distance of 20.27 feet to a point; thence
South 72°44'21" West a distance of 174.62 feet to a point; thence
North 17°21'24" West a distance of 22.30 feet to a point; thence
South 72°38'36" West a distance of 216.88 feet to a point; thence
South 28°15'57" West a distance of 85.50 feet to a point; thence
South 45°44'51" West a distance of 50.64 feet to a point; thence
North 44°15'09" West a distance of 17.86 feet to a point; thence

North 45°44'51" East a distance of 24.11 feet to a point; thence
North 28°15'57" East a distance of 115.64 feet to a point; thence
North 72°38'36" East a distance of 386.70 feet to a point of curvature; thence
southeasterly along an arc curving to the right having a radius of 95.00 feet a distance of 107.33 feet and a central angle of 64°43'50" to a point of tangency; thence
South 42°37'34" East a distance of 54.55 feet to a point; thence
South 44°42'27" East a distance of 131.39 feet to a point of curvature; thence
southeasterly along an arc curving to the left having a radius of 505.00 feet a distance of 51.31 feet and a central angle of 5°49'17" to a point of tangency; thence
South 50°31'44" East a distance of 46.47 feet to a point of curvature; thence
southeasterly along an arc curving to the left having a radius of 115.00 feet a distance of 32.08 feet and a central angle of 15°59'03" to a point of tangency; thence
South 66°30'47" East a distance of 153.69 feet to a point of curvature; thence
southeasterly along an arc curving to the left having a radius of 615.00 feet a distance of 354.73 feet and a central angle of 33°02'52" to a point of tangency; thence
North 80°26'21" East a distance of 280.00 feet to a point of curvature; thence
southeasterly along an arc curving to the right having a radius of 129.00 feet a distance of 148.62 feet and a central angle of 66°00'33" to a point of compound curvature; thence
southeasterly along an arc curving to the right having a radius of 335.00 feet a distance of 141.07 feet and a central angle of 24°07'41" to a point of tangency; thence
South 09°25'24" East a distance of 228.54 feet to a point; thence
South 10°02'30" East a distance of 180.75 feet to a point of curvature; thence
southeasterly along an arc curving to the left having a radius of 130.00 feet a distance of 100.00 feet a central angle of 44°04'25" to a point of compound curvature; thence
southeasterly along an arc curving to the left having a radius of 154.00 feet a distance of 60.36 feet and a central angle of22°27'30" to a non tangent point; thence
South 19°44'18" East a distance of 86.81 feet to the point or place of beginning.

Containing 85,005.33 square feet or 1.95 acres more or less.

EASEMENT TO NEW YORK RACING ASSOCIATION

All that certain plot, piece or parcel of land lying and being in the Borough of Queens, City and State of New York bounded and described as follows:

Commencing at a point on the northerly side of North Conduit Avenue, said point being the following courses and distances from the corner formed by the intersection of the northerly side of North Conduit Avenue and the westerly side of 114th Street (60 feet wide), South 59°31'52" West 298.32 feet, South 64°52'32" West 337.76 feet to a point of curvature; thence southwesterly along the northerly side of North Conduit Avenue as it curves having a radius of 1375.30 feet a distance of 176.28 feet to the true point or place of beginning; running thence
southwesterly along an arc curving to the right having a radius of 1375.30 feet a distance of 223.49 feet and a central angle of 9°18'39" to a point of tangency; thence
the following courses and distances along the northerly side of North Conduit Avenue:
South 81°31'49" West a distance of 151.31 feet; thence
South 79°25'12" West a distance of 149.59 feet; thence
South 80°38'48" West a distance of 112.62' feet to the easterly side of the Long Island Railroad; thence
the following courses and distances along the easterly side of the land of the Long Island Railroad:
North 12°11'48" West a distance of 0.83 feet to a point; thence
North 49°16'48" West a distance of 33.17 feet to a point; thence
North 12°11'48" West a distance of 8.29 feet to a point; thence
North 49°16'48" West a distance of 1248.25 feet to a point; thence

North 45°49'23" West a distance of 165.84 feet to a point; thence
North 44°15'09" West a distance of 62.04 feet to a point; thence
the following courses and distances:
North 45°44'51" East a distance of 50.64 feet to a point; thence
South 48°53'09" East a distance of 810.07 feet to a point; thence
South 46°14'53" East a distance of 322.84 feet to a point of curvature; thence
along an arc curving to the left having a radius of 94.00 feet a distance of 74.77 feet and a central angle of 45°34'28" to a point of reverse curvature; thence
along an arc curving to the right having a radius of 120.00 feet a distance of 82.10 feet and a central angle of 39°12'01" to a point of tangency; thence
South 54°37'16" East a distance of 260.00 feet to a point of curvature; thence
along an arc curving to the left having a radius of 94.00 feet a distance of 70.03 feet and a central angle of 42°40'59" to a point of tangency; thence
North 82°41'45" East a distance of 58.00 feet to a point; thence
North 80°29'41" East a distance of 291.24 feet to a point of curvature; thence
along an arc curving to the left having a radius of 120.00 feet a distance of 171.69 feet and a central angle of 81°58'32" to a non tangent point; thence
South 1°28'46" East a distance of 138.09 feet to the point or place of beginning.

Containing 142,726.26 square feet or 3.28 acres more or less.

AQUEDUCT BRIDGE

Commencing at a point on the easterly right of way line of the Long Island Railroad where it intersects the southerly line of the Southern Parkway, said line also being the northerly line of John F. Kennedy International Airport, running along the last mentioned line North 76°26'23" East a distance of 15.00 feet to the westerly line of a bridge and the true point and place of beginning; running thence
North 49°18'31" West a distance of 707.83' feet along the westerly line of a bridge that crosses over the Southern Parkway to the northerly side of North Conduit Avenue; thence
North 80°38'48" West a distance of 50.47 feet along the northerly side of North Conduit Avenue to the easterly side of the bridge; thence
South 49°18'31" East a distance of 703.35' feet along the easterly side of the bridge that crosses over the Southern Parkway to the southerly line of the Southern Parkway; thence
South 76°26'23" West along the southerly line of the Southern Parkway a distance of 46.88' feet to the westerly side of the bridge and the true point or place of beginning.

Having a lower limiting plane at the bottom of the lowest element of the highway bridge and appurtenances, together with: columns, piers, walls, trusses, footings and abutments, if any, necessary for the support of such bridge and no upper limiting plane.

EXHIBIT B-2
BOWERY BAY PARCEL

All that certain plot, piece or parcel of land situate lying and being in the borough and county of Queens, in the City and State of New York, more particularly bounded and described as follows:

Beginning at a point which is the intersection of the easterly line of 45th Street and the northerly line of 19th Avenue the coordinates of which are South 29878.17 East 21002.59 running thence in an easterly direction along the northerly line of 19th Avenue South 76°08'37" East a distance of 1075.04' to a point of curvature; thence along an arc having a radius of 681.03' feet curving to the left a distance of 322.11' feet a total angle of 27°05'57" to a point; continuing thence along the northerly line of 19th Avenue North 76°45'26" East a distance of 942.64' to the lands of La Guardia Airport and also the easterly line of 81st Street; thence in a northerly direction through the lands of La Guardia Airport, North 36°54'45" West a distance of 153.82' thence continuing still through the lands of La Guardia Airport in an easterly direction North 53°05'15" East a distance of 1520.00'; thence in a northerly direction still through the lands of La Guardia Airport North, 36°54'45" West a distance of 2166.75' to the Rikers Island Channel; thence South 51°18'36" West a distance of 1509.89'; thence South 13°51'22" West a distance of 1080.58'; North 76°08'35" West a distance of 470.04'; thence South 13°51'22" West a distance of 870.01' to the point and place of beginning.

Containing 5,557,063.55 square feet or 127.57 acres.

The coordinates and bearings hereinabove mentioned refer to the 10th Avenue Meridian as established by the Topographical Bureau of the Borough of Queens, City of New York, grid North being 28°59'13.5" east of true north.

EXHIBIT B-3
EXISTING HORIZONTAL SURFACE, CONICAL SURFACE, PRIMARY SURFACE, APPROACH SURFACE AND TRANSITIONAL SURFACE

JOHN F. KENNEDY AIRPORT

RUNWAY PROTECTION ZONE AT RUNWAY 13 RIGHT / 31 LEFT
Beginning at a point on the centerline extended of runway 13 right / 31 left distant 200 feet West of the end of said runway, the coordinates of which are South 59877.98 East 62708.22; running thence
1. South 1°39'00" West a distance 500.00 feet to a point; thence
2. South 83°07'09" West a distance 2527.97 feet to a point; thence
3. North 1°39'00" East a distance of 1750.00 feet to a point; thence
4. South 79°49'09" East a distance of 2527.97 feet to a point; thence
5. South 1°39'00" West a distance of 500.00 feet to the point or place of beginning.

RUNWAY PROTECTION ZONE AT RUNWAY 31 LEFT / 13 RIGHT
Beginning at a point on the centerline extended of runway 13 right/ 31 left distant 200 feet East of the end of said runway, the coordinates of which are South 60310.04 East 77707.13; running thence
1. North 1°39'00" East a distance of 500.00 feet to a point; thence
2. North 83°07'09" East a distance of 2527.97 feet to a point; thence
3. South 1°39'00" West a distance of 1750.00 feet to a point; thence
4. North 79°49'09" West a distance of 2527.97 feet to a point; thence
5. North 1°39'00" East a distance of 500.00 feet to the point or place of beginning.

RUNWAY PROTECTION ZONE AT RUNWAY 4 LEFT / 22 RIGHT
Beginning at a point on the centerline extended of runway 4 left / 22 right distant 200 feet South of the end of said runway, the coordinates of which are South 64277.61 East 75151.88; running thence
1. South 88°21'00" East a distance of 500.00 feet to a point; thence
2. South 06°52'51" East a distance of 2527.97 feet to a point; thence
3. North 88°21'00" West a distance 1750.00 feet to a point; thence
4. North 10°10'51" East a distance of 2527.97 feet to a point; thence
5. South 88°21'00" East a distance of 500.00 feet to the point or place of beginning.

RUNWAY PROTECTION ZONE AT RUNWAY 22 RIGHT / 4 LEFT
Beginning at a point on the centerline extended of runway 22 right / 4 left distant 200 feet North of the end of said runway, the coordinates of which are South 52521.30 East 75490.53; running thence
1. North 88°21'00" West a distance 500.00 feet to a point; thence
2. North 6°52'51" West a distance 2527.97 feet to a point; thence
3. South 88°21'00" East a distance of 1750.00 feet to a point; thence
4. South 10°10'51" West a distance 2527.97 feet to a point; thence
5. North 88°21'00" West a distance 500.00 feet to the point or place of beginning.

RUNWAY PROTECTION ZONE AT RUNWAY 4 RIGHT / 22 LEFT
Beginning at a point on the centerline extended of runway 4 right / 22 left distant 200 feet South of the end of said runway, the coordinates of which are South 61124.30 East 78246.21; running thence
1. South 88°21'00" East a distance of 500.00 feet to a point; thence
2. South 6°52'51" East a distance of 2527.97 feet to a point; thence
3. North 88°21'00" West a distance 1750.00 feet to a point; thence
4. North 10°10'51" East a distance of 2527.97 feet to a point; thence
5. South 88°21'00" East a distance of 500.00 feet to the point or place of beginning.

RUNWAY PROTECTION ZONE AT RUNWAY 22 LEFT / 4 RIGHT
Beginning at a point on the centerline extended of runway 22 left / 4 right distant 200 feet North of the end of said runway, the coordinates of which are South 52327.86 East 78499.60; running thence
1. North 88°21'00" West a distance 500.00 feet to a point; thence
2. North 6°52'51" West a distance 2527.97 feet to a point; thence
3. South 88°21'00" East a distance of 1750.00 feet to a point; thence
4. South 10°10'51" West a distance 2527.97 feet to a point; thence
5. North 88°21'00" West a distance 500.00 feet to the point or place of beginning.

RUNWAY PROTECTION ZONE AT RUNWAY 13 LEFT / 31 RIGHT
Beginning at a point on the centerline extended of runway 13 left / 31 right distant 200 feet West of the end of said runway, the coordinates of which are South 53310.29 East 67495.51; running thence
1. South 1°39'00" West a distance 500.00 feet to a point; thence
2. South 83°07'09" West a distance 2527.97 feet to a point; thence
3. North 1°39'00" East a distance of 1750.00 feet to a point; thence
4. South 79°49'09" East a distance of 2527.97 feet to a point; thence
5. South 1°39'00" West a distance 500.00 feet to the point or place of beginning.

RUNWAY PROTECTION ZONE AT RUNWAY 31 RIGHT / 13 LEFT
Beginning at a point on the centerline extended of runway 31 right / 13 left distant 200 feet East of the end of said runway, the coordinates of which are South 53609.74 East 77890.87; running thence
1. North 1°39'00" East a distance of 500.00 feet to a point; thence
2. North 83°07'09" East a distance of 2527.97 feet to a point; thence
3. South 1°39'00" West a distance 1750.00 feet to a point; thence
4. North 79°49'09" West a distance 2527.97 feet to a point; thence
5. North 1°39'00" East a distance of 500.00 feet to the point or place of beginning.

MIDDLE MARKER PARCEL

Beginning at a point in the prolongation southwardly of the center line of proposed runway 'v' of New York International Airport, distant South 1°39' West 3475.00 feet thereon from the southerly end of said runway, the coordinates of said point being South 64,396.89, East 78,149.69 an running thence (1) South 88°21' east, 50.00 feet to a point, the coordinates of said point being South 64,398.33, East 78,199.67; thence (2) South 1°39' west, parallel with said center line of runway prolonged, distant 50.00 feet southeastwardly therefrom, measured at right angles thereto, 100.00 feet to a point, the coordinates of said point being South 64,498.29, East 78,196.79; thence (3) North 88°21' west, 100.00 feet to a point, the coordinates of said point being South 64,495.41, East 78,096.83; thence (4) North 1°39' east, parallel with said center line

of runway prolonged, distant 50.00 feet northwestwardly therefrom, measured at right angles thereto, 100.00 feet to a point, the coordinates of said point being South 64,395.45, East 78,099.71; thence (5) South 88°21' east, 50.00 feet to the point and place of beginning, the area whereof is 0.23 acres more or less.

La Guardia AIRPORT

RUNWAY PROTECTION ZONE AT RUNWAY 31/13
Beginning at a point on the centerline extended of Runway 31/13 distant 200 feet east of the end of said runway, the coordinates of which are South 25944.04 East 31450.26; running thence

1. North 03-05'14" East a distance of 500.00 feet to a point; thence
2. North 84-33'24" East a distance of 2527.97 feet to a point; thence
3. South 03-05'14" West a distance of 1750.00 feet to a point; thence
4. North 78-22'55" West a distance of 2527.97 feet to a point; thence
5. North 03-05'14" East a distance of 500.00 feet to the point or place of beginning.

RUNWAY PROTECTION ZONE AT RUNWAY 13/31
Beginning at a point on the centerline extended of Runway 13/31 distant 200 feet west of the end of said runway, the coordinates of which are South 25545.42 East 24059.68; running thence

1. South 03-05'14" West a distance of 500.00 feet to a point; thence
2. South 84-33'24" West a distance of 2527.97 feet to a point; thence
3. North 03-05'14" East a distance of 1750.00 feet to a point; thence
4. South 78-22'55" East a distance of 2527.97 feet to a point; thence
5. South 03-05'14" West a distance of 500.00 feet to the point or place of beginning.

RUNWAY PROTECTION ZONE AT RUNWAY 4/22
Beginning at a point on the centerline extended of Runway 4/22 distant 200 feet south of the end of said runway, the coordinates of which are South 30491.60 East 25225.58; running thence

1. South 86-54'45" East a distance of 500.00 feet to a point; thence
2. South 05-26'35" East a distance of 2527.97 feet to a point; thence
3. North 86-54'45" West a distance of 1750.00 feet to a point; thence
4. North 11-37'06" East a distance of 2527.97 feet to a point; thence
5. South 86-54'45" East a distance of 500.00 feet to the point or place of beginning.

RUNWAY PROTECTION ZONE AT RUNWAY 22/4
Beginning at a point on the centerline extended of Runway 22/4 distant 200 feet north of the end of said runway, the coordinates of which are South 23300.77 East 25613.46; running thence

1. North 86-54'45" West a distance of 500.00 feet to a point; thence
2. North 05-26'35" West a distance of 2527.97 feet to a point; thence
3. South 86-54'45" East a distance of 1750.00 feet to a point; thence
4. South 11-37'06" West a distance of 2527.97 feet to a point; thence
5. North 86-54'45" West a distance of 500.00 feet to the point or place of beginning.

EXHIBIT B-4
AVIGATIONAL EASEMENT AREAS

LA GUARDIA AIRPORT – LA GUARDIA AVIGATIONAL EASEMENTAREAS
PARCEL A1

Beginning at a point which is the intersection of the easterly line of 78th Street (60.00 feet wide) with the southerly line of 25th Avenue (70.00 feet wide) and running thence (1) eastwardly, along said southerly line of 25th Avenue, 200.00 feet to the westerly line of 79th Street (60.00 feet wide); thence (2) southwardly, along said westerly line of 79th Street, at right angles to the preceding course, 192.82 feet to a point distant 100.00 feet southeastwardly from the center line prolonged of runway 4-22 of La Guardia Airport, measured at right angles thereto; thence (3) southwardly, parallel with said center line of runway, distant 100.00 feet southeastwardly therefrom, measured at right angles thereto and along a line which makes an interior angle of 139°59'20" with the preceding course, 155.54 feet to the westerly line of lands acquired by the Port of New York Authority in a condemnation proceeding vesting title on June 6, 1956 and a point in the center line of the block; thence (4) northwardly, along said westerly line of lands condemned as aforesaid, along said center line of block and along a line which makes an interior angle of 40°00'40' 'with the preceding course 170.59 feet to the southerly line of lands conveyed by Arde Bulova to the Port of New York Authority by deed dated May 18, 1956 and recorded on May 21,1956 in the register's office of Queens county in liber 6876 of deeds at page 531 therein; thence (5) westwardly, along said southerly line of lands conveyed by Arde Bulova as aforesaid and along a line which makes an interior angle of 282°44'40 "with the preceding course, 51.28 feet; thence (6) westwardly, continuing along said southerly line of lands conveyed by Arde Bulova and along a line which makes an interior angle of 183°19'20" with the preceding course 52.02 feet to said easterly line of 78th Street; thence (7) northwardly along said easterly line of 78th Street and along a line which makes an interior angle of 73°56'00" with the preceding course, at right angle to said southerly line of 25th Avenue, 167.08 feet to the point and place of beginning.

Being the premises known as lot 1 and part of lot 14 in block 1055, section 7 of the tax map of the City for the Borough of Queens.

PARCEL A2

Beginning at a point which is the intersection of the easterly line of 79th Street (60.00 feet wide) with the southerly line of 25th Avenue (70.00 feet wide) and running thence (1) eastwardly along said southerly line of 25th Avenue, at right angles to said easterly line of 79th Street, 101.86 feet to a point distant 100.00 feet southeastwardly from the center line prolonged of runway 4-22 of La Guardia Airport, measured at right angles thereto; thence (2) southwestwardly, parallel with said center line of runway, distant 100.00 feet southeastwardly therefrom, measured at right angles thereto along the easterly line of lands acquired by the Port of New York Authority in a condemnation proceeding vesting title on June 6, 1956 and along a line which makes an interior angle of 49°59'20" with the preceding course, 158.43 feet to said easterly line of 79th Street; thence (3) northwardly, along said easterly line of 79th Street and along a line which makes an interior angle of 40°00'40" with the preceding course, 121.34 feet to the point and place of beginning.

Being the premises known as part of lot 1 and part of lot 11, in block 1056, section 7 of the tax map of the City for the Borough of Queens.

PARCEL A3

Beginning at a point which is the intersection of the northerly line of 25th Avenue (70.00 feet wide) with the easterly line of 79th Street (60.00 feet wide) and running thence (1) northwardly, along said easterly line of 79th Street, at right angles to said northerly line of 25th Avenue, 450.00 feet to the northerly line of lands conveyed by Arde Bulova to the Port of New York Authority by deed dated July 2, 1956 and recorded on July 9, 1956 in the register's office of Queens county in liber 6891 of deeds at page 645 therein; thence (2) eastwardly, at right angles to the preceding course and along said northerly line of lands conveyed by Arde Bulova as aforesaid, 53.75 feet to the easterly line of lands conveyed by Arde Bulova as aforesaid; thence (3) southwardly, along said easterly line of lands conveyed by Arde Bulova as aforesaid and along a line which makes an interior angle of 112°46'03" with the preceding course, 108.45 feet to the northerly line of lands conveyed by Clara Maurer to the Port of New York Authority by deed dated June 12, 1956 and recorded on June 12, 1956 in the register's office of Queens county in liber 6883 of deeds at page 632 therein; thence (4) eastwardly, along said northerly line of lands conveyed by Clara Maurer as aforesaid and along a line which makes an interior angle of 247°13'57" with the preceding course, 104.28 feet to the westerly line of 80th Street (60.00 feet wide); thence (5) southwardly, along said westerly line of 80th Street, at right angles to the preceding course, 350.00 feet to the corner formed by the intersection of said westerly line of 80th Street with said northerly line of 25th Avenue; thence (6) westwardly, along said northerly line of 25th Avenue, at right angles to the preceding course, 200.00 feet to the point and place of beginning.

Being the premises known as lots 18, 20, 22, 24 and part of 32, in block 1043, section 7 of the tax map of the City for the Borough of Queens.

PARCEL A4

Beginning at a point in the easterly line of 80th Street (60.00 feet wide) distant 125.00 feet northwardly thereon from the corner formed by the intersection of said easterly line of 80th Street with the northerly line of 25th Avenue (70.00 feet wide) said point lying in the southerly line of lands conveyed by John & Christine Harvan to the Port of New York Authority by deed dated June 14, 1956 and recorded in the register's office of Queens county on June 15, 1956 in liber 6884 of deeds at page 528 therein and running thence (1) northwardly, along said easterly line of 80th Street, 375.00 feet to the northerly flue of lands conveyed by Wilhelmina Kobryn to the Port of New York Authority by deed dated July 10, 1956 and recorded in the register's office of Queens county on July 12, 1956 in liber 6892 of deeds at page 627 therein; thence (2) eastwardly, along said northerly line of lands conveyed by Wilhelmina Kobryn as aforesaid, 100.00 feet to the westerly line of lands acquired by the Port of New York Authority in condemnation proceeding in which title vested on June 6, 1956; thence (3) northwardly, along said westerly line of lands acquired as aforesaid, 100.00 feet to the southerly line of 24th Avenue (70.00 feet wide); thence (4) eastwardly, along said southerly line of 24th Avenue, 100.00 feet to the corner formed, by the intersection of said southerly line of 24th Avenue with the westerly line of 81st Street (60.00 feet wide); thence (5) southwardly, along said westerly line of 81st Street, 325.00 feet to the southerly line of lands conveyed by Ellen Shelby to the Port of New York Authority by deed dated June 27, 1956 and recorded in the register's office of Queens county on June 28, 1956 in liber 6888 of deeds at page 231 therein; thence (6) westwardly, along said southerly line of lauds conveyed by Ellen Shelby aforesaid, 100.00 feet to the center line of the block and a point in the easterly line of lands conveyed by Joseph Somma to the Port of New York Authority by deed dated February 8, 1956 and recorded in the register's office on February 9, 1956 in liber 6849 of deeds at page 454 therein; thence (7) southwardly, along said center line of block and along said easterly line of lands conveyed by Joseph Somma as aforesaid, along the easterly line of lands conveyed by George & Rose Strnad by deed dated July 23, 1956 and recorded on July 30, 1956 in the register's office of Queens county by torrens certificate numbered 189, along the easterly line of lands acquired by the Port of New York Authority in condemnation proceedings in which title vested on June 6, 1956, along the easterly line of lands

conveyed by John & Christine Harvan as aforesaid, 150.00 feet to said southerly line of lands conveyed by John & Christine Harvan; thence (8) westwardly, along said southerly line of lands conveyed by John & Christine Harvan as aforesaid, 100.00 feet to the point and place of beginning.

Being the premises known as lots 6, 9, 11, 14, 16, 20, 43,45, 46, 48, 49, 50, 51, 52, 53, 54, 56, 57 and 59 in block 1044, section 7 of the tax map of the City for the Borough of Queens.

PARCEL A5

Beginning at a point which is the intersection of the southerly line of 24th Avenue (70.00 feet wide) with the easterly line of 81st Street (60.00 feet wide) and running thence (1) eastwardly, along said southerly line of 24th Avenue, 125.00 feet to the easterly line of lands acquired by the Port of New York Authority in a condemnation proceeding in which title vested on June 6, 1956; thence (2) southwardly along said easterly line of lands acquired as aforesaid, 100.00 feet to a southerly line of lands acquired as aforesaid; thence (3) westwardly, along said southerly line of lands acquired as aforesaid, 25.00 feet to the center line of the block and another easterly line of lands acquired by condemnation as aforesaid; thence (4) southwardly, along said lands acquired by condemnation and along the easterly line of lands conveyed by Andrew Haurylak by deed dated September 28, 1956 and recorded in the register's office of Queens county on September 28, 1956 in liber 6916 at page 83 therein, 75.00 feet to the southerly line of lands conveyed by Andrew Haurylak aforesaid; thence (5) westwardly, along said southerly line of lands conveyed by Andrew Haurylak,100.00 feet to said easterly line of 81st Street; thence (6) northwardly, along said easterly line of 81st Street, 175.00 feet to the point and place of beginning.

Being the premises known as lots 1, 2, 3, 4, 57, 58 and 59, in block 1045, section 7 of the tax map of the City for the Borough of Queens.

PARCEL A6

Beginning at a point which is the intersection of the westerly line of 82rid Street (60.00 feet wide) with the northerly line of Astoria Boulevard (130.00 feet wide) and running thence (1) westwardly, along said northerly line of Astoria Boulevard, 99.31 feet to the westerly line of lands conveyed by Stephen, Electra, George and Eftalia Milonas to the Port of New York Authority by deed dated February 1, 1957 and recorded in the register's office of Queens county on February 5, 1957 in liber 6950 of deeds at page 112 therein; thence (2) northwardly, along said westerly line of lands conveyed as aforesaid and along the westerly line of lands acquired by the Port of New York Authority by condemnation in a proceeding vesting title on June 6, 1956, 58.01 feet to the northerly line of lands acquired by condemnation as aforesaid; thence (3) eastwardly, along said northerly line of lands acquired by condemnation as aforesaid, 25.00 feet to the westerly line of lands conveyed by Caroline Dupree to the Port of New York Authority by deed dated August 29, 1956 and recorded in the register's office of Queens county on August 31, 1956 in liber 6907 at page 458 therein; thence (4) northwardly, along said westerly line of lands conveyed by Caroline Dupree as aforesaid, 75.00 feet to the northerly line of lands so conveyed by Caroline Dupree; thence (5) eastwardly, along said northerly line of lands conveyed by Caroline Dupree as aforesaid, 47.04 feet to said westerly line of 82nd Street; thence (6) southwardly along said westerly line of 82nd Street, 179.70 feet to the point and place of beginning.

Being the premises known as lots 30, 33, and 40, in block 1034, section 7 of the tax map of the City for the Borough of Queens.

Excepting so much as was taken for the widenings of Astoria Blvd. & 82nd St.

PARCEL A7

Beginning at a point which is the intersection of the easterly line of 81st Street with the southerly line of Grand Central Parkway as now in use and running thence eastwardly along an arc curving to the left having a radius of 294.00 feet a distance of 45.89 feet and a central angle of 8°56'36" to a point of compound curvatures; thence along arc curving to the left having a radius of 356.00 feet a distance of 77.82 feet and a central angle of 12°31'28" to the westerly line of 82nd Street thence southwardly, along said westerly line of 82nd Street south 44°02'43" east a distance of 146.11 feet to a point; thence westwardly, south 53°05'15" west a distance of 40.78' to a point; thence northwardly north36°54'45" west a distance of 45.98' to a point; thence westwardly south 53°37'33" west a distance of 100.00' to the easterly line of 81st Street; thence northwardly along the easterly line of 81st Street north 36°54'45" west a distance of 112.59 feet to the point and place of beginning.

Being the premises known as lot 1 in block 1034, section 7 of the tax map of the City for the Borough of Queens.

PARCEL A8

Beginning at a point which is the intersection of the easterly line of 82nd Street with the northerly line of Astoria Boulevard and running thence (1) northwardly, along said easterly line of 82nd Street, north 44 degrees 02 minutes 43.5 seconds west a distance of 415.70 feet to the southerly line of Ditmars Boulevard; thence (2) eastwardly along said southerly line of Ditmars Boulevard, north 45 degrees 29 minutes 41 seconds east, a distance of 239.97 feet to the westerly line of 83rd Street; thence (3) southwardly, along said westerly line of 83rd Street, south 36 degrees 54 minutes 45 seconds east a distance of 311.95 feet to a point; thence (4) westwardly, south 53 degrees 05 minutes 15 seconds west a distance of 107.29 feet to a point; thence (5) south 45 degrees 49 minutes 18 seconds east a distance of 173.89 feet to said northerly line of Astoria Boulevard, thence (6) westwardly along said northerly line of Astoria Boulevard south 73 degrees 34 minutes seven seconds west a distance of 113.04 feet to the point and place of beginning.

Being the premises known as lots 24, 26, 27, 28, 29, 32, 43, 46, 49, 50, 51, 53, 55 and 59 in block 1077, section 7 of the tax map of the City for the Borough of Queens.

PARCEL A9

Beginning at a point which is the intersection of the easterly line of 83rd Street with the southerly line of Ditmars Boulevard running along said southerly line of Ditmars Boulevard north 45 degrees 29 minutes 41 seconds east a distance of 464.07 feet to the westerly line of 85th Street; thence along the westerly side of 85th Street south 36 degrees 54 minutes 45 seconds east 214.89 feet to a point; thence south 53 degrees 05 minutes 15 seconds west a distance of 360.00 feet to a point; thence south 36 degrees 54 minutes 45 seconds east a distance of 41.38 feet to a point; thence south 53 degrees 05 minutes 15 seconds west a distance of 100.00 feet to a point on the easterly side of 83rd Street; thence northerly along the easterly side of 83rd Street, north 36 degrees 54 minutes 45 seconds west a distance of 194.95 feet to the point and place of beginning.

Being the premises known as lots 60 and 62, in block 1078, section 7 of the tax map of the City for the Borough of Queens.

PARCEL A10

All those lots, pieces or parcels of land, with the buildings and improvements, if any, thereon, situate, lying and belong in the borough and county of Queens, City and State of New York, known and designated on a certain map entitled "Map of Property Belonging to Valentine Klein, situate in the 2nd ward of the Borough of Queens, New York City surveyed September 1919, by Walter I. Browne, C.E. & C.S.", and filed or intended to be filed in the office of the clerk of the county of Queens as and by the lots #25 and 26, which said lots according to said map are bounded and described as follows:

Beginning at a point on the westerly side of 82nd Street (formerly 25th Street) distant northerly 299.35 feet from the corner formed by the intersection of the westerly side of 82nd Street and the northeasterly side of Astoria Boulevard (formerly Astoria Avenue); running thence westerly and at right angles to said 82nd Street, 100 feet; thence northerly and parallel with said 82nd Street, 45.98 feet to lands now or formerly of the estate of Garrett Kowenhoven, deceased; thence easterly along said lands 100 feet to the westerly side of 82nd Street, thence southerly along the westerly side of 82nd Street a distance of 45.98 feet to the point or place of beginning.

Being the premises also known and designated as and by the lot #25, block 1034 of section 7 as shown on the tax map of the county of Queens.

PARCEL A11

All that certain plot, piece or parcel of lands with the buildings and improvements thereon erected, situate, known on a certain map entitled, "map of property belonging to Valentine Klein", situate in the 2nd ward, borough of Queens, New York City, surveyed September 1919 by Walter I. Browne, C.E. & C.S., and filed in the Queens county office 11/11/1919, as and by lots nos. 34 and 35, which said lots with reference to said map are more particularly bounded and described as follows:

Beginning at the corner formed by the intersection of the northeasterly side of Astoria Boulevard with the easterly side of 81st street; thence running northerly along said easterly side of 81st street, 30.00 feet to a point; thence easterly, at right angles 50 feet to a point; thence southerly and parallel with said 81st street a distance of 48.67 feet to a point on the northerly line of Astoria Boulevard; thence westerly along said northerly side of Astoria Boulevard a distance of 53.37 feet to the point or place of beginning.

JOHN F. KENNEDY INTERNATIONAL AIRPORT
JFK AVIGATIONAL EASEMENT AREAS

PARCEL 8A

All that certain plot, piece or parcel of land, with the buildings and improvements thereon, situate in the borough and county of Queens, City and State of New York, bounded and described as follows: Beginning at a point distant 55.63 feet northwesterly from the corner of a park formed by the intersection of International Airport Center Boulevard (formerly Rockaway Boulevard) with the Nassau Expressway as mapped by the City of New York, borough of Queens topographical bureau on map no. 4954, the coordinates of said point being South 50816.36 East 74747.66; running thence

North 06°07'43" West a distance of 1580.00 feet to a point; thence
North 69°23'24" East a distance of 132.00 feet to a point; thence
South 33°17'26" East a distance of 10.00 feet to a point; thence
North 69°23'24" East a distance of 260.00 feet to a point; thence
North 20°33'29" West a distance of 6.00 feet to a point; thence

North 78°00'59" East a distance of 518.00 feet to a point; thence
South 03°26'28" East a distance of 22.00 feet to a point; thence
North 87°25'48" East a distance of 220.00 feet to a point; thence
South 02°34'12" East a distance of 78.00 feet to a point; thence
North 87°25'48" East a distance of 130.00 feet to a point; thence
South 02°34'12" East a distance of 120.00 feet to a point; thence
North 73°02'49" East a distance of 660.00 feet to a point; thence
South 02°57'27" East a distance of 1368.87 feet to a point on a non tangent curve; thence
along an arc curving to the left having a radius of 5934.00 feet a distance of 143.35 feet and a central angle of 1°23'03" to a non tangent point; thence
South 10°10'51" West a distance of 635.24 feet to a point on the northerly side of International Airport Center Boulevard; thence
along International Airport Center Boulevard North 82°24'03" West a distance of 1528.34 feet to the point or place of beginning.

Containing 3,236,272.42 square feet or 74.29 acres more or less.

PARCEL 8B

All that certain plot, piece or parcel of land, with the buildings and improvements thereon, situate in the borough and county of Queens, City and State of New York, bounded and described as follows: Beginning at a point which is the intersection of the extension of the centerline of 215th Street (60 foot width) as shown on the "map of Jamaica Gardens south, 4th ward, borough of Queens, New York city" surveyed Feb. 1, 1924 by Evans Bros., and filed as map #4507 in the register's office, Queens county, with the extension of the center line of 149th Avenue (80 foot width) as shown on said map of Jamaica Gardens south, the coordinates of said point being South 49370.15 East 77527.85; and running thence (1) southwardly, along said center line of 215th Street and the extension thereof South 02°55'44" East a distance of 1045.80 to a point on a non tangent curve; thence
along an arc curving to the right having a radius of 5880.00 feet a distance of 192.62 feet and a central angle of 1°52'37"to a point; thence
South 06°52'51" East a distance of 796.00 feet to a point on the northerly side of International Airport Center Boulevard (formerly Rockaway Boulevard); thence
easterly along the northerly side of International Airport Center Boulevard South 82°24'03" East a distance of 1603.02 feet to a point; thence
North 02°55'44" West a distance of 1370.00 feet to a point; thence
North 87°04'16" East a distance of 265.00 feet to a point; thence
North 02°55'44" West a distance of 424.19 feet to a point on a curve on the westerly side of Brookville Boulevard; thence
northerly on the westerly side of Brookville Boulevard along an arc curving to the left having a radius of 300.00 feet a distance of 92.24 feet and a central angle of 17°37'02" to a point of tangency; thence
North 55°57'07" West a distance of 134.20 feet to a point of curvature; thence
along an arc curving to the right having a radius of 565.39 feet a distance of 276.95 feet and a central angle of 28l°03'57" to a point of tangency; thence
North 27°53'10" West a distance of 270.47 feet to a point; thence
South 64°13'58" West a distance of 589.70 feet to a point; thence
South 87°04'16" West a distance of 1083.44 feet to the point or place of beginning.

Containing 3,683,144.82 square feet or 84.55 acres more or less.

Parcels 8A and 8B Subject to and subordinate to the rights to use the following parcels for street or highway purposes, more particularly described as follows:

PARCEL 8A
Nassau Expressway Right of Way

All that certain plot, piece or parcel of land, situate in the Borough and County of Queens, City and State of New York, bounded and described as follows:

Beginning at a point distant 55.63 feet northwesterly from the corner of a park formed by the intersection of International Airport Center Boulevard (formerly Rockaway Boulevard) with the Nassau Expressway as mapped by the City of New York, borough of Queens topographical bureau on map no. 4954, the coordinates of said point being South 50816.36 East 74747.66;
Running thence, North 06°07'43" West a distance of 506.92 feet to a point on a non tangent curve; thence along an arc curving to the right having a radius of 4847.00 feet a distance of 1876.62 feet and a central angle of 22°11'00" to a point; thence South 02°57'27" East a distance of 194.09 feet to a point on a non tanget curve; thence along an arc curving to the left having a radius of 4653.00 feet a distance of 1447.40 feet and a central angle of 17°49'22" to a non tangent point; thence South 22°48'25" East a distance of 241.53 feet to a point; thence South 79°08'27" West a distance of 384.98 feet to a point; thence North 03°04'25" West a distance of 189.19 feet to a point; thence North 82°24'03" West a distance of 55.63 feet to the point and place of beginning.

Containing 458,799.72 square feet or 10.53 acres more or less.

PARCEL 8B
Nassau Expressway Right of Way

All that certain plot, piece or parcel of land, situate in the Borough and County of Queens, City and State of New York, bounded and described as follows:

Beginning at a point on the easterly line of Parcel 8B distant northerly 964.59 feet from the intersection of International Airport Center Boulevard (formerly Rockaway Boulevard) and said easterly line of Parcel 8B, the coordinates of said point being South 50481.21 East 79406.91;
Running thence, North 02°55'44" West a distance of 223.85' to a point on a non tangent curve; thence along an arc curving to the left having a radius of 6847.00 feet a distance of 1902.29 feet and a central angle of 15°55'06" to a point; thence
South 02°55'44" East a distance of 196.14 feet to a point on a non tangent curve; thence along an arc curving to the right having a radius of 6653.00 feet a distance of 1538.97 feet and a central angle of 13°15'13" to a point of compound curvature; thence along an arc curving to the right having a radius of 3500.00 feet a distance of 373.06 feet and a central angle of 6°06'26" to the point or place and place of beginning.

Containing 370,706.17 square feet or 8.51 acres more or less.

PARCEL 8C
All that certain plot, piece or parcel of land, situate in the Borough and County of Queens, City and State of New York, bounded and described as follows:

Beginning at a point on the easterly line of Parcel 8B distant northerly 404.64 feet from the intersection of International Airport Center Boulevard (formerly Rockaway Boulevard) and said easterly line of Parcel 8B, the coordinates of said point being South 51040.46 East 79434.94;

Running thence;
North 30°18'16" East a distance of 158.55' feet to a point; thence
North 83°05'40" West a distance of 87.60' feet to the easterly line of Parcel 8B; thence
South 02°42'14" East a distance of 147.58' feet to the point and place of beginning.

Containing 6,373.49 square feet or 0.15 acres more or less.

PARCEL 9
JOHN F. KENNEDY INTERNATIONAL AIRPORT
PUBLIC PLACE EASEMENT AREA

The right to install or permit the installation by the federal aviation agency of aids to avigation in and upon the following described strip of property:
All that certain plot, piece or parcel of land situate and being, in the borough and county of Queens, City and State of New York, more particularly bounded and described as follows:'b055 place of a parcel of land 400 feet wide and approximately 2300 feet long being 200 feet on each side of a center line drawn between points a and b, more particularly described as follows:

Point A: Being the point of intersection of the easterly line of Brookville Boulevard with the westerly line of Public Place as shown on map 4445 approved by the board of estimate August 25, 1966. The coordinates of said point having the values of South 50073.247 and East 80011.861.

Point B: Being a point in the westerly line of Huxley Street distant 310.00 feet northerly thereon from the intersection of said westerly line of Huxley Street with the northerly line of Hook Creek Basin as shown on map 4445 approved by the board of estimate August 25, 1966. The coordinates of said point having the values of South 48672.492 and East 81881.320.

The coordinates and bearings hereinabove mentioned in the description in this item refer to the rectangular system of coordinates established by the Topographical Bureau of the Borough of Queens, City of New York, grid North being 28°59'13.5" East of true north.

EXHIBIT B-5
JFK NORTHERN OFF - AIRPORT PARCELS

PARCEL 1
Beginning at a point on the southerly line of Southern Parkway distant 989.58 feet westerly from the corner formed by the intersection of the southerly side of Southern Parkway with the westerly side of 153rd Place; thence westerly along the southerly side of Southern Parkway as the same bends, the following two distances 1352.41 feet and 1174.71 feet to a point where the southerly side of Southern Parkway intersects the easterly side of Van Wyck Expressway; thence southerly along the easterly side of Van Wyck Expressway; on a curve to the left having a radius of 1212.00 feet; a central angle 18°55'40.5", a distance of 400.39 feet to a point; thence continuing southerly along the easterly side of Van Wyck Expressway on a curve to the left having a radius of 4512.00 feet; a central angle 7°17'15.4", a distance of 573.89 feet to a point; thence still southerly along easterly side of Van Wyck Expressway on a curve to the left, having a radius of 2012.00 feet; a central angle of 3°15'11.6" a distance of 114.24 feet; thence westerly on a straight line along the South side of Van Wyck Expressway a distance of 238.12 feet to a point; thence southerly on a curve to the right, having a radius of 2324.00 feet; a central angle of 3°24'22.8", a distance of 138.17 feet to a point; thence easterly 96.00 feet to a point, thence southeasterly on a curve to the left having a radius of 593.00 feet a central angle of 26°42'51.2", a distance of 276.49 feet to a point; thence southerly on a curve to the right, having a radius of 1528.00 feet; a central angle 4°35'45.8", a distance of 122.57 feet to a point; thence continuing on a curve to the right, having a radius of 728.00 feet; a central angle 44°00'13.2", a distance of 559.11 feet to a point; thence southwesterly on a straight line 153.60 feet to a point; thence southeasterly at right angles or nearly so to the last mentioned course 168.00 feet to a point; thence northeasterly at right angles or nearly so to last mentioned course 682.30 feet to a point; thence northeasterly on a curve to the right having a radius of 243.59 feet; a central angle 26°16'01", a distance of 111.67 feet to a point; thence northeasterly on a straight line 267.10 feet to a point; thence in a general northerly direction on a curve to the left, having a radius of 673.35 feet; a central angle 48°11'29.2" a distance of 566.35 feet to a point; thence northerly on a straight line 654.62 feet to a point; thence continuing northeasterly one curve to the right having a radius of 1918.64 feet, a central angle 4°16'52.1", a distance of 143.36 feet; thence continuing easterly on a curve to the right having a radius of 394.38 feet; a central angle 52°00'31.1", a distance of 357.98 feet to a point; thence still continuing easterly on a curve to the right having a radius of 15224.42 feet; a central angle 2°56'57.2" a distance of 783.66 feet to a point; thence still continuing easterly on a curve to the right, having a radius of 1130.14 feet; a central angle 9°59'08.0" a distance of 196.96 feet to a point; thence continuing easterly on a straight line 462.33 feet to a point; thence easterly on a curve to the left, having a radius of 1050.00 feet; a central angle 13°18'44.2" a distance of 243.96 feet to a point; thence northerly on a straight line a distance of 861.44 feet to the point or place of beginning.

PARCEL 2
Beginning at a point on the southerly side of Southern Parkway where it intersects the westerly side of 124th street; thence westerly along the southerly side of Southern Parkway 121.44 feet to an angle point therein; thence westerly still along the southerly side of Southern Parkway on a curve to the right, having a radius of 1237.83 feet, a central angle of 32°23'11.5", a distance of 699.69 feet to a point; thence in a straight line still along the southerly side of Southern Parkway 3396.56 feet to a point; thence still westerly along the southerly side of Southern Parkway, 106.84 feet to a point; thence southeasterly 101.46 feet to the southerly side of the premises herein described; thence easterly on a straight line 396.08 feet; thence easterly on a curve to the right, having a radius of 1958.00 feet, a central angle of 7°07'33.0" a distance of 243.51 feet; thence easterly on a straight line 406.86 feet; thence still easterly on a curve to the left, having a radius of 2530.00 feet a central angle of 22°11'38.7" a distance of 980.02 feet; thence easterly on a straight line 543.78 feet to an angle point; thence still easterly on a straight line 100.33 feet to an

angle point; thence still easterly on a straight line 1420.99 feet to a point; thence still easterly on a curve to the left, having a radius of 970.00 feet, a central angle of 6°14'22.9" a distance of 541.25 feet to a point; thence easterly on a straight line 155.61 feet to a point; thence easterly on a curve to the left, having a radius of 530.00 feet, a central angle of 23°51'46", a distance of 220.74 feet to a point; thence easterly on a straight line 473.01 feet to a point; thence still easterly on a curve to the left having a radius of 1520.00 feet, a central angle of 12°15'28.4" a distance of 325.19 feet to the westerly side of 130th street 56.32 feet to its intersection with the southerly side of 152nd Avenue; thence westerly along the southerly side of 152nd Avenue 1560 feet to the westerly side of 124th street; thence northerly at right angles to the last mentioned course 316.34 feet to the point beginning.

PARCEL 3

Beginning at a point on the southerly side of Southern Parkway where it intersects the easterly side of 134th street; thence easterly along the southerly side of Southern Parkway in a straight line 139.18 feet to a point; thence in a straight line along the southerly side of Southern Parkway, said line deflecting 27°56'39.1" to the right 48.56 feet to a point of curvature; thence on a curve to the right having a radius of 612.00 feet a central angle of 18°18'58.9" a distance of 195.65 feet to a point; thence continuing on a curve to the right having a radius of 2512.00 feet, a central angle of 9°16'50.0" a distance of 406.88 feet to a point; thence westerly in a straight line, said line deflecting 161°08'25" to the right 171.09 feet to a point; thence in a straight line, said line deflecting 27°14'15.4" to the left 535.40 feet to a point on the easterly side of 134th street; thence northerly along the easterly side of 134th street 523.29 feet to the point or place of beginning.

PARCEL 4

Beginning at a point on the southerly side of South Conduit Avenue, where it intersect the southerly side of Rockaway Boulevard, said point having the coordinates of South 49120.15 East 68583.50; running thence
southwesterly along the southerly side of South Conduit Avenue
South 55°48'11" West a distance of 1831.53 feet to a point; thence
South 55°26'19" West a distance of 80.00 feet to a point; thence
South 55°24'50" West a distance of 724.33 feet to a point; thence
South 22°45'03" East a distance of 861.44 feet to a point; thence
North 66°07'45" East a distance of 838.03' feet to a non tangent curve; thence
along an arc curving to the right having a radius of 785.00' a distance of 85.84' feet and a central angle of 6°15'55"; thence
along an arc curving to the right having a radius of 2124.25' a distance of 549.65' feet and a central angle of 14°49'31"; thence
along an arc curving to the right having a radius of 6404.00' a distance of 2025.33' feet and a central angle of 18°07'13"; thence
along an arc curving to the right having a radius of 46486.00' a distance of 441.80' feet and a central angle of 0°32'40"; thence
South 75°37'41" East a distance of 202.52' feet to a non tangent curve; thence
along an arc curving to the left having a radius of 46450.77' a distance of 82.84' feet and a central angle of 0°06'08" to a point of reverse curvature; thence
along an arc curving to the right having a radius of 12860.50' a distance of 1512.64' feet and a central angle of 6°44°21"; thence
North 5°47'21" East a distance of 23.88' feet to a point; thence
South 82°12'20" East a distance of 482.52' feet to a point of curvature; thence
along an arc curving to the left having a radius of 2631.00' a distance of 1180.43' feet and a central angle of 25°42'23"; thence
North 72°05'04" East a distance of 117.65' feet to a point on the southerly side of Rockaway Boulevard; thence

along the southerly side of Rockaway Boulevard North 82°24'03" West a distance of 301.59 feet to a point; thence
North 84°12'39" West a distance of 2130.06 feet to a point; thence
along an arc curving to the right having a radius of 2001.29 feet a distance of 837.77 feet and a central angle of 23°59'05" to a point; thence
North 60°13'33" West a distance of 759.14 feet to a point; thence
South 27°00'00" West a distance of 209.39 feet to a point; thence
North 63°00'00" West a distance of 100.00 feet to a point; thence
North 27°00'00" East a distance of 214.24 feet to a point; thence
North 60°13'33" West a distance of 208.80 feet to a point; thence
North 63°13'08" West a distance of 1518.34 feet to the point and place of beginning.

PARCEL 5

Beginning at a point on the southerly side of International Airport Center Boulevard (formerly Rockaway Boulevard), said point having the coordinates of South 50844.33 East 74075.83; running thence
South 72°05'04" West a distance of 117.65 feet to a point of curvature; thence
along an arc curving to the right having a radius of 2631.00 feet a distance of 611.76 feet and a central angle of 13°19'20" to a non tangent point; thence
South 00°36'07" East a distance of 202.16 feet to a point of curvature; thence
along an arc curving to the left having a radius of 1225.65 feet a distance of 294.73 feet and a central angle of 13°46'40" to a point of compound curvature; thence
along an arc curving to the left having a radius of 3369.00 feet a distance of 1620.86 feet and a central angle of 27°33'56" to a point; thence
North 84°22'06" East a distance of 773.64 feet to a point of curvature; thence
along an arc curving to the right having a radius of 4564.98 feet a distance of 665.86 feet and a central angle of 8°38'40" to a point; thence
North 31°39'01" East a distance of 315.42 feet to a point on the southerly side of International Airport Center Boulevard; thence
westerly along International Airport Center Boulevard North 82°24'03" West a distance of 2763.26 feet to the point and place of beginning.

Containing 1,653,953.14 square feet or 37.97 acres more or less.

PARCEL 6

Beginning at a point on the southerly side of International Airport Center Boulevard (formerly Rockaway Boulevard), said point having the coordinates of South 51519.77 East 79145.82; running thence
South 10°10'51" West a distance of 217.68 feet to a point on a non tangent curve; thence
along an arc curving to the right having a radius of 27481.50 feet a distance of 184.04 feet and a central angle of 00°23'01" to a point of compound curvature; thence
along an arc curving to the right having a radius of 4806.26 feet a distance of 1641.80 feet and a central angle of 19°34'19" to a point of tangency; thence
South 61°29'50" East a distance of 400.00 feet to a point of curvature; thence
along an arc curving to the right having a radius of 2740.00 feet a distance of 330.00 feet and a central angle of 6°54'02" to a point of tangency; thence
South 54°35'48" East a distance of 224.00 feet to a point of curvature; thence
along an arc curving to the left having a radius of 960.00 feet a distance of 523.97 feet and a central angle of 31°16'19" to the westerly side of Brookville Boulevard; thence
northerly along the westerly side of Brookville Boulevard North 9°35'56" West a distance of 160.66 feet to an angle point; thence
North 10°01'59" West a distance of 320.58 feet to the southerly side of International Airport Center Boulevard; thence

westerly along International Airport Center Boulevard North 66°25'00" West a distance of 1802.18 feet to a point of curvature; thence
along an arc curving to the left having a radius of 1893.00 feet a distance of 528.10 feet and a central angle of 15°59'03" to
a point of tangency; thence
North 82°24'03" West a distance of 757.10 feet to the point and place of beginning.

Containing 1,012,484.46 square feet or 23.24 acres more or less.

EXHIBIT B-6
DESCRIPTION OF HEIGHT AND USE RESTRICTED PROPERTIES

PROPERTY 1 (LGA – Blk 3576 p/o Lot 1)

All that certain piece or parcel of land and premises, situate, lying and being in the Borough and county of Bronx, in the City and State of New York, between Havemeyer and Zerega Avenues and between Randall and Seward Avenues, more particularly bounded and described as follows:

All that certain piece or parcel of land and premises, situate, lying and being in the Borough and county of Bronx, in the City and State of New York, between Havemeyer and Zerega Avenues and between Randall and Seward Avenues, more particularly bounded and described as follows:

Commencing at a point which is the intersection of the easterly line of Havemeyer Avenue (80 feet in width) with the northerly line of Randall Avenue 80 feet in width) and running thence northwardly, along said easterly line of Havemeyer Avenue, 500.00 feet to true point and place of beginning;
Running thence North 10°02'55" West a distance of 200.00' along the said easterly line of Havemeyer Avenue to the the southerly line of Seward Avenue (80 feet in width); thence along said southerly line of said Seward Avenue, North 79°57'14"-East a distance of 780.08 feet to the westerly line of Zerega Avenue (80 feet in width); thence along said westerly line of Zerega Avenue South 10°02'55" East 200.00 feet to a point ; thence through Block 3576, Lot 1 along the northerly boundary line now or formerly of The Home Depot, South 79°57'14" West a distance of 780.08' feet to the point and place of beginning.

Containing 156,016 square feet or 3.58 acres more or less.

PROPERTY 2 (JFK)

All that certain plot, piece or parcel of land, situate, lying and being in the fifth ward of the borough and county of Queens, City and State of New York, bounded and described as follows:
Beginning at the northeasterly corner of Barbadoes Basin, as same is determined by the United States Pierhead and Bulkhead lines, running thence along the northerly line of Barbadoes basin, as so determined, North 57 degrees, 21 minutes West 1039.70 feet, thence continuing along same, North 46 degrees 27 minutes West 416 feet to the bulkhead of Brant Channel or Jamaica Bay, thence along said last mentioned bulkhead the following courses and distances, (1) North 8 degrees, 47 minutes East 21 feet, (2) North 35 degrees, 30 minutes East 880 feet, (3) North 77 degrees 7 minutes East 44.50 feet; (4) South 50 degrees 54 minutes East 808.70 feet, (5) South 21 degrees 6 minutes East 255.90 feet, (6) South 3 degrees, 6 minutes West 228.60 feet, (7) South 70 degrees 14 minutes West 168 feet to the corner of a basin, running thence southwesterly through a point on the northeasterly side of Amstel Boulevard (60 feet wide) which point is distant 30.08 feet southeasterly from the corner formed by the intersection of the southeasterly side of Crugers Road with the northeasterly side of Amstel Boulevard, to a point in the centre line of said Amstel Boulevard, thence southeasterly along said centre line of said Amstel Boulevard to a point where same is intersected by a line drawn northerly at right angles to the southerly side of Amstel Boulevard (80 feet wide) from a point thereon distant 161.86 feet westerly from the westerly side of Beach 75th street; thence southerly at right angles to the southerly side of Amstel Boulevard (80 feet wide) 40 feet more or less to a point thereon distant 161.86 feet westerly from the westerly side of Beach 75th street and running thence southerly 158.85 feet to the point or place of beginning.

Together with all right, title and interest of the City of New York of, in and to the land lying in the bed of streets in front of and adjoining the above described premises to the center lines thereof.

Together with all of the right, title and interest of the City of New York of, in and to the lands under the waters of Brant Channel and Jamaica Bay, in front of and adjacent to the above described premises, so far as said right, title and interest may extend.

Together with the overhead, surface and sub-surface easements necessary for the operation, maintenance, repair and reconstruction of the power and telephone
lines, ducts and other utilities required for the proper operation of the facilities lying within the above described parcel and all accessories thereto.

PROPERTY 3 (JFK)

3A

All that certain plot, piece or parcel of land, situate, lying and being. In the 5th ward of the borough and county of Queens, City and State of New York shown and designated on the tax map of the borough of Queens in the 5th ward, as lot block 459, as said tax map was on October 22, 1951, and being more particularly bounded described as follows:

Beginning at the corner formed by the intersection of the northerly side of DeCosta Avenue, 50 feet wide, with the easterly side of Beach 63rd street, 60 feet wide; thence northerly along the easterly side of Beach 63rd street, 500 feet to the high water line of Jamaica Bay, as said high water line was fixed, determined upon and established by agreement recorded in the city register's office of Queens county in liber 2171 of conveyances page 381, and by agreement recorded in said office in liber 2238 of conveyances page 10; said high water line being distant 100 feet southerly from U.S. Pierhead and Bulkhead line; thence easterly along said high waterline of Jamaica Bay above referenced to and at right angles to the last described course, 33.99 feet to an angle point; thence northeasterly still along said high water line of Jamaica Bay above referred to, said line being parallel with U.S. Pierhead & Bulkhead line and being distant 100 feet southeasterly therefrom, a distance of 2108.33 feet; thence southeasterly at right angles to the last described course, 437.61 feet; thence southwesterly at right angles to the last described course, 100 feet; thence southwesterly in a straight line in continuation of the last described course, and along U.S. Pierhead and Bulkhead line, 350 feet; thence southwesterly along a line which on its northwest side forms an interior angle of 207 degrees 00 minutes 04.7 seconds with the last described course, and along the U.S. Pierhead & Bulkhead line, 440.52 feet; thence southwesterly along a line which on its northwesterly side forms an interior angle of 152 degrees 59 minutes 55.3 seconds with the last described course, and along the U.S. Pierhead & Bulkhead line, 927.50 feet; thence southwesterly along a line which on its northwesterly side forms an interior angle of 209 degrees 03 minutes 16.6 seconds with the last described course, and along the U.S. Pierhead & Bulkhead line, 218.57 feet to the northerly side of DeCosta Avenue, 50 feet wide; thence westerly along the northerly side of DeCosta Avenue, 50 feet wide, 603.95 feet to the point or place of beginning.

3B

All that certain plot, piece or parcel of land lying and being in the borough of Queens, City and State of New York bounded and described as follows:
Beginning at a point which is the intersection of the easterly line of Beach 65th Street (60 feet in width) with the northerly line of Bayfield Avenue (60 feet in width; Running thence, northwardly, along said easterly line of Beach 65th Street, 95.00 feet to a point; thence eastwardly 260.00 feet to a point; thence northwardly, 145.00 feet to a point; thence eastwardly, 200.00 feet to the westerly side of Beach 63rd Street (60 feet in width); thence southwardly along said westerly line of said of Beach 63rd Street, 240.00 feet to the northerly line of Bayfield Avenue; thence westwardly along the northerly line of Bayfield Avenue 460.00 feet to the point and place of beginning.

Containing 72,700 square feet or 1.67 acres.

Being the premises known as Lot 1, in Block 16017, Section 61 Of the Tax Map of the City for the Borough of Queens.

Subject to any state of facts which an accurate survey may show.

EXHIBIT B- 7
LA GUARDIA ACCESS BRIDGES AND ROADWAYS

GRAND CENTRAL PARKWAY SERVICE ROAD CONNECTION

All that certain plot, piece or parcel of land lying and being in the borough of Queens, City and State of New York bounded and described as follows:

Beginning at a point on a curve of the northerly line of the Grand Central Parkway, the coordinates of said point being South 27786.72 East 28150.13 and running thence;
in an easterly direction along an arc curving to the right on the northerly line of the Grand Central Parkway, which is also the southerly boundary line of La Guardia Airport, the radius of which is 2362.00' feet a distance of 21.76' feet and having a total angle of 0°31'40" to a non tangent point of curvature; thence
in a southerly direction along an arc curving to the right, the radius of which is 60.00' feet a distance of 83.41' feet and having a total angle of 79°39'08" to a point on a compound curve; thence
along an arc curving to the right, the radius of which is 100.00' feet a distance of 30.33' feet and having a total angle of 17°22'44" to a point; thence
South 79°46'38" West a distance of 12.47' feet to a point; thence
North 10°13'22" West a distance of 18.27' feet to a point, thence
North 79°46'38" East a distance of 6.81' to a point of curvature; thence
along an arc curving to the left, the radius of which is 65.00' feet a distance of 44.15' feet and having a total angle of 38°54'53" to a point on a compound curve; thence
along an arc curving to the left, the radius of which is 40.00' feet a distance of 42.67' feet and having a total angle of 61°07'05" to the point and place of beginning.

the coordinates and bearings hereinabove mentioned in the description refer to the rectangular system of coordinates established by the Topographical Bureau of the Borough of Queens, City of New York, grid North being 28°59'13.5" East of true north.

FLYOVER BRIDGE

All that certain plot, piece or parcel of land lying and being in the borough of Queens, City and State of New York bounded and described as follows:

Beginning at a point on the northerly line of the Grand Central Parkway, the coordinates of said point being South 27861.05 East 27912.88 and running thence;
in an easterly direction along the northerly line of the Grand Central Parkway, which is also the southerly boundary line of La Guardia Airport and crossing the bridge of an exit ramp that services the airport, North 72°17'26" East a distance of 62.82' feet to a non tangent curve on the easterly line of the bridge; thence
along the bridge in a southwesterly direction along an arc curving to the right the radius of which is 520.00' feet a distance of 197.52' feet and having a total angle of 21°45'49" to a point on a compound curve; thence
westerly still along the line of said bridge, along an arc curving to the right the radius of which is 595.00' feet a distance of 305.19' feet and having a total angle of 29°23'17" to a point; thence
South 64°58'47" West a distance of 558.58' feet to a point of curvature; thence
along an arc curving to the left the radius of which is 1485.00' feet a distance of 21.72' feet and having a total angle of 0°50'17" to a point; thence
North 25°08'42" West a distance of 30.95' feet to a point; thence
in an easterly direction along the ramp that services the airport, North 64°58'47" East a distance of 503.47' feet to a point; thence
North 64°51'18" East a distance of 76.01' feet to a point of curvature; thence

along an arc curving to the left the radius of which is 486.42' feet a distance of 239.07' feet and having a total angle of 28°09'38" to compound curve; thence
along an arc curving to the left the radius of which is 500.15' feet a distance of 196.72' feet and having a total angle of 22°32'10" to the point and place of beginning.

Having a lower limiting plane at the bottom of the lowest element of the highway bridge and appurtenances, together with: columns, piers, walls, trusses, footings and abutments, if any, necessary for the support of such bridge and no upper limiting plane.

The coordinates and bearings hereinabove mentioned in the description refer to the rectangular system of coordinates established by the Topographical Bureau of the Borough of Queens, City of New York, grid North being 28°59'13.5" East of true north.

102ND STREET BRIDGE

All that certain plot, piece or parcel of land lying and being in the borough of Queens, City and State of New York bounded and described as follows:

Beginning at a point on a curve of the northerly line of the Grand Central Parkway, the coordinates of said point being South 27819.96 East 28932.98 and running thence;
in an easterly direction along an arc curving to the right on the northerly line of the Grand Central Parkway, which is also the southerly boundary line of La Guardia Airport, the radius of which is 2362.00' feet a distance of 19.27' feet and having a total angle of 0°28'03" to a compound curve; thence
along an arc curving to the right the radius of which is 9711.30' feet a distance of 41.83' feet and having a total angle of 0°14'48" to a point on the easterly line of a bridge of unknown title at 102nd Street; thence
southerly along the easterly line of said bridge, South 12°05'59" West a distance of 334.99' feet to a point of curvature; thence
along an arc curving to the left the radius of which is 197.00' feet a distance of 185.56' feet and having a total angle of 53°58'03" to a point; thence
North 77°54'06" West a distance of 190.36' feet to a non tangent point of curvature; thence
along an arc curving to the left the radius of which is 253.00' feet a distance of 174.29' feet and having a total angle of 39°28'16" to a point; thence
North 12°05'59" East a distance of 335.32' feet to the point and place of beginning.

Having a lower limiting plane at the bottom of the lowest element of the highway bridge and appurtenances, together with: columns, piers, walls, trusses, footings and abutments, if any, necessary for the support of such bridge and no upper limiting plane.

The coordinates and bearings hereinabove mentioned in the description refer to the rectangular system of coordinates established by the Topographical Bureau of the Borough of Queens, City of New York, grid North being 28°59'13.5" east of true north.

EXHIBIT B-8

DITMARS BOULEVARD UTILITY EASEMENT AREA

All that certain plot, piece or parcel of land, lying beneath the bed of Ditmars Blvd. situate in the Borough and County of Queens, City and State of New York, bounded and described as follows:

Beginning at a point which is the intersection of the easterly line of Ditmars Boulevard with the northerly side of the Grand Central Parkway and also being the boundary line of LaGuardia Airport, the coordinates of said point having the coordinates of South 31551.94 East 24690.65; Running thence, westerly along an arc curving to the right having a radius of 6257.00 feet a distance of 100.50 feet and a central angle of 0°55'13" along the northerly line of the Grand Central Parkway to a non tangent point on the westerly side of Ditmars Boulevard; then northerly along the westerly line of Ditmars Boulevard, North 41°50'57" West a distance of 466.83 to a point of curvature; thence along an arc curving to the left having a radius of 135.00 feet a distance of 105.53 feet and a central angle of 44°47'15.9" to a non tangent point on the easterly side of 81st Street; thence North 36°54'45" West a distance of 9.36 feet to a point; thence North 19°12'43" West a distance of 131.57 feet to a point on a non tangent curve on the easterly side of Ditmars Boulevard; thence southerly along an arc curving to the left having a radius of 50.00 feet a distance of 51.23 feet and a central angle of 58°42'26" to a point of reverse curvature; thence along an arc curving to the right having a radius of 165.00 feet a distance of 154.85 feet and a central angle of 53°46'14" to a point; thence South 41°50'57" East a distance of 505.03' to the point and place of beginning.

Containing 65,526.11 square feet or 1.50 acres more or less.

Attest:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____

Secretary

_____

Kenneth J. Ringler, Jr.
Executive Director

Approved as to form:

_____

Darrell Buchbinder,
General Counsel

THE CITY OF NEW YORK

By:

_____

City Clerk

By:

_____

Daniel L. Doctoroff
Deputy Mayor for Economic Development
and Rebuilding

Approved as to form:

_____

Acting Corporation Counsel

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the __day of November, 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared Daniel L. Doctoroff, Deputy Mayor for Economic Development and Rebuilding of THE CITY OF NEW YORK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the ___ day of November 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared , City Clerk of THE CITY OF NEW YORK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the ___day of November, 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared KENNETH J. RINGLER, JR., Executive Director of the PORT AUTHORITY OF NEW YORK AND NEW JERSEY, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

EXHIBIT A

COPY OF GRANT OF PERMANENT EASEMENT
DATED AS OF AUGUST 19, 2002
FROM THE PEOPLE OF THE STATE OF NEW YORK

STATE OF NEW YORK
DEPARTMENT OF TRANSPORTATION
HUNTERS POINT PLAZA
47-40 21ST STREET
LONG ISLAND CITY, N.Y. 11101

DOUGLAS A. CURREY, P.E.
REGIONAL DIRECTOR

SUBI CHAKRABORTI, P.E.
DEPUTY REGIONAL DIRECTOR

JOSEPH H. BOARDMAN
COMMISSIONER

September 18, 2002

Harry Barr, Esq.
The Port Authority of NY and NJ
Law Department, 14th floor
225 Park Avenue South
New York, NY 10003

Re: PIN
Proceeding 6105 02/7
AirTrain Easement
JFK-LRS Airport Access Program
Queens County

Dear Mr. Barr:

As mentioned to your secretary in a message to be conveyed to you, we have filed the maps and the Grant of Permanent Easement on the above project in the Queens County Registrar's office on September 17, 2002 and I will be hand delivering these maps and the Grant of Easement to your office next week.

Thank you.

Sincerely,

Gulrukh Irani
Real Estate Specialist Trainee 2

PA LAW DEPARTMENT
172198

REEL 6582 PG 0118

CITY REGISTER RECORDING AND ENDORSEMENT PAGE

COUNTY OF ▶ Queens

THIS PAGE FORMS PART OF THE INSTRUMENT

TOTAL NUMBER OF PAGES IN DOCUMENT INCLUDING THIS PAGE ▶

Block ▼	Lots - ONLY IF ENTIRE LOT ▼	Partial Lots ▼
14260	1	P/O

Premises ▼

Title/Agent Company Name ▼ NYSDOT

Title Company Number ▼

RECORD & RETURN TO:

NAME ▼ Harry K. Barr, Esq.

ADDRESS ▼ Port Authority of NY & NJ. Law Dept.

CITY ▼ STATE ▼ ZIP ▼ 225 Park Ave. S 14th Fl, NY NY-10003

NAME & ADDRESS

PARTY 1 ▶ N.Y. S. Department of Transportation

ADDITIONAL PARTY 1 ▶ 47-40 21st Street, L.I.C. NY - 11101

PARTY 2 ▶ Port Authority of NY & NJ.

ADDITIONAL PARTY 2 ▶ 225 Park Ave S 14th Fl, Law Dept, N.Y. NY-10003

CHECK THIS BOX IF THERE ARE MORE THAN 2 OF EITHER PARTY ☐

FOLD

CITY REGISTER'S USE ONLY - DO NOT WRITE BELOW THIS LINE

Examined by (✓): ✓

Mtge Tax Serial No.

Mtge Amount $

Taxable Amount $

Exemption (✓) YES ☐ NO ☐

Type: [33/SEC] [255] [OTHER]

Dwelling Type: [1 to 2] [3] [4 to 6] [OVER 6]

TAX RECEIVED ON ABOVE MORTGAGE ▼

County (basic) $

City (Addt'l) $

Spec Addt'l $

TASF $

MTA $

NYCTA $

TOTAL TAX $

Apportionment Mortgage (✓) YES ☐ NO ☐

City Register Serial Number ▶ 128069 easement

Indexed By (✓): ON

Verified By (✓):

Block(s) and Lot(s) verified by (✓)

Address ☐ Tax Map ☑

Extra Block(s) Lot(s)

Recording Fee B $ NO CHARGE

Affidavit Fee (C) $

RPTT Fee (R) $ NO CHARGE

HPD-A ☐ HPD-C ☐

New York State Real Estate Transfer Tax ▼ $ -0-

Serial Number ▶ 004445

New York City Real Property Transfer Tax Serial Number ▶ 022466

OTHER [illegible]

LO/TL [illegible]

4-1 2 [illegible]

FOLD

RECORDED IN THE OFFICE OF THE CITY REGISTER OF THE CITY OF NEW YORK

CRGFM89N.BPG 04/30

[signature]

REEL 6582 PG 0119

Proceeding 6105
AirTrain Easement
JFK-LRS Airport Access Program
Queens County

GRANT OF PERMANENT EASEMENT

Made the 19th day of August, 2002, between

THE PEOPLE OF THE STATE OF NEW YORK, acting by and through Joseph H. Boardman, the Commissioner of Transportation of the State of New York, with offices at 1220 Washington Avenue, Albany, New York 12232, Grantors, and

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, a body corporate and politic acting pursuant to authority conferred by the legislatures of the States of New York and New Jersey, with offices at 225 Park Avenue South, New York, New York 10003, Grantee,

WHEREAS, Grantee has constructed a Light Rail System designed to carry passengers, also referred to as AirTrain Facilities("LRS") within Kennedy International Airport ("JFK") with connections to the Jamaica Long Island Railroad/New York City Transit Authority Sutphin Boulevard Station ("Jamaica Station")and to the Howard Beach Subway Station; and

WHEREAS, the connection to the Jamaica Station requires the use of property lying between the boundary of JFK and the Jamaica Station including, but not limited to, the Van Wyck Expressway ("VWE"), for the LRS Project; and

WHEREAS, lands within the VWE are owned all or in part by the Grantors as part of the State Highway System under

jurisdiction of the New York State Department of Transportation ("NYSDOT"); and

WHEREAS, the parties hereto have entered into a Memorandum of Understanding which provides, among other things, that the Grantee will construct the LRS and as part of its project will make certain other improvements in the VWE for the benefit of the Grantors, and the Grantors will convey a grant of permanent easement rights in the VWE to the Grantee upon the terms and conditions hereinafter expressed; and

NOW THEREFORE the Grantors, in consideration of the sum of ONE AND NO/100 DOLLAR ($1.00), and other valuable consideration, do hereby remise, release and quitclaim unto the Grantee, its successors and assigns forever,

Permanent aerial, surface and subsurface easements for the construction, reconstruction, operation, inspection, maintenance and repair of the LRS, which easements are more specifically defined herein over all those **PIECES OR PARCELS OF PROPERTY**, situate in the Fourth Ward of the Borough of Queens, City of New York, County of Queens, State of New York, which are shown and described as Aerial Parcels or Easements, Column Parcels or Easements, and Subsurface Parcels or Easements, of Segments CR-402 through CR-415 of a series of maps entitled "THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY AIRTRAIN PROJECT, JFKIA-JAMAICA SEGMENT, ALTA/ACSM LAND TITLE SURVEY, A PORTION OF VAN WYCK EXPRESSWAY, SEGMENT CR-(402 through 415), BOROUGH OF QUEENS, QUEENS COUNTY, STATE OF NEW YORK" prepared by Vollmer Associates,

LLP, dated February 28, 2002, bearing Project Number 2001-003-03, and filed in the Office of the Register of Deeds, Queens County contemporaneously with the recording of this Grant of Permanent Easement.

1. With respect to each parcel designated as "Aerial Parcel" or "Aerial Easement", a permanent aerial easement for an elevated reinforced concrete platform supporting the LRS referred to herein as the "AirTrain Guideway," and for the LRS constructed thereon, including but not limited to appurtenant track, wires, switches, signals, drainage and other utility installations required for the operation of the LRS. Each aerial easement parcel is located within an elevated plane situate generally over the median area of the VWE separating the northbound and southbound lanes or the eastbound and westbound lanes, as the case may be, of the VWE and the first vehicular lane of the VWE located northerly or easterly of the median and the two vehicular travel lanes of the VWE located southerly or westerly of the median.

2. With respect to each parcel designated as "Column Parcel" or "Column Easement", a permanent surface easement for support of the AirTrain Guideway, including but not limited to appurtenant track, wire, switches, signals, drainage and utility installations.

3. With respect to each parcel designated as "Subsurface

Parcel" or "Subsurface Easement", a permanent subsurface easement for the construction of footings necessary for support of the columns supporting the AirTrain Guideway, the right to construct, install, and operate cables, wires, switches, signals, and other equipment appurtenant to electric and data transmission and the right to construct, install, operate and maintain drainage and utility facilities, including the right to connect to the existing highway drainage system.

RESERVING TO THE GRANTORS the legal right of access at grade level for the purpose of inspection, maintenance or repair of all State and/or New York City owned facilities, appurtenances or equipment or emergency repair or shoring of the LRS, if in the opinion of the Grantors, State facilities are endangered; and

IT IS FURTHER AGREED that inspection, maintenance, and/or repair of the LRS facility constructed by the Grantee within the State Highway System requiring access from the at-grade level will require a Permit from NYSDOT, but that inspection, maintenance, and/or repair work conducted from the elevated LRS/ AirTrain Guideway will not require a Permit issued by NYSDOT unless lane closures of the highway below are involved. The Permit for such work, which shall not be unreasonably withheld or delayed, shall be issued without charge and without requirements for bonds and shall otherwise contain standard terms and conditions.

PROVIDED HOWEVER, that the Grantee, its successors and assigns shall make no change in the clearance over the VWE or in the alignment or location of such LRS facilities, or additional facilities constructed, which will interfere with the VWE and its appurtenances or other facilities of the State of New York, its successors or assigns.

FURTHER PROVIDED, that if the easement rights created herein are no longer used for construction, reconstruction, operation and maintenance of an LRS operated for Air Terminal purposes, the easements shall automatically terminate and jurisdiction over the affected premises shall return to the NYSDOT.

This Grant of Permanent Easement contains certain language defining the scope, purpose and terms of the easements granted herein. The maps referred to in this Grant and which are intended to be filed contemporaneously with the recording of this Grant also contain certain language defining the scope, purpose and terms of such easements. The language contained in this Grant is intended to control the definition of these easements, and any inconsistency between the language describing the scope, purpose and terms of said easements contained on the maps and in this Grant, shall be controlled by the language of this Grant.

TO HAVE AND TO HOLD the permanent easement rights herein granted unto the Grantee, its successors and assigns forever, except as provided above.

EXHIBIT C-1

(see attached)

QUITCLAIM DEED FROM CITY TO PORT AUTHORITY

THIS INDENTURE made as of November ____, 2004 between the CITY OF NEW YORK, a municipal corporation of the State of New York with its principal office at City Hall, in the Borough of Manhattan, City, County and State of New York (the "**City**"), and THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, a body corporate and politic, created by compact between the States of New York and New Jersey with the consent of Congress with its office at 225 Park Avenue South, Borough of Manhattan, City, County and State of New York (the "**Port Authority**").

WITNESSETH THAT:

WHEREAS, the City and Port Authority intend to enter into an Amended and Restated Agreement of Lease of the Municipal Air Terminals dated as of November ___, 2004 (the "Agreement"); and

WHEREAS, the City desires to dispose to the Port Authority any property interests it owns within (i) that portion of the Light Rail System that the Port Authority has acquired from the People of the State of New York acting by and through the Commissioner of Transportation ('State") by Grant of Permanent Easement made August 19, 2002, a copy of which is attached hereto and made a part hereof as Exhibit A and (ii) the property identified on the tax map of the City of New York as Lot 5, Block 9990, Borough of Queens; the Port Authority desires to convey to the City all property interests it has acquired within such portion of the Light Rail System ("LRS") and in Lot 5, Block 9990, Borough of Queens; and the City desires to accept such property interests and incorporate such property interests conveyed by the Port Authority to the City into the Demised Premises, as such term is defined in the Agreement, by leasing such property interests to the Port Authority under the Agreement; and

WHEREAS, City Planning Commission Resolution # C990117 PQQ/C 990118 PPQ adopted May 3, 1999 and City Council Resolution # 864 adopted June 7, 1999 have authorized such dispositions and acquisitions by the City and the Port Authority's Board of Commissioners has authorized such acquisitions and disposition by the Port Authority by Resolution adopted September 24, 1998.

NOW, THEREFORE, the City and the Port Authority do hereby agree as follows:

The City does hereby remise, release and quitclaim unto the Port Authority, its successors and assigns forever, all right, title and interest of the City, if any, in and to the Property which is described as follows:

A. Permanent aerial, surface and subsurface easements for the construction, reconstruction, operation, inspection, maintenance and repair of the LRS, which easements are more specifically defined herein over all those pieces or parcels of property in the Fourth Ward of the Borough Queens, City of New York, County of Queens, State of New York, which

are shown and described as Aerial Parcels or Easements, Column Parcels or Easements, and Subsurface Parcels or Easements, of Segments CR – 402 through CR – 415 of a series of maps entitled, "THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY AIRTRAIN PROJECT, JFKIA-JAMAICA SEGMENT, ALTA/ACSM LAND TITLE SURVEY, A PORTION OF VAN WYCK EXPRESSWAY, SEGMENT CR-(402 THROUGH 415), BOROUGH OF QUEENS, QUEENS COUNTY, STATE OF NEW YORK", prepared by Vollmer Associates LLP, dated February 28, 2002, bearing Project Number 2001-003-03 and filed contemporaneously in the Office of the Register of Deeds, Queens County on September 17, 2002 with the Grant of Permanent Easement between The People of the State of New York, acting by and through Joseph H. Boardman, the Commissioner of Transportation of the State of New York and the Port Authority of New York and New Jersey made August 19, 2002 and recorded at Reel 6582, Page 0118 *et seq.*, City Register Serial Number 128069.

Subject, however, to the provisions of the aforesaid Grant of Permanent Easement made August 19, 2002.

B. All that certain plot, piece or parcel of land situate, lying and being in the Fourth Ward of the Borough of Queens, City of New York, County of Queens, and State of New York, being more particularly bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of 94th Avenue formerly Johnson Avenue (50 feet wide) with the easterly side of Van Wyck Expressway (Service Road); said corner having a New York State Coordinate System (NAD 83-96) value of N 58916.0472 meters E 315799.1275 meters (N193293.7316 feet E1036084.3037 feet);

1. Running thence North 69 degrees 25 minutes 33.1 seconds East along the southerly side of 94th Avenue, 63.627 meters (208.75 feet) to a point on the division line between property now or formerly of David Oil Corp. and property now or formerly of Carole A. Murray and Thomas D. Murray;

2. Running thence along said division line South 20 degrees 34 minutes 26.9 seconds East, at right angles to the southerly side of 94th Avenue, 25.292 meters (82.98 feet) to a point;

3. Running thence South 66 degrees 54 minutes 37.1 seconds West along the division line between property now or formerly of David Oil Corp. and the following properties: property now or formerly of Edgardo E. Contreras; property now or formerly of David Byrd, Patricia Portis, and Gary Michael Byrd; property now or formerly of Cheryl Winter Naipaul and Gagnatti Naipaul; property now or formerly of Joseph F. Nowinski and Jennie Nowinski; property now or formerly of Stanley P. Francosky, et al; and property now or formerly of Mohamed Shafi and Ramdai Shafi, said line forming an interior angle of 92 degrees 30 minutes 56 seconds with the last mentioned course, 39.127 meters (128.37 feet) to a point in a line distant 34.013 meters (111.59 feet) northerly from the northerly side of 95th Avenue, drawn at right angles thereto, from a point thereon and distant 13.283 meters (43.58 feet) easterly from said easterly side of Van Wyck

Expressway (Service Road);

4. Running thence South 20 degrees 34 minutes 26.9 seconds East along the division line between property now or formerly of David Oil Corp. and property now or formerly of Mohamed Shafi and Ramdai Shafi, at right angles to the northerly side of 95th Avenue, formerly Chichester Avenue, 34.013 meters (111.59 feet) to the northerly side of 95th Avenue;

5. Running thence South 69 degrees 25 minutes 33.1 seconds West along the northerly side of 95th Avenue, 13.283 meters (43.58 feet) to the corner formed by the intersection of the said northerly side of 95th Avenue and the easterly side of Van Wyck Expressway (Service Road);

6. Running thence North 31 degrees 01 minutes 19.1 seconds West along the easterly side of Van Wyck Expressway (Service Road), 62.054 meters (203.59 feet) to the point and place of beginning.

Containing 2176.289 square meters (23425.28 square feet) or 0.218 Hectare (0.538 acre).

Also known as **Tax Block 9990, Tax Lot 5**, Borough of Queens, City of New York.

Being the premises shown on an ALTA/ACSM Land Title Surveys of Lot 5, Block 9990, Queens, New York, prepared by Vollmer Associates, dated February 15, 2000 and signed by Kenneth J. Stigner, L.S., a copy of which is attached hereto as Exhibit B.

Being the same premises conveyed to the Port Authority by David Oil Corp. by Indenture made November 3, 2000 recorded with the Office of the Register of Deeds, Queens County, November 29, 2000 at Reel 5732, Page 0424 *et seq.*, City Register Serial Number 113076

All bearings refer to The New York Coordinate System of 1983-96, Long Island Zone 3104.

Together with the appurtenances and all the estate and rights of the City in and to said premises.

To Have And To Hold the premises herein granted unto the Port Authority, the successors and assigns of the Port Authority forever.

The City, in compliance with Section 13 of the Lien Law, covenants that it will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

The Port Authority hereby accepts the conveyance from the City.

No Commissioner, director, elected official, officer, agent, representative or employee of the Port Authority or the City shall be charged personally by either party hereto with any liability or held personally liable under any of the terms or provisions of this Indenture or because of its execution or because of any breach or attempted or alleged breach hereof.

This Indenture may be executed in one or more counterparts each of which counterparts shall be deemed an original and all of which counterparts shall constitute one and the same document.

IN WITNESS WHEREOF, the City has caused its corporate seal to be hereunto affixed and duly attested and this Indenture to be signed by its Deputy Mayor for Economic Development and Rebuilding and by the City Clerk of the City; and the Port Authority has caused its corporate seal to be hereunto affixed and duly attested and this Agreement to be signed by its Executive Director, of the day and year first written above.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the Grantors have caused this instrument to be signed by their duly authorized representative and the seal of the New York State Department of Transportation to be hereunto affixed.

THE PEOPLE OF THE STATE OF NEW YORK

BY: JOSEPH H. BOARDMAN
Commissioner of Transportation

BY: _____
RICHARD J. MORRIS
Director, Real Estate Division
Department of Transportation

State of New York)
) ss.:
County of Albany)

On the 19th day of August in the year 2002 before me, the undersigned, personally appeared Richard J. Morris, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public, State of New York

CHERYL M. DUPREY
Notary Public, State of New York
Qualified in Rensselaer County
No. 4650865
Commission Expires April 30, 2003

Approved as to form
and manner of execution.
ELIOT SPITZER
ATTORNEY GENERAL

By: _____
Gary von Bieberstein
Principal Attorney

JOHN F. KENNEDY INTERNATIONAL AIRPORT - AIRPORT ACCESS PROJECT - PROPERTY ACQUISITION

On May 9, 1996, the Board authorized a project (the "Project") for the implementation of an automated Light Rail System ("LRS") between Jamaica and John F. Kennedy International Airport ("JFK"), a link between Howard Beach and JFK, and an LRS circulating within the Central Terminal Area at a total estimated project cost of $1.268 billion, excluding interest on bonded debt. JFK suffers from a lack of public transportation options for access to the facility. In addition, the existing roadway system is unable to adequately address the need for on-airport circulation. The Project will provide connections to regional transportation hubs at the Long Island Railroad station in Jamaica as well as the New York City Transit station in Howard Beach. The LRS will also provide stations on-airport, at the rental car facilities at Federal Circle, the Employee Long-Term Parking Lot, and at the unit terminals for intra-airport transportation of airport customers and employees.

In requesting Project Authorization at the Board's May 9, 1996 meeting, staff noted that at the appropriate time, the Board would be asked to make the necessary findings and authorize acquisition of property interests by negotiation or condemnation. In view of the Project schedule, staff recommends authorization of property acquisition by negotiation at this time. If negotiations with private landowners do not lead to reasonable settlements, staff would conduct a public hearing as required by the New York State Eminent Domain Procedure Act before initiating eminent domain proceedings to acquire the property. Subsequent to such a hearing, the Board would be requested to make the necessary findings and determinations to enable acquisition by condemnation. The JFK LRS Right-Of-Way ("ROW") will occupy lands now owned by, among others, the City of New York, the State of New York, the Long Island Railroad, Rock-Arizona Associates (an Amoco gas station), Web Food Products, Inc. (a parking lot) and Andrew Borone, Dominick Borone and Joseph Borone (an auto service station and parking lot). Staff plans to acquire these lands, and possibly others adjacent to the ROW should the need become apparent.

The Board at its meeting on May 9, 1996 also authorized the Executive Director to apply to the Federal Aviation Administration ("FAA") for additional Passenger Facility Charge ("PFC") collection authority of $823 million and additional PFC use authority of $1.248 billion. An application was submitted to the FAA for the use of PFC funds on July 21, 1997. A Record of Decision for the use of these funds in the amount of $1.148 billion was received on February 9, 1998. An application for the $100 million in PFCs which expired on October 1, 1997, due to the FAA's failure to act by the application's expiration date, will be resubmitted to the FAA. In addition to the $14 million previously approved by the FAA for planning costs for the JFK LRS, an amendment to recover an additional $36 million in planning and preliminary engineering costs will be submitted at the same time. An addendum will also be submitted to the PFC application to permit the Port Authority to reallocate certain Port Authority Capital funds (up to $300 million) to project elements the FAA deems ineligible for PFC funding and to allocate PFCs to other eligible items. The total amount of PFC funds expected to be approved for the project is $1.298 billion. Together with $300 million in Port Authority Capital funds, the total available funds for this project is $1.598 billion, including interest on bonded debt.

Environmental impacts have been and will be assessed and will be taken into consideration in the implementation of the Project and mitigation measures incorporated in the

Project. A Draft Environmental Impact Statement ("EIS"), Written Reevaluation/Technical Report and Final EIS ("FEIS"), were prepared by the FAA along with the New York State Department of Transportation ("NYSDOT") acting as Joint Lead Agency. The FAA prepared Records of Decision approving an amended Airport Layout Plan including the ROW for the LRS and use of PFCs for the Project in compliance with the National Environmental Policy Act. NYSDOT issued a Record of Decision containing Findings in connection with its authorization of property conveyances for the Project in compliance with the New York State Environmental Quality Review Act ("SEQRA"). It is anticipated that the City of New York will also issue Findings in connection with its authorization of City actions in support of the Project which will comply with the City's Environmental Quality Review Regulations which implement SEQRA. Also, it is a condition of FAA Project approval, as noted in NYSDOT's Record of Decision, that the mitigation measures presented in Section 7.0 of the FEIS are the responsibility of the Port Authority. The Port Authority will incorporate the mitigation measures as requirements of the design, construction, and operation contracts or other contracts issued for the Project.

The City of New York (the "City") has advised that it must comply with the provisions of Section 197(c) of the City Charter involving the Uniform Land Use Review Procedure ("ULURP") before it can execute conveyances needed for the Project. The ULURP, entailing Hearings before Community Boards, the Borough Board, the City Planning Commission and possibly the City Council, is expected to take six to nine months to complete. While the Port Authority's ULURP Application is deemed technically complete, pending direction from the City, the Application has not yet been certified as complete so that the ULURP process may begin.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Haley, Kalikow, Lewis, O'Neill, Philibosian, Schweitzer and Song voting in favor; Commissioner Mack abstaining; none against:

> **RESOLVED**, that the Executive Director or General Counsel, either one acting individually, is hereby authorized to acquire on behalf of the Port Authority property interests by negotiation for and in connection with the Air Terminal Access Facilities known as the John F. Kennedy International Airport ("JFK") Airport Access Light Rail System ("LRS") Project including a link between Jamaica and JFK, a link between Howard Beach and JFK and an LRS circulating the Central Terminal Area (the "Project"), such property interests being generally located along and adjacent to the alignment shown on the amended JFK Airport Layout Plan approved, or to be approved, by the Federal Aviation Administration ("FAA") including but not limited to fee title to three privately owned parcels of land known as Block 9990, Lot 5, Block 9989, Lot 11, and Block 9989, Lot 17, on the Tax Map of the City of New York, Borough of Queens, and to incur all related costs and expenses, and execute all documents and agreements, including without limitation, agreements and conveyances, involving transfers of property interests to or from the Port Authority, necessary or incidental to such acquisition or the Project; and to conduct a public hearing under New York State's Eminent Domain Procedure Act, at their discretion; and it is further

RESOLVED, that the Executive Director or General Counsel, either one acting individually, is hereby authorized to execute an agreement or agreements supplemental to the Agreement with respect to the Municipal Air Terminals between the City of New York (the "City") and the Port Authority and associated instruments whereby, among other matters, the City would: (a) transfer and release to the Port Authority the City's right, title and interest in the property interests the Port Authority requires for the Project; (b) accept a conveyance of the permanent property interests acquired for the Project; and (c) simultaneously lease such property interests to the Port Authority as part of the Airport Demised Premises; and it is further

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

EXHIBIT B

**COPY OF SURVEY OF LOT 5, BLOCK 9990,
BOROUGH OF QUEENS, NEW YORK
PREPARED BY VOLLMER ASSOCIATES**

EXHIBIT C-2

(see attached)

QUITCLAIM DEED FROM PORT AUTHORITY TO CITY

THIS INDENTURE made as of November ____, 2004 between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, a body corporate and politic, created by compact between the States of New York and New Jersey with the consent of Congress with its office at 225 Park Avenue South, Borough of Manhattan, City, County and State of New York (the "**Port Authority**") and the CITY OF NEW YORK, a municipal corporation of the State of New York with its principal office at City Hall, in the Borough of Manhattan, City, County and State of New York (the "**City**").

WITNESSETH THAT:

WHEREAS, the City and Port Authority intend to enter into an Amended and Restated Agreement of Lease of the Municipal Air Terminals dated as of November ____, 2004 (the "Agreement"); and

WHEREAS, the City has disposed to the Port Authority any property interests it owns within (i) that portion of the Light Rail System that the Port Authority has acquired from the People of the State of New York acting by and through the Commissioner of Transportation ("State") by Grant of Permanent Easement made August 19, 2002, a copy of which is attached hereto and made a part hereof as Exhibit A, and (ii) the property identified on the Tax Map of the City of New York as Lot 5, Block 9990, Borough of Queens by Indenture of even date herewith;

WHEREAS, the Port Authority now desires to convey to the City all property interests it owns within such portion of the Light Rail System ("LRS") and in Lot 5, Block 9990, Borough of Queens, and the City desires to accept such property interests and incorporate such property interests conveyed by the Port Authority to the City into the Demised Premises, as such term is defined in the Agreement, by leasing such property interests to the Port Authority under the Agreement; and

WHEREAS, City Planning Commission Resolution # C990117 PQQ/C 990118 PPQ adopted May 3, 1999 and City Council Resolution # 864 adopted June 7, 1999 have authorized such dispositions and acquisitions by the City and the Port Authority's Board of Commissioners has authorized such acquisitions and disposition by the Port Authority by Resolution adopted September 24, 1998.

NOW, THEREFORE, the Port Authority and the City do hereby agree as follows:

The Port Authority does hereby remise, release and quitclaim unto the City, its successors and assigns forever, all right, title and interest of the Port Authority in and to the Property which is described as follows:

A. Permanent aerial, surface and subsurface easements for the construction, reconstruction, operation, inspection, maintenance and repair of the LRS, which easements are more specifically defined herein over all those pieces or parcels of property in the Fourth Ward of the Borough Queens, City of New York, County of Queens, State of New York, which are shown and described as Aerial Parcels or Easements, Column Parcels or Easements, and Subsurface Parcels or Easements, of Segments CR – 402 through CR – 415 of a series of maps entitled, "THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY AIRTRAIN PROJECT, JFKIA-JAMAICA SEGMENT, ALTA/ACSM LAND TITLE SURVEY, A PORTION OF VAN WYCK EXPRESSWAY, SEGMENT CR-(402 THROUGH 415), BOROUGH OF QUEENS, QUEENS COUNTY, STATE OF NEW YORK", prepared by Vollmer Associates LLP, dated February 28, 2002, bearing Project Number 2001-003-03 and filed contemporaneously in the Office of the Register of Deeds, Queens County on September 17, 2002 with the Grant of Permanent Easement between The People of the State of New York, acting by and through Joseph H. Boardman, the Commissioner of Transportation of the State of New York and the Port Authority of New York and New Jersey made August 19, 2002 and recorded at Reel 6582, Page 0118 *et seq.*, City Register Serial Number 128069.

Subject, however, to the provisions of the aforesaid Grant of Permanent Easement made August 19, 2002.

B. All that certain plot, piece or parcel of land situate, lying and being in the Fourth Ward of the Borough of Queens, City of New York, County of Queens, and State of New York, being more particularly bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of 94th Avenue formerly Johnson Avenue (50 feet wide) with the easterly side of Van Wyck Expressway (Service Road); said corner having a New York State Coordinate System (NAD 83-96) value of N 58916.0472 meters E 315799.1275 meters (N193293.7316 feet E1036084.3037 feet);

1. Running thence North 69 degrees 25 minutes 33.1 seconds East along the southerly side of 94th Avenue, 63.627 meters (208.75 feet) to a point on the division line between property now or formerly of David Oil Corp. and property now or formerly of Carole A. Murray and Thomas D. Murray;

2. Running thence along said division line South 20 degrees 34 minutes 26.9 seconds East, at right angles to the southerly side of 94th Avenue, 25.292 meters (82.98 feet) to a point;

3. Running thence South 66 degrees 54 minutes 37.1 seconds West along the division line between property now or formerly of David Oil Corp. and the following properties: property now or formerly of Edgardo E. Contreras; property now or formerly of David Byrd, Patricia Portis, and Gary Michael Byrd; property now or formerly of Cheryl Winter Naipaul and Gagnatti Naipaul; property now or formerly of Joseph F. Nowinski and Jennie Nowinski; property now or formerly of Stanley P. Francosky, et al; and property

now or formerly of Mohamed Shafi and Ramdai Shafi, said line forming an interior angle of 92 degrees 30 minutes 56 seconds with the last mentioned course, 39.127 meters (128.37 feet) to a point in a line distant 34.013 meters (111.59 feet) northerly from the northerly side of 95th Avenue, drawn at right angles thereto, from a point thereon and distant 13.283 meters (43.58 feet) easterly from said easterly side of Van Wyck Expressway (Service Road);

4. Running thence South 20 degrees 34 minutes 26.9 seconds East along the division line between property now or formerly of David Oil Corp. and property now or formerly of Mohamed Shafi and Ramdai Shafi, at right angles to the northerly side of 95th Avenue, formerly Chichester Avenue, 34.013 meters (111.59 feet) to the northerly side of 95th Avenue;

5. Running thence South 69 degrees 25 minutes 33.1 seconds West along the northerly side of 95th Avenue, 13.283 meters (43.58 feet) to the corner formed by the intersection of the said northerly side of 95th Avenue and the easterly side of Van Wyck Expressway (Service Road);

6. Running thence North 31 degrees 01 minutes 19.1 seconds West along the easterly side of Van Wyck Expressway (Service Road), 62.054 meters (203.59 feet) to the point and place of beginning.

Containing 2176.289 square meters (23425.28 square feet) or 0.218 Hectare (0.538 acre).

Also known as **Tax Block 9990, Tax Lot 5**, Borough of Queens, City of New York.

Being the premises shown on an ALTA/ACSM Land Title Surveys of Lot 5, Block 9990, Queens, New York, prepared by Vollmer Associates, dated February 15, 2000 and signed by Kenneth J. Stigner, L.S., a copy of which is attached hereto as Exhibit B.

Being the same premises conveyed to the Port Authority by David Oil Corp. by Indenture made November 3, 2000 recorded with the Office of the Register of Deeds, Queens County, November 29, 2000 at Reel 5732, Page 0424 *et seq.*, City Register Serial Number 113076

All bearings refer to The New York Coordinate System of 1983-96, Long Island Zone 3104.

Together with the appurtenances and all the estate and rights of the Port Authority in and to said premises.

Together with all right, title and interest, if any, of the Port Authority in and to any streets and roads abutting the above described premises to the center line thereof.

To Have And To Hold the premises herein granted unto the City, the successors and assigns of the City forever.

The Port Authority, in compliance with Section 13 of the Lien Law, covenants that it will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

The City hereby accepts the conveyance from the Port Authority.

No Commissioner, director, elected official, officer, agent, representative or employee of the Port Authority or the City shall be charged personally by either party hereto with any liability or held personally liable under any of the terms or provisions of this Indenture or because of its execution or because of any breach or attempted or alleged breach hereof.

This Indenture may be executed in one or more counterparts each of which counterparts shall be deemed an original and all of which counterparts shall constitute one and the same document.

IN WITNESS WHEREOF, the Port Authority has caused its corporate seal to be hereunto affixed and duly attested and this Agreement to be signed by its Executive Director, of the day and year first written above and the City has caused its corporate seal to be hereunto affixed and duly attested and this Indenture to be signed by its Deputy Mayor for Economic Development and Rebuilding and by the City Clerk of the City.

[NO FURTHER TEXT ON THIS PAGE]

Attest:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____
Secretary

_____
Kenneth J. Ringler, Jr.
Executive Director

Approved as to form:

_____
Darrell Buchbinder,
General Counsel

THE CITY OF NEW YORK

By:

_____
City Clerk

By:

_____
Daniel L. Doctoroff
Deputy Mayor for Economic Development
and Rebuilding

Approved as to form:

_____
Acting Corporation Counsel

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the ___day of November 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared KENNETH J. RINGLER, JR., Executive Director of the PORT AUTHORITY OF NEW YORK AND NEW JERSEY, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the __ day of November 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared Daniel L. Doctoroff, Deputy Mayor for Economic Development and Rebuilding of THE CITY OF NEW YORK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the ___ day of November 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared , City Clerk of THE CITY OF NEW YORK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

EXHIBIT A

COPY OF GRANT OF PERMANENT EASEMENT
DATED AS OF AUGUST 19, 2002
FROM THE PEOPLE OF THE STATE OF NEW YORK

STATE OF NEW YORK
DEPARTMENT OF TRANSPORTATION
HUNTERS POINT PLAZA
47-40 21ST STREET
LONG ISLAND CITY, N.Y. 11101

DOUGLAS A. CURREY, P.E.
REGIONAL DIRECTOR

SUBI CHAKRABORTI, P.E.
DEPUTY REGIONAL DIRECTOR

JOSEPH H. BOARDMAN
COMMISSIONER

September 18, 2002

Harry Barr, Esq.
The Port Authority of NY and NJ
Law Department, 14th floor
225 Park Avenue South
New York, NY 10003

Re: PIN
Proceeding 6105 02/7
AirTrain Easement
JFK-LRS Airport Access Program
Queens County

Dear Mr. Barr:

As mentioned to your secretary in a message to be conveyed to you, we have filed the maps and the Grant of Permanent Easement on the above project in the Queens County Registrar's office on September 17, 2002 and I will be hand delivering these maps and the Grant of Easement to your office next week.

Thank you.

Sincerely,

Gulrukh Irani

Gulrukh Irani
Real Estate Specialist Trainee 2

PA LAW DEPARTMENT
172198

REEL 6582 PG 0118

CITY REGISTER RECORDING AND ENDORSEMENT PAGE

COUNTY OF ▶ Queens

THIS PAGE FORMS PART OF THE INSTRUMENT

TOTAL NUMBER OF PAGES IN DOCUMENT INCLUDING THIS PAGE ▶

Block ▼	Lots - ONLY IF ENTIRE LOT ▼	Partial Lots ▼
14260	1	P/O

Premises ▼

Title/Agent Company Name ▼: NYSDOT

Title Company Number ▼

RECORD & RETURN TO:

NAME ▼: Harry K. Barr, Esq.

ADDRESS ▼: Port Authority of NY & NJ. Law Dept.

CITY ▼ | STATE ▼ | ZIP ▼: 225 Park Ave. S 14th Fl, NY NY-10003

NAME & ADDRESS

PARTY 1 ▶: N.Y.S. Department of Transportation

ADDITIONAL PARTY 1 ▶: 47-40 21st Street, L.I.C. NY - 11101

PARTY 2 ▶: Port Authority of NY & NJ.

ADDITIONAL PARTY 2 ▶: 225 Park Ave S 14th Fl, Law Dept, N.Y. NY-10003

FOLD

CHECK THIS BOX IF THERE ARE MORE THAN 2 OF EITHER PARTY ☐

CITY REGISTER'S USE ONLY - DO NOT WRITE BELOW THIS LINE

Examined by (✓): ✓

Mtge Tax Serial No.:

Mtge Amount: $

Taxable Amount: $

Exemption (✓): YES ☐ NO ☐

Type: [220] [255] [OTHER]

Dwelling Type: [1 to 2] [3] [4 to 6] [over 6]

TAX RECEIVED ON ABOVE MORTGAGE ▼

County (basic)	$
City (Addtl)	$
Spec Addtl	$
TASF	$
MTA	$
NYCTA	$
TOTAL TAX	$

Apportionment Mortgage (✓) YES ☐ NO ☐

City Register Serial Number ▶: 128069 Easement

Indexed By (✓): ✓N

Verified By (✓):

Block(s) and Lot(s) verified by (✓): ✓

Address ☐ Tax Map ☑

Extra Block(s): Lot(s):

Recording Fee B	$ NO CHARGE
Affidavit Fee (C)	$
RPTT Fee (R)	$ NO CHARGE
HPD-A ☐	HPD-C ☐

New York State Real Estate Transfer Tax ▼

$ -0-

Serial Number ▶: 004445

New York City Real Property Transfer Tax Serial Number ▶: 022466

OTHER

LOVTL

FOLD

RECORDED IN THE OFFICE OF THE CITY REGISTER OF THE CITY OF NEW YORK

CRFM/RLSING 10/92

63 - N - 902

REEL 6582 PG 0119

Proceeding 6105
AirTrain Easement
JFK-LRS Airport Access Program
Queens County

GRANT OF PERMANENT EASEMENT

Made the 19th day of August, 2002, between

THE PEOPLE OF THE STATE OF NEW YORK, acting by and through Joseph H. Boardman, the Commissioner of Transportation of the State of New York, with offices at 1220 Washington Avenue, Albany, New York 12232, Grantors, and

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, a body corporate and politic acting pursuant to authority conferred by the legislatures of the States of New York and New Jersey, with offices at 225 Park Avenue South, New York, New York 10003, Grantee,

WHEREAS, Grantee has constructed a Light Rail System designed to carry passengers, also referred to as AirTrain Facilities("LRS") within Kennedy International Airport ("JFK") with connections to the Jamaica Long Island Railroad/New York City Transit Authority Sutphin Boulevard Station ("Jamaica Station")and to the Howard Beach Subway Station; and

WHEREAS, the connection to the Jamaica Station requires the use of property lying between the boundary of JFK and the Jamaica Station including, but not limited to, the Van Wyck Expressway ("VWE"), for the LRS Project; and

WHEREAS, lands within the VWE are owned all or in part by the Grantors as part of the State Highway System under

jurisdiction of the New York State Department of Transportation ("NYSDOT"); and

WHEREAS, the parties hereto have entered into a Memorandum of Understanding which provides, among other things, that the Grantee will construct the LRS and as part of its project will make certain other improvements in the VWE for the benefit of the Grantors, and the Grantors will convey a grant of permanent easement rights in the VWE to the Grantee upon the terms and conditions hereinafter expressed; and

NOW THEREFORE the Grantors, in consideration of the sum of ONE AND NO/100 DOLLAR ($1.00), and other valuable consideration, do hereby remise, release and quitclaim unto the Grantee, its successors and assigns forever,

Permanent aerial, surface and subsurface easements for the construction, reconstruction, operation, inspection, maintenance and repair of the LRS, which easements are more specifically defined herein over all those **PIECES OR PARCELS OF PROPERTY** situate in the Fourth Ward of the Borough of Queens, City of New York, County of Queens, State of New York, which are shown and described as Aerial Parcels or Easements, Column Parcels or Easements, and Subsurface Parcels or Easements, of Segments CR-402 through CR-415 of a series of maps entitled "THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY AIRTRAIN PROJECT, JFKIA-JAMAICA SEGMENT, ALTA/ACSM LAND TITLE SURVEY, A PORTION OF VAN WYCK EXPRESSWAY, SEGMENT CR-(402 through 415), BOROUGH OF QUEENS, QUEENS COUNTY, STATE OF NEW YORK" prepared by Vollmer Associates,

LLP, dated February 28, 2002, bearing Project Number 2001-003-03, and filed in the Office of the Register of Deeds, Queens County contemporaneously with the recording of this Grant of Permanent Easement.

1. With respect to each parcel designated as "Aerial Parcel" or "Aerial Easement", a permanent aerial easement for an elevated reinforced concrete platform supporting the LRS referred to herein as the "AirTrain Guideway," and for the LRS constructed thereon, including but not limited to appurtenant track, wires, switches, signals, drainage and other utility installations required for the operation of the LRS. Each aerial easement parcel is located within an elevated plane situate generally over the median area of the VWE separating the northbound and southbound lanes or the eastbound and westbound lanes, as the case may be, of the VWE and the first vehicular lane of the VWE located northerly or easterly of the median and the two vehicular travel lanes of the VWE located southerly or westerly of the median.

2. With respect to each parcel designated as "Column Parcel" or "Column Easement", a permanent surface easement for support of the AirTrain Guideway, including but not limited to appurtenant track, wire, switches, signals, drainage and utility installations.

3. With respect to each parcel designated as "Subsurface

Parcel" or "Subsurface Easement", a permanent subsurface easement for the construction of footings necessary for support of the columns supporting the AirTrain Guideway, the right to construct, install, and operate cables, wires, switches, signals, and other equipment appurtenant to electric and data transmission and the right to construct, install, operate and maintain drainage and utility facilities, including the right to connect to the existing highway drainage system.

RESERVING TO THE GRANTORS the legal right of access at grade level for the purpose of inspection, maintenance or repair of all State and/or New York City owned facilities, appurtenances or equipment or emergency repair or shoring of the LRS, if in the opinion of the Grantors, State facilities are endangered; and

IT IS FURTHER AGREED that inspection, maintenance, and/or repair of the LRS facility constructed by the Grantee within the State Highway System requiring access from the at-grade level will require a Permit from NYSDOT, but that inspection, maintenance, and/or repair work conducted from the elevated LRS/ AirTrain Guideway will not require a Permit issued by NYSDOT unless lane closures of the highway below are involved. The Permit for such work, which shall not be unreasonably withheld or delayed, shall be issued without charge and without requirements for bonds and shall otherwise contain standard terms and conditions.

PROVIDED HOWEVER, that the Grantee, its successors and assigns shall make no change in the clearance over the VWE or in the alignment or location of such LRS facilities, or additional facilities constructed, which will interfere with the VWE and its appurtenances or other facilities of the State of New York, its successors or assigns.

FURTHER PROVIDED, that if the easement rights created herein are no longer used for construction, reconstruction, operation and maintenance of an LRS operated for Air Terminal purposes, the easements shall automatically terminate and jurisdiction over the affected premises shall return to the NYSDOT.

This Grant of Permanent Easement contains certain language defining the scope, purpose and terms of the easements granted herein. The maps referred to in this Grant and which are intended to be filed contemporaneously with the recording of this Grant also contain certain language defining the scope, purpose and terms of such easements. The language contained in this Grant is intended to control the definition of these easements, and any inconsistency between the language describing the scope, purpose and terms of said easements contained on the maps and in this Grant, shall be controlled by the language of this Grant.

TO HAVE AND TO HOLD the permanent easement rights herein granted unto the Grantee, its successors and assigns forever, except as provided above.

IN WITNESS WHEREOF, the Grantors have caused this instrument to be signed by their duly authorized representative and the seal of the New York State Department of Transportation to be hereunto affixed.

THE PEOPLE OF THE STATE OF NEW YORK

BY: JOSEPH H. BOARDMAN
Commissioner of Transportation

BY: _____
RICHARD J. MORRIS
Director, Real Estate Division
Department of Transportation

State of New York)
) ss.:
County of Albany)

On the 19th day of August in the year 2003 before me, the undersigned, personally appeared Richard J. Morris, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public, State of New York

CHERYL M. DUPREY
Notary Public, State of New York
Qualified in Rensselaer County
No. 4650865
Commission Expires April 30, 2003

Approved as to form
and manner of execution.
ELIOT SPITZER
ATTORNEY GENERAL

By: _____
Gary von Bieberstein
Principal Attorney

JOHN F. KENNEDY INTERNATIONAL AIRPORT - AIRPORT ACCESS PROJECT - PROPERTY ACQUISITION

On May 9, 1996, the Board authorized a project (the "Project") for the implementation of an automated Light Rail System ("LRS") between Jamaica and John F. Kennedy International Airport ("JFK"), a link between Howard Beach and JFK, and an LRS circulating within the Central Terminal Area at a total estimated project cost of $1.268 billion, excluding interest on bonded debt. JFK suffers from a lack of public transportation options for access to the facility. In addition, the existing roadway system is unable to adequately address the need for on-airport circulation. The Project will provide connections to regional transportation hubs at the Long Island Railroad station in Jamaica as well as the New York City Transit station in Howard Beach. The LRS will also provide stations on-airport, at the rental car facilities at Federal Circle, the Employee Long-Term Parking Lot, and at the unit terminals for intra-airport transportation of airport customers and employees.

In requesting Project Authorization at the Board's May 9, 1996 meeting, staff noted that at the appropriate time, the Board would be asked to make the necessary findings and authorize acquisition of property interests by negotiation or condemnation. In view of the Project schedule, staff recommends authorization of property acquisition by negotiation at this time. If negotiations with private landowners do not lead to reasonable settlements, staff would conduct a public hearing as required by the New York State Eminent Domain Procedure Act before initiating eminent domain proceedings to acquire the property. Subsequent to such a hearing, the Board would be requested to make the necessary findings and determinations to enable acquisition by condemnation. The JFK LRS Right-Of-Way ("ROW") will occupy lands now owned by, among others, the City of New York, the State of New York, the Long Island Railroad, Rock-Arizona Associates (an Amoco gas station), Web Food Products, Inc. (a parking lot) and Andrew Borone, Dominick Borone and Joseph Borone (an auto service station and parking lot). Staff plans to acquire these lands, and possibly others adjacent to the ROW should the need become apparent.

The Board at its meeting on May 9, 1996 also authorized the Executive Director to apply to the Federal Aviation Administration ("FAA") for additional Passenger Facility Charge ("PFC") collection authority of $823 million and additional PFC use authority of $1.248 billion. An application was submitted to the FAA for the use of PFC funds on July 21, 1997. A Record of Decision for the use of these funds in the amount of $1.148 billion was received on February 9, 1998. An application for the $100 million in PFCs which expired on October 1, 1997, due to the FAA's failure to act by the application's expiration date, will be resubmitted to the FAA. In addition to the $14 million previously approved by the FAA for planning costs for the JFK LRS, an amendment to recover an additional $36 million in planning and preliminary engineering costs will be submitted at the same time. An addendum will also be submitted to the PFC application to permit the Port Authority to reallocate certain Port Authority Capital funds (up to $300 million) to project elements the FAA deems ineligible for PFC funding and to allocate PFCs to other eligible items. The total amount of PFC funds expected to be approved for the project is $1.298 billion. Together with $300 million in Port Authority Capital funds, the total available funds for this project is $1.598 billion, including interest on bonded debt.

Environmental impacts have been and will be assessed and will be taken into consideration in the implementation of the Project and mitigation measures incorporated in the

Project. A Draft Environmental Impact Statement ("EIS"), Written Reevaluation/Technical Report and Final EIS ("FEIS"), were prepared by the FAA along with the New York State Department of Transportation ("NYSDOT") acting as Joint Lead Agency. The FAA prepared Records of Decision approving an amended Airport Layout Plan including the ROW for the LRS and use of PFCs for the Project in compliance with the National Environmental Policy Act. NYSDOT issued a Record of Decision containing Findings in connection with its authorization of property conveyances for the Project in compliance with the New York State Environmental Quality Review Act ("SEQRA"). It is anticipated that the City of New York will also issue Findings in connection with its authorization of City actions in support of the Project which will comply with the City's Environmental Quality Review Regulations which implement SEQRA. Also, it is a condition of FAA Project approval, as noted in NYSDOT's Record of Decision, that the mitigation measures presented in Section 7.0 of the FEIS are the responsibility of the Port Authority. The Port Authority will incorporate the mitigation measures as requirements of the design, construction, and operation contracts or other contracts issued for the Project.

The City of New York (the "City") has advised that it must comply with the provisions of Section 197(c) of the City Charter involving the Uniform Land Use Review Procedure ("ULURP") before it can execute conveyances needed for the Project. The ULURP, entailing Hearings before Community Boards, the Borough Board, the City Planning Commission and possibly the City Council, is expected to take six to nine months to complete. While the Port Authority's ULURP Application is deemed technically complete, pending direction from the City, the Application has not yet been certified as complete so that the ULURP process may begin.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Haley, Kalikow, Lewis, O'Neill, Philibosian, Schweitzer and Song voting in favor; Commissioner Mack abstaining; none against:

> **RESOLVED**, that the Executive Director or General Counsel, either one acting individually, is hereby authorized to acquire on behalf of the Port Authority property interests by negotiation for and in connection with the Air Terminal Access Facilities known as the John F. Kennedy International Airport ("JFK") Airport Access Light Rail System ("LRS") Project including a link between Jamaica and JFK, a link between Howard Beach and JFK and an LRS circulating the Central Terminal Area (the "Project"), such property interests being generally located along and adjacent to the alignment shown on the amended JFK Airport Layout Plan approved, or to be approved, by the Federal Aviation Administration ("FAA") including but not limited to fee title to three privately owned parcels of land known as Block 9990, Lot 5, Block 9989, Lot 11, and Block 9989, Lot 17, on the Tax Map of the City of New York, Borough of Queens, and to incur all related costs and expenses, and execute all documents and agreements, including without limitation, agreements and conveyances, involving transfers of property interests to or from the Port Authority, necessary or incidental to such acquisition or the Project; and to conduct a public hearing under New York State's Eminent Domain Procedure Act, at their discretion; and it is further

RESOLVED, that the Executive Director or General Counsel, either one acting individually, is hereby authorized to execute an agreement or agreements supplemental to the Agreement with respect to the Municipal Air Terminals between the City of New York (the "City") and the Port Authority and associated instruments whereby, among other matters, the City would: (a) transfer and release to the Port Authority the City's right, title and interest in the property interests the Port Authority requires for the Project; (b) accept a conveyance of the permanent property interests acquired for the Project; and (c) simultaneously lease such property interests to the Port Authority as part of the Airport Demised Premises; and it is further

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

EXHIBIT B

**COPY OF SURVEY OF LOT 5, BLOCK 9990,
BOROUGH OF QUEENS, NEW YORK
PREPARED BY VOLLMER ASSOCIATES**

EXHIBIT D-1

(see attached)

NEW YORK MUNICIPAL AIR TERMINALS
ANNUAL STATEMENT
JANUARY 1, 20__ TO DECEMBER 31, 20__

Table of Contents

		Pages
Exhibit A	- Rent Computation Schedule	1
Exhibit B	- Annual Gross Revenue	2
Exhibit C	- LaGuardia Airport Annual Gross Revenue	3-4
Exhibit D	- John F. Kennedy International Airport Annual Gross Revenue	5-6
Exhibit E	- Items Excluded From Annual Gross Revenue	7

EXHIBIT A

NEW YORK MUNICIPAL AIR TERMINALS
RENT COMPUTATION SCHEDULE
20__

LINE NO.		FOR THE YEAR 20__
1	Annual Gross Revenue (From Exhibit B, Line 3)	
2	8% of Line 1	
3	Minimum Annual Rent Amount	
5	Base Rent	
6	Additional Lump Sum Payment (Line 3 Minus Line 4)	$ -

NEW YORK MUNICIPAL AIR TERMINALS
ANNUAL GROSS REVENUE
20__

EXHIBIT B

LINE NO.		FOR THE YEAR 20__
1	LaGuardia Airport (From Exhibit C, Page 4)	
2	John F. Kennedy International Airport (From Exhibit D, Page 6)	
3	Annual Gross Revenue (To Exhibit A, Line 1)	$ -

EXHIBIT C

NEW YORK MUNICIPAL AIR TERMINALS
LAGUARDIA AIRPORT
ANNUAL GROSS REVENUE
20__

SOURCE	DESCRIPTION	ANNUAL GROSS REVENUE
503	Miscellaneous Revenue	
515	Special Project Bonds	
517	Telecommunications	
559	Unclassified Tenants	
601	General Consumer Services	
602	Food & Beverage Consumer Services	
603	Machine Services	
605	Display Advertising	
641	General Consumer Services - Fixed	
642	Food & Beverage Sales - Fixed	
643	Machine Sales - Fixed	
644	Air Conditioning Services - Fixed	
646	Oil Companies - Fixed Rentals	
648	Ground Handling - Fixed	
654	Public Vehicular Parking	
700	Scheduled Airlines - Flight Fees	
701	Scheduled Airlines - Terminals	
703	Itinerant Aircraft	
706	Scheduled Commuter Airlines	
707	Scheduled Airlines - Hangars & Cargo Facility	
709	Scheduled Airlines - Heating & Refrigeration	
710	Scheduled Airlines - Other	

NEW YORK MUNICIPAL AIR TERMINALS
LAGUARDIA AIRPORT
ANNUAL GROSS REVENUE
20__

EXHIBIT C

SOURCE	DESCRIPTION	ANNUAL GROSS REVENUE (CONT'D)
711	Aircraft Parking & Storage	
725	Scheduled Airlines - Percent Fees	
726	FAR - Boarding Gate Security Program	
727	Tenant Parking	
728	Scheduled Airlines - Miscellaneous Fees	
731	Oil Companies	
751	Ground Handling Agencies	
752	Cargo Handling & Service Agencies	
761	Aircraft Service Agencies	
771	U.S. Government	
800	Recovered Expense	
851	Sale of Water - Hot & Cold	
852	Sale of Electricity	
879	Asbestos Settlement	
	Total Annual Gross Revenue (To Exhibit B, Line 1)	$0

EXHIBIT D

NEW YORK MUNICIPAL AIR TERMINALS
JOHN F. KENNEDY INTERNATIONAL AIRPORT
ANNUAL GROSS REVENUE

20__

SOURCE	DESCRIPTION	ANNUAL GROSS REVENUE
503	Miscellaneous Revenue	
515	Special Project Bonds	
517	Telecommunications	
559	Unclassified Tenants	
601	General Consumer Services	
602	Food & Beverage Consumer Services	
603	Machine Services	
605	Display Advertising	
641	General Consumer Services - Fixed	
642	Food & Beverage Sales - Fixed	
643	Machine Sales - Fixed	
644	Air Conditioning Services - Fixed	
645	Display Advertising - Fixed	
646	Oil Companies - Fixed Rentals	
647	Hotel - Fixed Rentals	
648	Ground Handling - Fixed	
649	Cargo Handling - Fixed	
650	International Hotel	
654	Public Vehicular Parking	
700	Scheduled Airlines - Flight Fees	
701	Scheduled Airlines - Terminals	
703	Itinerant Aircraft	
705	Scheduled Helicopter Operations	
706	Scheduled Commuter Airlines	
707	Scheduled Airlines - Hangars & Cargo Facility	
709	Scheduled Airlines - Heating & Refrigeration	

NEW YORK MUNICIPAL AIR TERMINALS
JOHN F. KENNEDY INTERNATIONAL AIRPORT
ANNUAL GROSS REVENUE
20__

EXHIBIT D

SOURCE	DESCRIPTION	ANNUAL GROSS REVENUE (CONT'D)
710	Scheduled Airlines - Other	
711	Aircraft Parking & Storage	
712	Fuel Fees	
713	Environmental Fees	
716	PAF Penalty Fees	
725	Scheduled Airlines - Percent Fees	
726	FAR - Boarding Gate Security Program	
727	Tenant Parking	
728	Scheduled Airlines - Miscellaneous Fees	
746	Air Train Fare Box Revenue	
751	Ground Handling Agencies	
752	Cargo Handling & Service Agencies	
761	Aircraft Service Agencies	
771	U.S. Government	
777	Trade Service Firms	
800	Recovered Expense	
851	Sale of Water - Hot & Cold	
852	Sale of Electricity	
859	Leased Fuel Trucks	
879	Asbestos Settlement	
	Total Annual Gross Revenue (To Exhibit B, Line 2)	$0

NEW YORK MUNICIPAL AIR TERMINALS **EXHIBIT E**
ITEMS EXCLUDED FROM ANNUAL GROSS REVENUE
20__

DESCRIPTION	**FOR THE YEAR 20__**
Passenger Facility Charges-LaGuardia and John F. Kennedy International Airport	
Federal Grants	
Transportation Security Administration-Boarding Gate Security	
FAA K-9 Program	
Principal Payments on Special Project Bonds	
Total Excluded From Annual Gross Revenue	$ -

Reason for Exclusion:

Pursuant to Section 4.1, Annual Gross Revenues shall exclude any and all amounts attributable to repayment of principal on Special Project Bonds, federal grants or monies received as a result of any federal statute, regulation or policy or program, such as passenger facility charges and amounts used for airport security, where such statute or regulation, policy or program restricts the use of such monies to purposes benefiting the Municipal Air Terminals.

EXHIBIT D-2

(see attached)

NEW YORK MUNICIPAL AIR TERMINALS
LAGUARDIA AIRPORT
ESTIMATED ANNUAL GROSS REVENUE
20__

SOURCE	DESCRIPTION	ESTIMATED ANNUAL GROSS REVENUE
503	Miscellaneous Revenue	
515	Special Project Bonds	
517	Telecommunications	
559	Unclassified Tenants	
601	General Consumer Services	
602	Food & Beverage Consumer Services	
603	Machine Services	
605	Display Advertising	
641	General Consumer Services - Fixed	
642	Food & Beverage Sales - Fixed	
643	Machine Sales - Fixed	
644	Air Conditioning Services - Fixed	
646	Oil Companies - Fixed Rentals	
648	Ground Handling - Fixed	
654	Public Vehicular Parking	
700	Scheduled Airlines - Flight Fees	
701	Scheduled Airlines - Terminals	
703	Itinerant Aircraft	
706	Scheduled Commuter Airlines	
707	Scheduled Airlines - Hangars & Cargo Facility	
709	Scheduled Airlines - Heating & Refrigeration	
710	Scheduled Airlines - Other	

NEW YORK MUNICIPAL AIR TERMINALS
LAGUARDIA AIRPORT
ESTIMATED ANNUAL GROSS REVENUE
20__

SOURCE	DESCRIPTION	ESTIMATED ANNUAL GROSS REVENUE (CONT'D)
711	Aircraft Parking & Storage	
725	Scheduled Airlines - Percent Fees	
726	FAR - Boarding Gate Security Program	
727	Tenant Parking	
728	Scheduled Airlines - Miscellaneous Fees	
731	Oil Companies	
751	Ground Handling Agencies	
752	Cargo Handling & Service Agencies	
761	Aircraft Service Agencies	
771	U.S. Government	
800	Recovered Expense	
851	Sale of Water - Hot & Cold	
852	Sale of Electricity	
879	Asbestos Settlement	
	Total Estimated Annual Gross Revenue	$0

NEW YORK MUNICIPAL AIR TERMINALS
JOHN F. KENNEDY INTERNATIONAL AIRPORT
ESTIMATED ANNUAL GROSS REVENUE
20__

SOURCE	DESCRIPTION	ESTIMATED ANNUAL GROSS REVENUE
503	Miscellaneous Revenue	
515	Special Project Bonds	
517	Telecommunications	
559	Unclassified Tenants	
601	General Consumer Services	
602	Food & Beverage Consumer Services	
603	Machine Services	
605	Display Advertising	
641	General Consumer Services - Fixed	
642	Food & Beverage Sales - Fixed	
643	Machine Sales - Fixed	
644	Air Conditioning Services - Fixed	
645	Display Advertising - Fixed	
646	Oil Companies - Fixed Rentals	
647	Hotel - Fixed Rentals	
648	Ground Handling - Fixed	
649	Cargo Handling - Fixed	
650	International Hotel	
654	Public Vehicular Parking	
700	Scheduled Airlines - Flight Fees	
701	Scheduled Airlines - Terminals	
703	Itinerant Aircraft	
705	Scheduled Helicopter Operations	
706	Scheduled Commuter Airlines	
707	Scheduled Airlines - Hangars & Cargo Facility	
709	Scheduled Airlines - Heating & Refrigeration	

NEW YORK MUNICIPAL AIR TERMINALS
JOHN F. KENNEDY INTERNATIONAL AIRPORT
ESTIMATED ANNUAL GROSS REVENUE
20__

SOURCE	DESCRIPTION	ESTIMATED ANNUAL GROSS REVENUE (CONT'D)
710	Scheduled Airlines - Other	
711	Aircraft Parking & Storage	
712	Fuel Fees	
713	Environmental Fees	
716	PAF Penalty Fees	
725	Scheduled Airlines - Percent Fees	
726	FAR - Boarding Gate Security Program	
727	Tenant Parking	
728	Scheduled Airlines - Miscellaneous Fees	
746	Air Train Fare Box Revenue	
751	Ground Handling Agencies	
752	Cargo Handling & Service Agencies	
761	Aircraft Service Agencies	
771	U.S. Government	
777	Trade Service Firms	
800	Recovered Expense	
851	Sale of Water - Hot & Cold	
852	Sale of Electricity	
859	Leased Fuel Trucks	
879	Asbestos Settlement	
	Total Estimated Annual Gross Revenue	$0

EXHIBIT D-3

(see attached)

SCHEDULE A

Intentionally Omitted

SCHEDULE B

Intentionally Omitted

SCHEDULE C

The Matter of the Arbitration Between The City of New York and The Port Authority of New York and New Jersey commenced with a Demand for Arbitration dated December 14, 1995, before the American Institute of Certified Public Accountants.

SCHEDULE D

Intentionally Omitted

SCHEDULE E
Schedule of Newark Airport Lease and all Amendments

1. Agreement with respect to the Newark Marine and Air Terminals by and between the City of Newark and the Port Authority made the 22nd day of October, 1947.

2. First Supplemental Agreement made as of the 11th day of March, 1948.

3. Second Supplemental Agreement made as of the 27th day of July, 1949.

4. Third Supplemental Agreement made the 30th day of August, 1949.

5. Fourth Supplemental Agreement made as of the 21st day of September, 1949.

6. Fifth Supplemental Agreement made as of the 27th day of May, 1953.

7. Sixth Supplemental Agreement made as of the 8th day of September, 1955.

8. Seventh Supplemental Agreement made as of the 5th day of October, 1956.

9. Eighth Supplemental Agreement made the 21st day of April, 1958.

10. Ninth Supplemental Agreement made as of the 14th day of December, 1966.

11. Tenth Supplemental Agreement made as of the 30th day of June, 1970.

12. Eleventh Supplemental Agreement made as of the 5th day of February, 1975.

13. Twelfth Supplemental Agreement made as of the 1st day of April, 1974.

14. Thirteenth Supplemental Agreement made as of the 16th day of May, 1975.

15. Fourteenth Supplemental Agreement made as of the 14th day of June, 1984.

SCHEDULE E
Schedule of Newark Airport Lease and all Amendments
(Continued)

16. Fifteenth Supplemental Agreement made as of the 1st day of January, 1984.

17. Sixteenth Supplemental Agreement made as of the 17th day of April, 1996.

18. Seventeenth Supplemental Agreement made as of the 26th day of March, 1998.

19. Eighteenth Supplemental Agreement made the 2nd day of October, 2000.

20. Eighteenth Supplemental Agreement made as of the 1st day of January, 2002.

21. Nineteenth Supplemental Agreement made as of the 1st day of January, 2002.

APPENDIX A

(see attached)

EXHIBIT A

Performance Standards

(AIRPORT BOARD AGREEMENT)
EXHIBIT A

AIRPORT PERFORMANCE AND SERVICE STANDARDS

John F. Kennedy International ("JFK") and LaGuardia Airports (together the "New York Airports") serve as both gateways to and economic engines for New York City, the Port Authority of New York and New Jersey and the City of New York recognize that, in accordance with the Lease Agreement, the Port Authority and the City intend that the New York Airports shall be operated and developed as first class facilities that meet the air travel and cargo demands of the City of New York and the surrounding metropolitan region.

To that end, the existence of vigorous measures of quality coupled with effective implementation policies are fundamental both to furthering the reasonable interests of all users of the New York Airports and to ensuring that the airports deliver the types of service at levels of quality that are in the public benefit.

On a quarterly basis the Port Authority will deliver to the City and the Airport Board both Landside and Airside Performance Indicators as set forth below. These Performance Indicators have been selected specifically to measure the New York Airports' **(1) Market Share, (2) Passenger Service, (3) Cargo Service, (4) Operations, (5) Capital Spending, (6) Quality of Service**, and **(7) Community Relations.** These Indicator measurements will be provided to the City and Airport Board both graphically and textually. Recognizing that there is a lag in the receipt of certain data requested, the Port Authority will report the most current data available and it is acknowledged that the timeframe covered for each measure may vary.

The Indicator Measurements to be provided by the Port Authority are as follows:

1. Market Share:

a) Passenger Volume
The Port Authority will provide, on a quarterly basis, rolling 12-month passenger volume for the New York Airports. The volume will be broken out by airport and by month. The Port Authority will provide comparable passenger volume data for the previous 12 months, including the annual percentage increase or decrease, and for the New York Airports' peer airports: Chicago O'Hare (ORD), Miami (MIA), Newark Liberty (EWR), and Boston Logan (BOS), depending on availability.

b) Passenger Rankings
The Port Authority will provide, on a quarterly basis, the ranking of JFK's international traffic relative to Newark Liberty (EWR), Chicago O'Hare (ORD), Miami (MIA), Philadelphia (PHL), Boston Logan (BOS), Atlanta Hartsfield-Jackson (ATL), and Washington Dulles (IAD) for the immediately preceding four quarters.

The Port Authority will provide, on a quarterly basis, the New York Airports' domestic traffic, relative to Newark Liberty (EWR), Philadelphia (PHL), Boston Logan (BOS), Washington National (DCA) and Washington Dulles (IAD) for the immediately preceding four quarters. Domestic traffic will be broken out by both LaGuardia and JFK.

c) Cargo Rankings
The Port Authority will provide, on a quarterly basis, the ranking of the New York Airports' total gross cargo tonnage throughput and total cargo value relative to Newark Liberty (EWR), Atlanta Hartsfield-Jackson (ATL), Philadelphia (PHL), Boston Logan (BOS) and Washington Dulles (IAD). The Port Authority will provide comparable rankings, including annual percentage increases or decreases for the preceding four quarters.

2. Passenger Service:

a) JFK Non-Stop Destinations
The Port Authority will provide, on a quarterly basis, a complete index of cities served non-stop from JFK. The data will be broken out into the following geographic categories: United States, Canada, Mexico, Central America, Caribbean, South America, Europe/Africa/Middle East, and Asia/Pacific.

The Port Authority will provide, on a quarterly basis, the total number of non-stop flights and total number of seats available on non-stop flights from JFK to cities in the following eight geographic regions: United States, Canada, Mexico, Central America, Caribbean, South America, Europe/Africa/Middle East, and Asia/Pacific. The Port Authority will provide comparable data for the previous 12 months, including annual percentage increase or decrease in the total number of non-stop flights and seats.

b) LaGuardia Non-Stop Destinations
The Port Authority will provide, on a quarterly basis, a complete index of non-stop destinations being served from LaGuardia Airport. The data will be broken out into the following geographic categories: Northeast, South, Midwest, West, and International.

The Port Authority will provide, on a quarterly basis, the total number of non-stop flights and of seats available on non-stop flights from LaGuardia to cities in the following geographic regions: Northeast, South, Midwest, West, and International. The Port Authority will provide comparable data for the previous 12 months, including annual percentage increase or decrease in the total number of non-stop flights and seats.

c) Number of Scheduled Air Carriers
The Port Authority will provide, on a quarterly basis, a complete index of scheduled air carriers (excluding affiliates), by quarter, serving JFK and LaGuardia Airports. This index shall include a brief description of geographic area(s) served for each carrier.

The Port Authority will provide a complete index of total new entrants, and geographic area(s) served, as compared to the same data for the immediately preceding fiscal year.

3. **Cargo Service:**

a) Total Gross Cargo Tonnage Throughput
The Port Authority will provide, on a quarterly basis, the total gross cargo tonnage throughput at the New York Airports. The Port Authority will provide comparable data, showing percentage increase or decrease, for the preceding year.

b) Total GrossCargo Value
The Port Authority will provide, on a quarterly basis, the total gross value of international air cargo throughput for the New York Customs District. The Port Authority will provide comparable data, showing percentage increase or decrease, for the preceding year. N.B. The data is supplied by the U.S. Bureau of Customs and Border Protection and is not broken down by airport, but rather by region, or U.S. Custom District. The New York Custom District includes Newark Liberty International Airport.

c) Origins of New York Airports' Cargo Trade
The Port Authority will provide, on a quarterly basis, a matrix outlining by volume, value and share the cargo arriving at the New York Airports from the following IATA-categorized regions: Asia, North America, Europe, Africa, Middle East, South America, Central America, Southwest Pacific.

d) Destinations of New York Airports' Cargo Trade
The Port Authority will provide, on a quarterly basis, a matrix outlining by volume, value and share the international air cargo exported from the New York Customs District to the following IATA-categorized regions: Asia, North America, Europe, Africa, Middle East, South America, Central America, Southwest Pacific.

e) Commodities by Category
The Port Authority will provide, on a quarterly basis, an index of the top five commodity categories, by volume, value and share, imported and exported via air from the New York Customs District.

f) Cargo Trade by Carrier
The Port Authority will provide, on a quarterly basis, an index outlining total volume and share of cargo traffic into the New York Airports by air carrier.

g) Air Cargo Trends
The Port Authority will provide, on an annual basis, a report outlining key trends in the air cargo industry and the Port Authority's planned response to these trends and recommendations on how the City can assist.

h) Cargo Access

The City will provide a status on the 10 Point Cargo Access Plan (**Attachment A**) and the planned response to administrative and capital funding issues.

4. Operations:

a) Operations with Delay by Cause
The Port Authority will provide, on a quarterly basis, data showing all operations, including delays, at the New York Airports, by airport. The cause of delays will be separated into four categories and reported by percentage. The four categories include: Weather, Volume, Construction, and Other.

b) Incursions
The Port Authority will provide, on a quarterly basis, information indicating the number of runway incursions that have occurred at the New York Airports, by airport, during the immediately preceding quarter. The runway incursion will be separated into the following categories: (1) unauthorized pedestrian, (2) vehicle, or (3)aircraft entering or failing to clear the runway safety area, interfering with an aircraft takeoff or landing.

c) Landing Fees
The Port Authority will provide, on an annual basis, a schedule of its landing fees at the New York Airports, by airport. The Port Authority will indicate percentage increases and decreases of landing fees compared to the preceding fiscal year.

5. Capital Spending:

a) The Port Authority will provide, within ninety (90) days after the approval of the Port Authority's annual budget by the Port Authority Board of Commissioners, a true, accurate and complete copy of its then current five (5) year capital plan with respect to the Municipal Air Terminals. For capital improvements the cost of which is in excess of $50 million, the Port Authority will provide true and accurate complete plans for such projects.

b) The Port Authority will provide, on a quarterly basis, a detailed summary of its current year capital spending at the New York Airports, by airport. This summary will include a breakdown of spending by project.

c) The Port Authority will provide, on a quarterly basis, a summary and brief description of financing inducement resolutions adopted by the Port Authority for capital projects at the New York Airports during the previous quarter.

6. Quality of Service:

Passenger Service Monitor Program

In the first quarter of the first year of the lease, the Port Authority shall present a proposed Passenger Service Monitor Program to the Airport Board for its consultation as to its scope, structure and methodology. The Passenger Service Monitor Program shall include surveys taken regularly, and in no event less than once per year, of a sample of passengers at the New York Airports for their opinions on the range of services provided by the Port Authority, its contractors and vendors. These surveys will be conducted by an independent third party and their scope must, at minimum, measure satisfaction levels for the following categories:

1. General Cleanliness of Public Areas
2. Signage/Wayfinding
3. Helpfulness and Courtesy of Airport Information Staff
4. Personal Safety in Terminal Buildings and on AirTrain system
5. Cost and Convenience of Airport Parking
6. Ground Transportation Availability
7. AirTrain Service

The Port Authority will provide the Airport Board with the results of its Passenger Service Monitor Program on no less than an annual basis. The presentation to the Airport Board will include all results indicating overall passenger satisfaction upon departure from and arrival at all terminals at JFK and LaGuardia Airports and within stations and trains of the AirTrain system. The Port Authority will also provide comparable survey results for the previous two years. The results will be broken out for each of the terminals at the two airports and for the AirTrain; these terminals are:

<u>JFK:</u>
Terminal 1 (T1)
Terminal 2 (T2)
Terminal 3 (T3)
Terminal 4 (T4)
Terminal 6 (T6)
Terminal 7 (T7)
Terminal 8 (T8)
Terminal 9 (T9)

<u>LaGuardia:</u>
Delta Shuttle (DS)
US Airways Terminal (USA)
Delta Main (DM)
Central Terminal Building (CTB)

In those attributes where passenger satisfaction levels have decreased from levels recorded the prior year, the Port Authority shall provide the Airport Board with a specific plan and timeline for remedy of the problem.

The Airport Board, with the majority approval and, at its own expense, may request an expanded scope, more frequent surveys and additional measurements. The Port Authority will retain all proprietary rights associated with the Passenger Service Monitor Program, however all results will be shared openly with both the City of New York and the Airport Board.

7. Community Outreach

a) Aviation Development Council

The Port Authority will provide the Airport Board, on an annual basis, a summary report of activities of the Aviation Development Council. This summary report will include a listing of all grants disbursed, and reports produced during the preceding fiscal year.

b) Queens Council on Airport Opportunity

The Port Authority will provide the Airport Board, on an annual basis, a summary report of activities of the Queens Council on Airport Opportunity, including local hiring numbers at the New York Airports, during the preceding fiscal year.

c) Queens Air Services Development Office

The Port Authority will provide the Airport Board, on an annual basis, a summary report of activities of the Queens Air Services Development Office. This report will include a summary of local procurement of goods and services at the New York Airports during the preceding fiscal year.

ATTACHMENT A

JFK Cargo Access Issues

JFK CARGO ACCESS ISSUES

Context

International Cargo

The New York and New Jersey airports, which constitute the New York Customs District, were responsible for 23 percent of all commodities imported and 17 percent of all exports in the U.S. in 2003, for a total of 2.9 billion pounds of the U.S. internationally traded commodities. In total, these airports handle more than 2.6 million tons of cargo per year, generate 85,000 jobs and are responsible for $10.9 billion in economic activity, including $3.7 billion in annual wages. Pivotal to this level of activity are the more then 1,000 cargo companies, including airlines, cargo handlers, brokers, truckers and freight forwarders that call the New York and New Jersey airports home.

While these statistics indicate that the New York Customs district is the largest in the U.S., NY/NJ market share has been decreasing steadily over the years, even with the continuous investment made in air cargo facilities by the air cargo industry. Airis Corporation, a multi-tenant cargo facility developer, Continental Airlines, United Airlines and Korean Airlines have all made very recent investments in first class cargo handling facilities at JFK. Although New York is the largest consumer market in the country, these first class facilities need transshipment capability for the airport and the cargo community to maintain or grow its market share. This transshipment capability requires an efficient distribution network, which would permit goods arriving in the New York and New Jersey airports to reach not only the local consumer market, but also neighboring markets without international access.

Total Cargo

The three airports in the region, (LaGuardia, J. F. Kennedy International, and Newark Liberty International) handled 2.6 million short tons in 2003. The role of integrators such as Fed Ex and UPS has increased to 32.7 percent from 12 percent in 1987. These vertically integrated carriers rely heavily on surface fleets for door-to-door distribution, much of which is on a just-in-time basis. These fleets take the shape of vans and small trucks, all the way to tractor-trailer trucks. The traditional industry relies on matching multimodal alternatives to reach their ultimate markets and makes extensive use of larger trailer trucks.

Air cargo activity at NY/NJ airports is estimated to directly generate nearly 85,000 jobs, $3.7 billion in wages and $10.9 billion in economic activity. The economic health of the immediate area as well as the availability of products in the retail and manufacturing sectors, locally and regionally, depend on the free movement of goods.

Access

Both international and domestic air cargo require some type of transfer between different modes of transportation to reach their ultimate market. An efficient distribution network

requires multimodal alternatives and access. Air transportation does not exist in a vacuum; efficient and adequate roadway access is necessary for competitive air cargo service, which depends almost exclusively on truck transfers to move to and from airports.

Access to Kennedy International Airport is severely constrained by the failure to construct some of the highways originally approved to serve the airport, and by chronic traffic congestion affecting airport and non-airport-related traffic during peak travel hours. While this paper focuses on cargo access issues, the inadequacy of highway connections to JFK impedes access by passengers and employees alike. It also adversely affects other local commercial centers and residential neighborhoods in surrounding areas of Queens, Brooklyn, and Nassau County.

Compounding the problem for truckers trying to move to and from JFK and nearby businesses, many of the roadways serving or abutting the airport are parkways, or residential streets that do not permit commercial vehicular through traffic. Even on the interstate highway segments serving JFK, regulations unique to the city's arterial network limit permissible truck sizes.

Air cargo generated over 13,000 daily one-way trips on the roadways surrounding Kennedy Airport according to a 2002 traffic engineering survey. Of these trips, 10 percent were made by vehicles with more that 3 axles, 26 percent by single unit trucks and 25 percent by small trucks and vans.

For traffic and economic activity to continue to grow, access to the airport requires a systemic approach to improve the reliability of truck service by reducing congestion and addressing bottlenecks in the roadway network. Airport users, tenants, and nearby communities alike are poorly served by the combination of growing airport and non-airport traffic, on an inadequate highway network with trucking regulations that complicate efficient shipping and routing of cargo.

Travel demand forecasts point toward a worsening of congestion in the future, with significant congestion spreading to more hours of the day and affecting larger segments of the highways serving JFK. Even with continuing gains in transit ridership citywide and expansion of transit alternatives for airport passengers and employees, underlying growth trends are expected to translate into somewhat higher traffic volumes on NYC roadways.

With that in mind, transportation and economic development agencies have identified chronic roadway "bottleneck" locations, unrealized improvements, and regulatory impediments that, if addressed, could improve commercial vehicle access to the airport and ease traffic congestion on residential streets. Many causes contribute to the agencies' inability to date to effect these changes, ranging from historical opposition by some elected officials, concern over perceived community impacts, and a sense of complacency that JFK's cargo business could stay competitive despite substandard road access. Growing concern over the threat to the air-cargo employment centered on JFK provides an opening to build the necessary local support for implementing a balanced package of truck-access improvements.

ACTION PLAN

Near-Term Actions

1. **Problem description: Current State law incorporates a City-requested restriction barring use of tractor-trailer combinations exceeding 53' from servicing locations in the five boroughs, or traversing the City except via a route using I-95, the Throgs Neck Bridge, and the Clearview Expressway to the LIE to access Nassau/Suffolk counties. Longer combinations are typical in the trucking industry and in wide use, notably for air-cargo operations. Use of these vehicles exposes operators to potential summonses.**

   a. **Project**: Amend current regulation in order to allow 53-foot trailer trucks to access Kennedy Airport via the Van Wyck Expressway, pending anticipated reconsideration of this anomalous restriction on a broader basis as part of the new NYCDOT truck-route study and related regional goods-movement assessments.

      i. Benefits:
         1. Facilitate access to the region's largest cargo gateway
         2. Reduce congestion by decreasing the use of smaller trucks operating the route
         3. Formalize the rule so that airport access by standard size trucks does not depend on informal no-ticketing stance taken by NYPD.

      ii. Next steps: Work with FHWA Albany office, NYCDOT and NYSDOT officials to clarify or reform standing regulation and to allow the operation of 53-foot trailer trucks on the Van Wyck Expressway. City support is needed to effectuate this change.

2. **Problem description: Short lead distance (half mile from actual merge) for sign advising northbound Van Wyck automobile traffic to keep right to access Grand Central Parkway contributes to roadway congestion derived from driver confusion.**

   a. **Project**: Reposition signage on the northbound Van Wyck indicating automobile traffic should keep right to access the Grand Central Parkway, giving longer lead distance.

      i. Benefits:
         1. Allow automobiles an earlier opportunity to merge right, minimizing last-minute lane changes and weaving.
         2. Reduce potential for accidents.
         3. Reduce emissions caused by traffic congestion.

      ii. Next step: NYCDOT and NYSDOT approval for new sign placement may be needed. Signage will be installed.

3. **Problem description: Inappropriate use of the service road by traffic that moves on-off the Van Wyck to jump ahead of congestion.**

a. **Project:** Better manage on-off traffic flows on the VWE, thus preventing excessive lane weaving and decreasing congestion.

   i. Benefits:
      1. Decrease traffic on the service roads.
      2. Improve traffic flow by decreasing unnecessary weaving.
      3. Reduce emissions caused by traffic congestion.

   ii. Next step: Completion of AirTrain-related construction and overpass bridge improvements on VWE provides opportunity to consider measures for segment between Jamaica & JFK. More broadly, NYSDOT and NYCDOT would like to discuss its plans for the Van Wyck, including truck over-height detection, use of ITS technology and other measures with potential benefits.

4. **Problem description: Commercial truck and van traffic is permitted only in a limited number of parkways. This adds to traffic pressure on the VWE and Atlantic Avenue, the only through-truck-route on the street network in Brooklyn. It also forces more circuitous routing of many trucks traveling between Southern Queens/southern Brooklyn locations and points west and south of NYC accessible via the Verrazano Narrows Bridge. Permitting smaller vehicles on the Belt and the Cross Island parkways would create a supplemental – and for some cargo more direct – truck access to JFK and other commercial areas in southern Queens and Brooklyn.**

   a. **Project:** Provide access to the Belt Parkway and the Cross Island Parkway for commercial vans.

      i. Benefits:
         1. Decrease commercial truck/van traffic mix on the VWE, and improve larger truck flow in that road.
         2. Improve airport access to Lower Manhattan, Verrazano-Narrows Bridge and New Jersey traffic.

      ii. Next step: Opposition from communities bordering the Belt Parkway has impeded efforts to implement this change. Recent agreement to allow small-truck access on a short segment of the Grand Central Parkway, with local community support, could provide an analogous trial of the benefits and impacts of changing Belt Parkway access. Allowing vans on the Belt is among the strategies modeled in NYMTC's Regional Freight Plan project, and is under discussion in the ongoing NYMTC South Brooklyn Transportation Investment Study, where the community concern can be juxtaposed directly with the borough-wide impacts of inadequate truck access. This issue also will be prominent on the new NYCDOT truck-route study.

5. **Problem description: Atlantic Avenue is a major thoroughfare for commercial truck traffic bound for Kennedy Airport and parking rules are not enforced, with double parking and parking during no-parking periods delaying through traffic.**

a. **Project**: Enforce peak period parking rules on Atlantic Avenue.

i. Benefits:
1. Improve traffic flow on Atlantic Avenue and
2. Provide alternate to Long Island Expressway and decrease commercial traffic spill over to Brooklyn residential streets.

ii. Next step: Bring the issue to City DOT and NYPD attention.

6. **Problem description: Traffic exiting the southbound Van Wyck to join the westbound Belt Parkway must cross three lanes of traffic on North Conduit. The weaving required causes back ups on the Van Wyck and high accident rates in the area. NYCDOT has implemented a signal timing change as a near-term measure to mitigate this problem.**

a. **Project**: Complete the flyover connecting the Van Wyck southbound with the westbound Belt Parkway, approximately a $ 30 M project.

i. Benefits:
1. Reduce congestion on the southbound VWE and improve traffic flow
2. Decrease occasions for accidents
3. Reduce emissions caused by roadway congestion
4. Improve overall traffic flow.

ii. Next step: Discuss Van Wyck improvement program with NYSDOT and determine if there are any interim measures to improve flow. The improvements planned for the Van Wyck are included in the NYSDOT design, but actual construction is planned for 2008, given the current structural work being conducted by the DOT.

7. **Problem Description: Several planned highway projects intended to ensure efficient vehicular access to JFK never were realized, resulting in the airport's over dependence on the Van Wyck Expressway as the primary connection to the interstate highway network, and the only truck-accessible highway to trucks traveling between the airport and points north, west and south. Growth in both regional and airport traffic severely burdens the VWE and connecting highways; forecasts point to worsening conditions during peak weekday and weekend travel hours in the years ahead. Air-cargo industry representatives indicate that the resultant delays and unreliability in transporting cargo to and from the airport its surrounding concentration of cargo facilities is undercutting their ability to retain JFK's share of cargo traffic.**

Project: Initiate a highway corridor study focusing on the Van Wyck Expressway and Clearview Expressway. Project future traffic demand based on forecasts for airport and area wide growth. Establish level-of -service criteria consistent with airport needs and analyze alternatives for improved airport access based on these criteria, including

operational improvements, demand management, capacity management strategies, and expanded roadway capacity.

i. Benefits:

1. Ensure efficient, reliable airport access to help retain concentration of air-cargo employment at and around JFK by maintaining competitive level of accessibility for long-distance cargo moves;
2. Improve mobility for all users of WVE corridor.
3. Improve mobility and air quality for communities bordering VWE by easing forecast congestion on Expressway
4. VWE and Clearview provide most direct access to interstate highway connections with the mainland US; adequate access to that network crucially supports JFK's gateway role and complements supplemental truck access improvements possible via Brooklyn and the Nassau Expressway

ii. Next Step: Review VWE corridor issues, including Clearview Expressway capabilities, with concerned City and State agencies, to lay groundwork for a comprehensive corridor study comparable to the recent Staten Island Expressway and Bronx Arterial Needs Study.

APPENDIX B

(see attached)

AGREEMENT BETWEEN THE CITY OF NEW YORK AND THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

EXHIBIT A

August 4, 2004 Resolution of Board of Commissioners of the Port Authority

AGREEMENTS WITH THE CITY OF NEW YORK REGARDING JOHN F. KENNEDY INTERNATIONAL AND LAGUARDIA AIRPORTS AND THE WORLD TRADE CENTER SITE

It was recommended that the Board authorize the Executive Director to enter into agreements with the City of New York (the City) pertaining to: (1) amendment and extension of the lease agreement between the City and the Port Authority (City Lease) covering John F. Kennedy International Airport (JFK) and LaGuardia Airport (LGA), together with such related and ancillary agreements with the City or others as may be deemed necessary or appropriate; (2) amendment of the agreement between the City and the Port Authority (PILOT Agreement) concerning payments in lieu of taxes (PILOT) for the World Trade Center (WTC) site (WTC Site); and (3) modification of the agreement between the City and the Port Authority relating to the City's street system and the transfer of title to land adjacent to and within the WTC Site (the WTC Redevelopment Agreement, previously known as the Street Closing Agreement).

The term of the City Lease under which the Port Authority operates JFK and LGA expires December 31, 2015. At its meeting of November 20, 2003, the Board authorized the Executive Director to enter into a Memorandum of Understanding (MOU) with the City with respect to agreements relating to changes in and extension of the City Lease and in the PILOT Agreement, so that: (1) effective January 1, 2002, the provisions of the existing City Lease would be amended and supplemented to, *inter alia*, extend the term to December 31, 2050, and increase the rental payable to the City; (2) the annual PILOT amounts for the WTC Site paid by the Port Authority to the City would be increased, effective January 1, 2004, and the property covered would be expanded; and (3) all pending arbitration and litigation between the City and the Port Authority involving the City Lease and the PILOT Agreement would be terminated with prejudice and without further payment.

Amended and Restated City Lease

As a result of continuing discussions between staff and City representatives, the City Lease is to be amended and restated, effective January 1, 2002, for a term expiring December 31, 2050, on the principal terms outlined below:

Rent – The rent would be as follows:

- *Initial Lump-Sum Payment* – Upon execution of the amended City Lease, the Port Authority would make a lump-sum payment of $500 million to the City. The rent for 2002, 2003 and the portion of 2004 preceding the signing of the amended City Lease based on the rent formula described below, would be paid, with interest, in one lump sum.
- *Minimum Annual Rent* – Commencing as of January 1, 2002, the Port Authority would pay a minimum annual rent (MAR) of $93.5 million, the amount of which would be reset from time to time. After execution of the amended City Lease, MAR would be payable in equal monthly installments, in advance.

- *Rent Formula and Reset Provisions* – Annual rent would be the greater of the MAR, as reset from time to time, or eight percent of gross revenues at JFK and LGA, with the excess over the MAR to be payable the following March. Beginning in 2007, the MAR would be reset every five years to equal ten percent of the average gross revenues at JFK and LGA for the previous five years, but in no event would the MAR be less than the previous year's MAR. Gross revenues would not include federal grants or monies received as a result of any federal statute, regulation or policy, such as Passenger Facility Charges and amounts used for airport security.

Other Terms –

- The amended City Lease would include provisions for default and termination in the event the Port Authority failed to make any payments due under the lease or to provide the City with full information with respect to airport operations, finances and performance standards. The amended City Lease would also include provisions that the parties believe are appropriate in order to resolve outstanding operational issues.
- The ongoing arbitration under the existing lease would be terminated. If, however, the City is required to repay the lump-sum payment(s), the City would have the right to reinstate the arbitration, and to treat that event as a nonpayment of rent and seek termination of the amended City Lease (although the Port Authority may cure the default by offering to settle the arbitration for the amount that the City was required to repay).
- The City also would have the right to terminate the amended City Lease if the Port Authority's obligation to pay rent is held to be invalid or unenforceable, but only if the Port Authority is in fact actually not paying rent or equivalent consideration to the City. In the event that the lease is terminated, the parties are to use all commercially reasonable efforts to negotiate a substitute lease with respect to JFK and LGA.
- The City would have the right to assign the rent under the amended City Lease to a third party, and the assignee would have the right to sue the Port Authority directly in the event of nonpayment of rent, but would not have the right to terminate the amended City Lease.
- The amended City Lease would contain new or revised provisions related to certain portions of the demised premises (and previously surrendered parcels), indemnification provisions, insurance coverage details, and other issues.

IDA Financing – The New York City Industrial Development Agency and other City agencies would be precluded from financing any projects at JFK or LGA during the term of the amended City Lease, except for projects already authorized.

Airport Board – In connection with airport governance, an Airport Board, composed of an equal number of Port Authority and City (appointed by the Mayor) representatives, is to review operations and performance at JFK and LGA on a quarterly basis. Funding for the Airport Board and for a designated City agency providing airport liaison functions is to be provided from the rent payments. In addition, the Port Authority and the City would establish financial and performance standards (which could be supplemented from time to time by the Airport Board) to be used in the review of airport operations. The Airport Board would retain independent consultants for this purpose, and the Port Authority and the City would each provide up to

$250,000 annually for these consultants (with the City's share to be deducted from the rent payable under the amended City Lease).

Queens Capital Projects – In the years 2004-2008, the Port Authority would provide a total of $100 million to fund projects in the Borough of Queens identified by the City and which qualify as being eligible for Port Authority capital expenditures.

Direct Rail Access – The Port Authority would continue to include in its updated Capital Plan a $30 million project to study the feasibility, with respect to engineering, operational and financial considerations, of extending the Port Authority Trans-Hudson rail system from its terminus at Newark Penn Station to Newark Liberty International Airport (EWR PATH Extension). If, based on this study, the Port Authority determines that the EWR PATH Extension is feasible, it would include funding for this project in its Capital Plan. (Based on preliminary estimates, the EWR PATH Extension would cost at least $500 million.) In consultation with the City, the Port Authority also would study the feasibility, with respect to engineering, operational and financial considerations, of establishing a direct rail service connection between JFK and Downtown Manhattan (JFK-Downtown Rail Line), and include in its updated 2004-2008 Capital Plan a $60 million project for this study. If, based on this study, the Port Authority determines that the JFK-Downtown Rail Line is feasible, the Port Authority would include funding for this project in its Capital Plan in an amount equal to the preliminary $500 million cost estimate for the EWR PATH Extension, or the amount of funding actually provided for that project, whichever is less. Construction of the JFK-Downtown Rail Line would not commence until full funding has been arranged.

A number of "side letters or agreements" would be entered into in connection with the amended City Lease, covering the Airport Board (with the performance standards as an attachment), the Queens capital projects, direct rail access, and the prohibition on City agency financing, all substantially as described above.

The amended City Lease is expected to be executed by the City and the Port Authority sometime in October 2004 and, accordingly, the effective term of the MOU would have to be extended through October 31, 2004, beyond its current expiration date of September 30, 2004.

New PILOT Agreement

Pursuant to the 1962 bi-state legislation that authorized the Port Authority to establish, develop and operate The World Trade Center and the Port Authority Trans-Hudson rail system (the WTC Legislation), both the Port Authority and Port Authority Trans-Hudson Corporation (PATH) entered into agreements relating to PILOT amounts with respect to the portions of the WTC Site each occupied. The PATH PILOT Agreement and the Port Authority PILOT Agreement (as modified) collectively provide for a minimum annual payment to the City equal to $1,708,624.03, and for an additional payment with respect to portions of the WTC leased for hotel and retail purposes and for "office use by private persons engaged in carrying on, within the World Trade Center, a profession or trade or business for profit." For the City's property tax year 2001-2002, this additional payment, based on the calculations in the PILOT Agreements and the fully-leased status of the WTC amounted to approximately $28 million after all applicable credits and adjustments. However, as a result of the destruction of the WTC in

September 2001, beginning in the City's property tax year 2002-2003, there are no rentable areas within the WTC buildings, structures, or improvements that are occupied by private tenants, as defined, and the only PILOT amount currently being paid under these Agreements and the WTC Legislation is the minimum payment specified above.

To accommodate the legitimate interests of the City and the Port Authority regarding the redevelopment of the WTC Site, and to provide for PILOT amounts during the period of and following the reconstruction of the WTC PATH Terminal and the other buildings, structures, and improvements comprising the WTC Site, the City and the Port Authority would enter into a new agreement (the New PILOT Agreement). Replacing the existing agreements, the New PILOT Agreement would provide for payments to replace those currently being made by PATH and the Port Authority and for annual payments with respect to all additional properties to which the Port Authority acquires title and which become part of the WTC Site. This specifically includes the City's consent to the inclusion of properties located south of Liberty Street (the Southern Site) within the WTC Site should the Port Authority acquire title to these properties, identified as the land and building at 130 Liberty Street owned by Deutsche Bank Trust Company Americas, land owned by the Hellenic Orthodox Church, and land owned by 140 Liberty Street Associates.

The terms of the New PILOT Agreement would provide that, commencing January 1, 2004, the Port Authority would pay to the City an annual PILOT for the WTC Site equal to twelve percent of all rent payments or payments in lieu of rent received by the Port Authority from the lessees (the Net Lessees) under the lease agreements entered into by the Port Authority, dated as of July 16, 2001 (Net Leases), pertaining to certain components of the WTC, including the proceeds of business interruption or rent insurance from policies procured and maintained by the Net Lessees, which proceeds are paid over to the Port Authority on account of the Net Lessees' rental obligations under the Net Leases, but excluding: (1) any payments on account of taxes or payments in lieu thereof made by the Net Lessees to the Port Authority which are paid by the Net Lessees to the Port Authority and paid over by the Port Authority to the City; (2) pass-through reimbursements, such as business improvement district payments paid by the Net Lessees to the Port Authority; (3) payments for services or utilities furnished by the Port Authority to the Net Lessees or to any space leased to tenants of the Net Lessees pursuant to the Net Leases including, without limitation, common-area charges; and (4) inspection, permit plan review and other application fees paid by the Net Lessees to the Port Authority.

In addition to the minimum annual PILOT amount, the Port Authority would pay the City on account of the WTC Site an annual payment equal to the excess over the minimum annual PILOT payment of an amount obtained by multiplying $55,000,000 (Base Amount) by an "Escalator," which represents the percentage change over the base year (July 2002-June 2003) in the tax rate for Manhattan commercial office properties and the assessed valuation of a benchmark group of Class A office buildings to be mutually agreed upon by the Port Authority and the City, and multiplying that product by the ratio of the amount of commercial space built at the WTC Site to the total amount of commercial space planned under the WTC Site Master Plan (11.4 million gross square feet). This calculation includes PILOT amounts for the site of the 7 WTC building. The payments to be made would be net of all credits against PILOT payments that the Port Authority has become entitled to as a result of previous agreements with the City.

Upon the inclusion of any of the Southern Site properties in the WTC Site, the Port Authority would pay the City a PILOT amount equal to the full amount of real estate taxes that would have been assessed on the land comprising such site if the land were not owned by the Port Authority. In addition to this land payment, during the 15-year period following the commencement of construction on any such site, the Port Authority would pay to the City in connection with each site as to which there is office, retail, or hotel space available for use for the purposes intended, and which (1) are occupied, whether by private parties or by government agencies, including the federal government and the Port Authority, (2) are under lease to any such party, or (3) have been constructed and which, by installation of tenant improvements, may be made ready for occupancy (Actual Additional World Trade Center Properties Space Available), an amount equal to the product obtained by multiplying Nine Dollars by the number of square feet of Actual Additional World Trade Center Properties Space Available for use for the purposes intended, such amount to be adjusted each year by application to such amount of the Escalator established for the original WTC Site for such year.

Under the New PILOT Agreement, the Port Authority would not make any payments on account of land devoted to public park purposes or established as a public open space. The City would be permitted to securitize the payments due from the Port Authority under the agreement, and the Port Authority would not be permitted any right of setoff or counterclaim against such payments. As long as the Port Authority retains title to the WTC Site, the City would cancel or otherwise satisfy and discharge of record all taxes, assessments and interest against the properties currently constituting part of the WTC Site, including the 7 WTC building, properties occupied by PATH, and all improvements to be constructed on the site, and would mark said properties as exempt on its tax records.

The execution of the New PILOT Agreement would not affect the obligations of the Net Lessees under the Net Leases to pay to the Port Authority a portion of the PILOT amounts that the Port Authority is required to pay to the City. Such payments would continue to be made to the Port Authority based on the terms of the Port Authority's PILOT Agreement.

Upon execution of the New PILOT Agreement, all pending arbitration proceedings and litigation concerning the PILOT Agreements would be discontinued with prejudice, without costs to either party.

Modification of Street Closing Agreement

In order to accommodate the construction and development of the WTC, the Port Authority and the City entered into the Street Closing Agreement relating to changes in the City's street system and to the transfer of title land adjacent to and within the WTC Site. At that time, the Port Authority was given title to sub-surface areas (land below a plane 1.35 feet below curb grade) within the WTC's slurry wall, which include portions of Vesey, West and Liberty Streets. At grade, the WTC property line was fixed as the northerly face of buildings abutting Vesey Street, the easterly face of buildings abutting Church Street, the southerly face of buildings abutting Liberty Street and the westerly face of buildings abutting West Street. The Street Closing Agreement required the Port Authority to convey to the City title to all of the land

outside of this property line, which originally was acquired by the Port Authority via condemnation, including the sidewalks and the former street beds. In return, the City was to convey to the Port Authority title to: (1) the portion of Greenwich Street between Barclay Street and Vesey Street within the site of the 7 WTC building, (2) the portion of Greenwich Street between Vesey Street and Liberty Street within the WTC Site, and (3) the portions of Fulton, Dey and Cortlandt Streets between Greenwich and Church Streets within the WTC site. As of this date, the City retains legal title to these former streets, although they have been de-mapped.

The implementation of the WTC Site Master Plan adopted following the destruction of the WTC requires modification to accommodate the redevelopment process for the WTC Site and resolve all property issues related to the present or former streets at the WTC Site. Pursuant to the terms of the WTC Redevelopment Agreement, the City would own the at-grade areas of all streets and sidewalks within the WTC Site and such below-grade areas immediately below the surface of such streets and sidewalks as shall lie above a designated lower-limiting plane. The Port Authority would own all other areas within the WTC Site, including all areas lying below the designated limiting plane. The City would be responsible for maintenance of the City-owned areas of the streets and the sidewalks within the WTC Site. The parties would retain for themselves, and grant to each other, all necessary and appropriate easements for infrastructure, utility and other services. The streets and sidewalks within the WTC Site would be designed and constructed by the Port Authority in accordance with City standards, subject to a mutually agreed-upon security plan that would supersede any existing Memoranda of Understanding between the City and the Port Authority addressing security issues, and the City would operate, manage and maintain the sidewalks and the streets, including traffic patterns and flows, subject to the security plan. Except for streets and sidewalks, the Port Authority would have overall management responsibility for the WTC Site. The City and the Port Authority would mutually agree on all issues relating to curb usage, and the City would consult with the Port Authority on any decisions that would permanently and materially affect vehicular and pedestrian traffic in and through the WTC Site. The Port Authority would develop Design Guidelines consistent with the General Project Plan (GPP) approved by the Lower Manhattan Development Corporation (LMDC). The Design Guidelines would be adopted by LMDC and the Board of Commissioners, with input from involved and interested parties, including the City and the Net Lessees. It is contemplated that the Port Authority would agree with LMDC that the adoption, implementation and modification of all such Design Guidelines would be subject to the agreement of LMDC or any successor. The Port Authority and the City would consult with each other regarding all other major aspects of the WTC redevelopment plan, including phasing, infrastructure development and material funding issues.

Expanding upon a policy adopted by the Board on April 15, 1993, the Port Authority would agree to comply with all applicable Building Code requirements of the City (the Building Code) for all construction work to be performed at the WTC Site, with the exception of certain portions of the permanent WTC PATH Terminal which will comply with the National Fire Protection Association codes. Any proposed variances from the Building Code would require the prior consent of the City Department of Buildings (DOB). Neither the Port Authority nor its lessees and sublessees would be required to obtain any building permits or certificates of occupancy from the City in connection with any construction at the WTC Site. The DOB would

have the right to inspect the WTC Site at any time to determine compliance with the Building Code.

The final terms of the WTC Redevelopment Agreement would be subject to review by the Board's WTC Site Planning Sub-committee.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Gargano, Genova, Pocino, Sartor, Silverman, Sinagra and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an "Amended and Restated Agreement of Lease of the Municipal Air Terminals" with the City of New York (the City), covering John F. Kennedy International (JFK) and LaGuardia (LGA) Airports, together with such related and ancillary agreements with the City or others as may be deemed necessary or appropriate, and to extend the Memorandum of Understanding between the Port Authority and the City, dated January 16, 2004 (with respect to JFK and LGA and World Trade Center (WTC) payments in lieu of taxes (PILOT) through October 31, 2004, substantially in accordance with the terms and conditions 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 agreements with the City to resolve all property issues related to the present or former streets at the WTC Site and relating to PILOT amounts during the period of and following the reconstruction of the Port Authority Trans-Hudson system permanent World Trade Center Terminal (known as the WTC Transportation Hub) and the other buildings, structures, and improvements comprising the WTC Site, 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.

AGREEMENT BETWEEN THE CITY OF NEW YORK AND THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

EXHIBIT B

FORM OF PROJECT LETTER REQUEST

Dear _____:

As provided for in Section B of this Agreement between The City of New York (the "City") and The Port Authority of New York and New Jersey (the "Port Authority") made as of _____, 2004 (the "Agreement"), the City, at the request of the Mayor of the City, hereby asks that the Port Authority concur in the addition of the project described below as an eligible Project under the Agreement:

[DESCRIPTION OF PROJECT – SHOULD INCLUDE AMOUNT ESTIMATED TO BE PROVIDED FOR THE PROJECT, THE IDENTITY OF THE ENTITY RECEIVING FUNDS FOR THE PROJECT, AND INFORMATION NECESSARY FOR THE PORT AUTHORITY TO DETERMINE WHETHER IT QUALIFIES FOR PORT AUTHORITY CAPITAL EXPENDITURES]

The City understands and agrees that all the provisions of the Agreement shall apply to the inclusion of the above-described project as an eligible Project under the Agreement and all references in the Agreement to "Project" or "Projects" shall be deemed to include the above-described project.

Sincerely,

_____
[Deputy Mayor]
The City of New York

CONCURRED:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

Date:

By: _____
Executive Director

APPENDIX C

(see attached)

APPENDIX D

AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

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In the Matter of the Arbitration Between

THE CITY OF NEW YORK,

STIPULATION

-and-

THE PORT AUTHORITY OF NEW YORK AND
NEW JERSEY.

---------- x

Whereas The City of New York ("City") and The Port Authority of New York and New Jersey ("Port") are executing simultaneously herewith an Amended and Restated Agreement of Lease of the Municipal Air Terminals of even date herewith (the "Amended Lease"),

IT IS HEREBY STIPULATED AND AGREED, by and between the parties, represented by the undersigned attorneys, that the above-captioned arbitration, commenced with a Demand for Arbitration dated December 14, 1995 (the "airport arbitration"), is hereby discontinued with prejudice and without costs, subject to the following terms and conditions:

1. In the event that:

(a) the City is required, at any time hereafter, to repay or forfeit the Lump Sum Payment (as said term is defined in the Amended Lease) or any portion thereof; and further

(b) the Port shall not have lawfully and validly paid to the City, within two years from the date of such repayment or forfeiture, an amount equal to so much of the Lump Sum Payment as had been repaid or forfeited, plus interest accruing at the Interest Rate (as said term is defined in the Amended Lease) from the date such amount was repaid or forfeited,

then at the City's option, the City may reinstate the airport arbitration, in which event, the parties' respective positions, claims and defenses in the airport arbitration shall be fully restored to the *status quo ante* as of immediately prior to the execution of this stipulation. Further, the Port acknowledges and agrees that in the event the airport arbitration is so reinstated, the passage of time between the execution of this stipulation and such reinstatement shall not be the basis of any barring defense, including without limitation, based on statute of limitations, *laches* or *estoppel*. In any such reinstated airport arbitration, the total liquidated amount, inclusive of interest, that the City will be entitled to recover from the Port, irrespective of the amount that may be awarded therein to the City, shall be limited to Five Hundred Million Dollars ($500,000,000); and neither party shall recover costs from the other.

2. The rights and remedies set forth in paragraph 1 above shall be in addition to, and not in substitution of, the City's rights and remedies pursuant to the Amended Lease, including without limitation, the right to terminate the Amended Lease and to exercise all other rights and

remedies provided in Section 25 thereof (entitled "Events of Default: Rights and Remedies").

3. The terms and conditions of this stipulation shall survive the expiration or sooner termination of the Amended Lease.

Dated: New York, New York
November 24, 2004

MICHAEL A. CARDOZO
Corporation Counsel of the
City of New York
100 Church Street
New York, NY 10007

By: _____
Nancy F. Brodie
Assistant Corporation Counsel

MILTON H. PACHTER
General Attorney for the Port Authority
of New York and New Jersey
225 Park Avenue South
New York, NY 10003

By: _____
Walter M. Frank
Chief, Commercial Litigation

Execution Draft

THIS AIRPORT BOARD AGREEMENT (this "Agreement") is made as of the 24th day of November 2004, by and between THE CITY OF NEW YORK, a municipal corporation of the State of New York with its principal office at City Hall, in the Borough of Manhattan, City of New York (the "City") and THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, a body corporate and politic, created by compact between the States of New York and New Jersey with the consent of Congress with its offices at 225 Park Avenue South, Borough of Manhattan, City of New York (the "Port Authority").

RECITALS

WHEREAS, the City, as landlord, and the Port Authority, as tenant, entered into that certain Amended and Restated Agreement of Lease of the New York Airports (the "Lease Agreement"), of even date herewith, whereby among other things, the City leased John F. Kennedy International Airport ("JFK") and LaGuardia Airport ("LaGuardia") to the Port Authority (JFK and LaGuardia are sometimes referred to herein collectively as the "New York Airports"); and

WHEREAS, in accordance with Section 15 of the Lease Agreement, the City and the Port Authority desire to establish a board (the "Airport Board") for the purposes of enhancing cooperation between the City and the Port Authority with respect to the management of JFK and LaGuardia and improving oversight of performance, operations and finances at the New York Airports.

TERMS OF AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained herein and in the Lease Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and the Port Authority hereby mutually undertake, promise and agree, each for itself and its successors as follows:

1. **Definitions.** All terms used herein not otherwise defined herein shall have the meanings given to them in the Lease Agreement.

2. **Airport Board Governance.**

a. Effective as of the date hereof, the Airport Board is hereby established and shall continue in existence until the expiration or sooner termination of the Lease Agreement, at which time this Agreement shall also terminate, and the parties shall have no further rights or obligations hereunder except those that may have accrued prior to such termination.

b. The Airport Board shall, at all times, be comprised of eight (8) members (each, a "Board Member"), half of which Members shall be appointed by the Port Authority (each, a "Port Authority Member") and half of which Members shall be appointed by the City (each, a "City Member").

c. The Port Authority Members shall be (i) the Port Authority's Chief Operating Officer, (ii) the Port Authority's Director of Aviation and (iii) the General Manager of each New York Airport and, in each case, their respective successors in duties, as applicable.

d. The City Members shall be appointed by the Mayor of The City of New York (the "Mayor"). Each of the City Members may be removed, either with or without cause, at any time, by the Mayor. Simultaneously with the removal of a City Member, the Mayor shall appoint a successor Member.

e. Within three (3) months following the execution of this Agreement, the Board Members shall convene and establish procedures to be followed by the Airport Board for the purpose of carrying out the intent of this Agreement, which shall include, without limitation, procedures concerning (i) the scheduling of meetings by the Airport Board on a quarterly basis and the all other meetings that the Board Members are required to attend pursuant to the terms of this Agreement, (ii) the procedures to be followed at each meeting of the Airport Board, (iii) the retaining of consultants, (iv) the preparation of recommendations to be issued by the Airport Board in accordance with this Agreement and (v) the establishment of accounting procedures with respect to the funds received by the Airport Board pursuant to Section 3 of this Agreement.

f. Meetings of the Airport Board shall be held at either of the New York Airports or at such other locations as the Board Members may determine.

3. **Consultants.** The Airport Board may retain consultants to review and report on the operations and performance of the New York Airports, and the Port Authority and the City shall each fund an equal amount of up to $250,000 each annually for the payment of the fees and expenses of such consultants. The contracts with such consultants shall be entered into by the City or EDC on behalf of the Airport Board and in accordance with its authorization. Within thirty (30) days of its receipt from the City or EDC of an invoice for services rendered, the Port Authority shall remit to the City or EDC as the case may be the Port Authority's one-half (1/2) share of the invoiced amount, in accordance with the direction referred to in the Lease Agreement. As provided in the Lease Agreement, the City's one-half (1/2) share of the invoiced amount may, at the City's direction, be deducted from Base Rent thereunder and paid by the Port Authority on the City's behalf or EDC in accordance with the direction referred to in the Lease Agreement.

4. **Responsibilities of Airport Board.**

a. Establishment of Performance Standards. The City and the Port Authority have established certain financial, operational, and performance standards set forth in Exhibit A attached hereto (such standards, as the same may be updated or revised in writing, from time to time, by the Port Authority and the City pursuant to the terms of the Lease Agreement, are hereinafter referred to collectively as the "Performance Standards"), which Performance Standards may be used by the Airport Board, with the assistance of its independent consultants, in connection with the Airport Board's review of the performance of the New York Airports.

b. Review of Performance of New York Airports. Within thirty (30) days prior to each quarterly meeting of the Airport Board, the Port Authority will produce and deliver

to the Airport Board a report (each, a "Performance Standard Report") detailing the performance at each of the New York Airports in relation to the Performance Standards during the immediately preceding calendar quarter. The report and subsequent review by the Airport Board shall include the following areas for examination:

(i) Financial performance;

(ii) Passenger Service (landside); and

(iii) Operational Service (airside).

In the event that a Performance Standard Report indicates a decline in performance in any of the above areas when compared to the immediately preceding Performance Standard Report, the Airport Board may prepare and submit to the Port Authority or the City recommendations on ways to improve such performance.

c. Review of City Service Agreements. At each quarterly meeting of the Airport Board, any City Member or Port Authority Member may make recommendations relating to the services provided by the City to the New York Airports. The Airport Board shall consider each of such recommendations and make recommendations to the City and the Port Authority as to whether and to what extent agreements should be entered into between the City (or one or more of its agencies) and the Port Authority in connection with the provision of such services.

d. Review of Capital Plan of the New York Airports. Within ninety (90) days after the commencement of each fiscal year of the Port Authority, the Port Authority shall deliver to the Airport Board a true, accurate and complete copy of its then current five (5) year capital plan with respect to the New York Airports (each, a "Five Year Plan"). The Airport Board shall have the right to review each Five Year Plan (for information purposes only), and request additional documents, drawings and materials concerning capital improvements. The Port Authority shall not unreasonably withhold additional materials requested by the Airport Board in connection with its review of a Five Year Plan.

e. Traffic and Transportation Management. The Airport Board will meet quarterly with the Port Authority Police Chief and the NYC Taxi and Limousine Commissioner, or their designees, to review taxi and hired car operations at the New York Airports. The Airport Board is empowered to make recommendations pertaining to improved and more efficient traffic management at the New York Airports.

f. Liaison with Subtenants at the New York Airports. The Airport Board may meet periodically with representatives of the Subtenants and other interested parties at JFK and LaGuardia to review concerns and shall relay such concerns to the City and the Port Authority.

5. Miscellaneous. This Agreement: (i) may not be modified except by a writing signed by both of the parties hereto; (ii) may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same

document; (iii) shall be construed in accordance with and governed by the internal laws of the State of New York, without regard to principles of conflicts of law; (iv) shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective successors and assigns but shall not be enforceable by any person, firm, corporation or other entity that is not a signatory to this Agreement; and (v) shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to each of the other parties hereto.

[No further Text on this Page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by the duly authorized officers thereof as of the date first written above.

THE CITY OF NEW YORK

Daniel L. Doctoroff
Deputy Mayor for Economic Development
and Rebuilding

Approved as to form:

Acting Corporation Counsel

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

Kenneth J. Ringler, Jr.
Executive Director

Approved as to form:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by the duly authorized officers thereof as of the date first written above.

THE CITY OF NEW YORK

Daniel L. Doctoroff
Deputy Mayor for Economic Development
and Rebuilding

Approved as to form:

Acting Corporation Counsel

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

Kenneth J. Ringler, Jr.
Executive Director

Approved as to form:

Darrell Buchbinder
General Counsel

EXHIBIT A

Performance Standards

(AIRPORT BOARD AGREEMENT)
EXHIBIT A

AIRPORT PERFORMANCE AND SERVICE STANDARDS

John F. Kennedy International ("JFK") and LaGuardia Airports (together the "New York Airports") serve as both gateways to and economic engines for New York City, the Port Authority of New York and New Jersey and the City of New York recognize that, in accordance with the Lease Agreement, the Port Authority and the City intend that the New York Airports shall be operated and developed as first class facilities that meet the air travel and cargo demands of the City of New York and the surrounding metropolitan region.

To that end, the existence of vigorous measures of quality coupled with effective implementation policies are fundamental both to furthering the reasonable interests of all users of the New York Airports and to ensuring that the airports deliver the types of service at levels of quality that are in the public benefit.

On a quarterly basis the Port Authority will deliver to the City and the Airport Board both Landside and Airside Performance Indicators as set forth below. These Performance Indicators have been selected specifically to measure the New York Airports' **(1) Market Share, (2) Passenger Service, (3) Cargo Service, (4) Operations, (5) Capital Spending, (6) Quality of Service,** and **(7) Community Relations**. These Indicator measurements will be provided to the City and Airport Board both graphically and textually. Recognizing that there is a lag in the receipt of certain data requested, the Port Authority will report the most current data available and it is acknowledged that the timeframe covered for each measure may vary.

The Indicator Measurements to be provided by the Port Authority are as follows:

1. Market Share:

a) Passenger Volume
The Port Authority will provide, on a quarterly basis, rolling 12-month passenger volume for the New York Airports. The volume will be broken out by airport and by month. The Port Authority will provide comparable passenger volume data for the previous 12 months, including the annual percentage increase or decrease, and for the New York Airports' peer airports: Chicago O'Hare (ORD), Miami (MIA), Newark Liberty (EWR), and Boston Logan (BOS), depending on availability.

b) Passenger Rankings
The Port Authority will provide, on a quarterly basis, the ranking of JFK's international traffic relative to Newark Liberty (EWR), Chicago O'Hare (ORD), Miami (MIA), Philadelphia (PHL), Boston Logan (BOS), Atlanta Hartsfield-Jackson (ATL), and Washington Dulles (IAD) for the immediately preceding four quarters.

The Port Authority will provide, on a quarterly basis, the New York Airports' domestic traffic, relative to Newark Liberty (EWR), Philadelphia (PHL), Boston Logan (BOS), Washington National (DCA) and Washington Dulles (IAD) for the immediately preceding four quarters. Domestic traffic will be broken out by both LaGuardia and JFK.

c) Cargo Rankings
The Port Authority will provide, on a quarterly basis, the ranking of the New York Airports' total gross cargo tonnage throughput and total cargo value relative to Newark Liberty (EWR), Atlanta Hartsfield-Jackson (ATL), Philadelphia (PHL), Boston Logan (BOS) and Washington Dulles (IAD). The Port Authority will provide comparable rankings, including annual percentage increases or decreases for the preceding four quarters.

2. Passenger Service:

a) JFK Non-Stop Destinations
The Port Authority will provide, on a quarterly basis, a complete index of cities served non-stop from JFK. The data will be broken out into the following geographic categories: United States, Canada, Mexico, Central America, Caribbean, South America, Europe/Africa/Middle East, and Asia/Pacific.

The Port Authority will provide, on a quarterly basis, the total number of non-stop flights and total number of seats available on non-stop flights from JFK to cities in the following eight geographic regions: United States, Canada, Mexico, Central America, Caribbean, South America, Europe/Africa/Middle East, and Asia/Pacific. The Port Authority will provide comparable data for the previous 12 months, including annual percentage increase or decrease in the total number of non-stop flights and seats.

b) LaGuardia Non-Stop Destinations
The Port Authority will provide, on a quarterly basis, a complete index of non-stop destinations being served from LaGuardia Airport. The data will be broken out into the following geographic categories: Northeast, South, Midwest, West, and International.

The Port Authority will provide, on a quarterly basis, the total number of non-stop flights and of seats available on non-stop flights from LaGuardia to cities in the following geographic regions: Northeast, South, Midwest, West, and International. The Port Authority will provide comparable data for the previous 12 months, including annual percentage increase or decrease in the total number of non-stop flights and seats.

c) Number of Scheduled Air Carriers
The Port Authority will provide, on a quarterly basis, a complete index of scheduled air carriers (excluding affiliates), by quarter, serving JFK and LaGuardia Airports. This index shall include a brief description of geographic area(s) served for each carrier.

The Port Authority will provide a complete index of total new entrants, and geographic area(s) served, as compared to the same data for the immediately preceding fiscal year.

3. Cargo Service:

a) Total Gross Cargo Tonnage Throughput
The Port Authority will provide, on a quarterly basis, the total gross cargo tonnage throughput at the New York Airports. The Port Authority will provide comparable data, showing percentage increase or decrease, for the preceding year.

b) Total GrossCargo Value
The Port Authority will provide, on a quarterly basis, the total gross value of international air cargo throughput for the New York Customs District. The Port Authority will provide comparable data, showing percentage increase or decrease, for the preceding year. N.B. The data is supplied by the U.S. Bureau of Customs and Border Protection and is not broken down by airport, but rather by region, or U.S. Custom District. The New York Custom District includes Newark Liberty International Airport.

c) Origins of New York Airports' Cargo Trade
The Port Authority will provide, on a quarterly basis, a matrix outlining by volume, value and share the cargo arriving at the New York Airports from the following IATA-categorized regions: Asia, North America, Europe, Africa, Middle East, South America, Central America, Southwest Pacific.

d) Destinations of New York Airports' Cargo Trade
The Port Authority will provide, on a quarterly basis, a matrix outlining by volume, value and share the international air cargo exported from the New York Customs District to the following IATA-categorized regions: Asia, North America, Europe, Africa, Middle East, South America, Central America, Southwest Pacific.

e) Commodities by Category
The Port Authority will provide, on a quarterly basis, an index of the top five commodity categories, by volume, value and share, imported and exported via air from the New York Customs District.

f) Cargo Trade by Carrier
The Port Authority will provide, on a quarterly basis, an index outlining total volume and share of cargo traffic into the New York Airports by air carrier.

g) Air Cargo Trends
The Port Authority will provide, on an annual basis, a report outlining key trends in the air cargo industry and the Port Authority's planned response to these trends and recommendations on how the City can assist.

h) Cargo Access

The City will provide a status on the 10 Point Cargo Access Plan (**Attachment A**) and the planned response to administrative and capital funding issues.

4. Operations:

a) Operations with Delay by Cause
The Port Authority will provide, on a quarterly basis, data showing all operations, including delays, at the New York Airports, by airport. The cause of delays will be separated into four categories and reported by percentage. The four categories include: Weather, Volume, Construction, and Other.

b) Incursions
The Port Authority will provide, on a quarterly basis, information indicating the number of runway incursions that have occurred at the New York Airports, by airport, during the immediately preceding quarter. The runway incursion will be separated into the following categories: (1) unauthorized pedestrian, (2) vehicle, or (3)aircraft entering or failing to clear the runway safety area, interfering with an aircraft takeoff or landing.

c) Landing Fees
The Port Authority will provide, on an annual basis, a schedule of its landing fees at the New York Airports, by airport. The Port Authority will indicate percentage increases and decreases of landing fees compared to the preceding fiscal year.

5. Capital Spending:

a) The Port Authority will provide, within ninety (90) days after the approval of the Port Authority's annual budget by the Port Authority Board of Commissioners, a true, accurate and complete copy of its then current five (5) year capital plan with respect to the Municipal Air Terminals. For capital improvements the cost of which is in excess of $50 million, the Port Authority will provide true and accurate complete plans for such projects.

b) The Port Authority will provide, on a quarterly basis, a detailed summary of its current year capital spending at the New York Airports, by airport. This summary will include a breakdown of spending by project.

c) The Port Authority will provide, on a quarterly basis, a summary and brief description of financing inducement resolutions adopted by the Port Authority for capital projects at the New York Airports during the previous quarter.

6. Quality of Service:

Passenger Service Monitor Program

In the first quarter of the first year of the lease, the Port Authority shall present a proposed Passenger Service Monitor Program to the Airport Board for its consultation as to its scope, structure and methodology. The Passenger Service Monitor Program shall include surveys taken regularly, and in no event less than once per year, of a sample of passengers at the New York Airports for their opinions on the range of services provided by the Port Authority, its contractors and vendors. These surveys will be conducted by an independent third party and their scope must, at minimum, measure satisfaction levels for the following categories:

1. General Cleanliness of Public Areas
2. Signage/Wayfinding
3. Helpfulness and Courtesy of Airport Information Staff
4. Personal Safety in Terminal Buildings and on AirTrain system
5. Cost and Convenience of Airport Parking
6. Ground Transportation Availability
7. AirTrain Service

The Port Authority will provide the Airport Board with the results of its Passenger Service Monitor Program on no less than an annual basis. The presentation to the Airport Board will include all results indicating overall passenger satisfaction upon departure from and arrival at all terminals at JFK and LaGuardia Airports and within stations and trains of the AirTrain system. The Port Authority will also provide comparable survey results for the previous two years. The results will be broken out for each of the terminals at the two airports and for the AirTrain; these terminals are:

<u>JFK:</u>
Terminal 1 (T1)
Terminal 2 (T2)
Terminal 3 (T3)
Terminal 4 (T4)
Terminal 6 (T6)
Terminal 7 (T7)
Terminal 8 (T8)
Terminal 9 (T9)

<u>LaGuardia:</u>
Delta Shuttle (DS)
US Airways Terminal (USA)
Delta Main (DM)
Central Terminal Building (CTB)

In those attributes where passenger satisfaction levels have decreased from levels recorded the prior year, the Port Authority shall provide the Airport Board with a specific plan and timeline for remedy of the problem.

The Airport Board, with the majority approval and, at its own expense, may request an expanded scope, more frequent surveys and additional measurements. The Port Authority will retain all proprietary rights associated with the Passenger Service Monitor Program, however all results will be shared openly with both the City of New York and the Airport Board.

7. Community Outreach

a) Aviation Development Council
The Port Authority will provide the Airport Board, on an annual basis, a summary report of activities of the Aviation Development Council. This summary report will include a listing of all grants disbursed, and reports produced during the preceding fiscal year.

b) Queens Council on Airport Opportunity
The Port Authority will provide the Airport Board, on an annual basis, a summary report of activities of the Queens Council on Airport Opportunity, including local hiring numbers at the New York Airports, during the preceding fiscal year.

c) Queens Air Services Development Office
The Port Authority will provide the Airport Board, on an annual basis, a summary report of activities of the Queens Air Services Development Office. This report will include a summary of local procurement of goods and services at the New York Airports during the preceding fiscal year.

Execution Draft

AGREEMENT BETWEEN THE CITY OF NEW YORK AND THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

THIS AGREEMENT, made as of the 24th day of November, 2004 between THE CITY OF NEW YORK, a municipal corporation of the State of New York having its principal office at City Hall, New York, New York 10007, hereinafter referred to as the "City," and THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, a body corporate and politic created by Compact between the States of New York and New Jersey with the consent of the Congress of the United States, having its principal office at 225 Park Avenue South, New York, New York 10003, hereinafter referred to as the "Port Authority";

WITNESSETH:

WHEREAS, the City and the Port Authority have entered into an Amended and Restated Agreement of Lease of the Municipal Air Terminals (the "Lease Agreement"), of even date herewith, whereby, among other things, the City has leased to the Port Authority John F. Kennedy International Airport and LaGuardia Airport (collectively, the "Municipal Air Terminals"); and

WHEREAS, the operation of the Municipal Air Terminals has a wide-ranging impact on the Borough of Queens in the City of New York ("Queens"); and

WHEREAS, the Board of Commissioners of the Port Authority, at its meeting of August 4, 2004, adopted a Resolution (attached hereto as Exhibit A), authorizing a program of capital expenditures in an aggregate amount not to exceed $100 million for capital projects in Queens, to be designated by the Mayor of the City ("Mayor"); and

WHEREAS, the Board of Commissioners of the Port Authority also authorized the Executive Director of the Port Authority to enter into an agreement to effectuate the provision of funding for such projects, consistent with existing legislation and agreements with the holders of the Port Authority's obligations; and

WHEREAS, the total amount of funding to be provided by the Port Authority to the City under the terms of this Agreement shall be $100 million (the "Funding Amount"), with no more than $20 million to be provided in any single year during the five-year period commencing January 1, 2005, and ending December 31, 2009.

NOW, THEREFORE, the Port Authority and the City hereby agree as follows:

SECTION A –PROJECTS

Each eligible project, as designated pursuant to Section B of this Agreement, shall be a "Project" under this Agreement; such projects are hereinafter collectively referred to in this Agreement as the "Projects."

SECTION B – IDENTIFICATION OF PROJECTS

The City may at any time and from time to time identify projects in the portion of the Port District located in the borough of Queens (which comprises the entire Borough of Queens) for funding under this Agreement pursuant to the authorization of the Board of Commissioners of the Port Authority. Such identification shall be made by the Mayor or his designee in the form of the Project Letter Request attached hereto as Exhibit B. No project for which a request is made by the City shall become a Project under this Agreement unless and until such request has been concurred with in writing by the Port Authority, as provided for in the Project Letter Request. In this regard, the City understands that the Projects to be eligible for funding under this Agreement must qualify as being eligible for Port Authority capital expenditures, which determination shall be made at the sole reasonable discretion of the Port Authority. The Port Authority agrees that it will concur with any proposed Project that is eligible for Port Authority capital expenditures, as determined in accordance with established Port Authority rules, policies and procedures.

Until further notice, each Project Letter Request shall be addressed to the Executive Director of the Port Authority at 225 Park Avenue South, 15th Floor, New York, New York 10003. The Port Authority shall respond to each Project Letter Request within 30 days of its receipt by the Port Authority. If the projects described in such request are not deemed eligible for funding under this Agreement, the Port Authority shall state the reasons therefore in its response, and the City may submit a substitute Project Letter Request for an alternative project.

SECTION C – MANAGEMENT OF PROJECTS

Once the Port Authority has deemed a Project to be eligible, management of the Project shall be the responsibility of the City or, in the Mayor's discretion, the New York City Economic Development Corporation ("EDC"). The City (or EDC, as the case may be) shall designate a Project Manager for each Project and inform the Port Authority of the name and address of such Project Manager.

SECTION D – PAYMENTS BY THE PORT AUTHORITY

The Port Authority's sole responsibility for Projects under this Agreement shall be to provide the Funding Amount to the City, with no more than $20 million to be provided for work incurred in any single year during the five-year period, which will commence on January 1, 2005 and end on December 31, 2009. There shall be no reimbursement for any internal costs that may be incurred by the City and/or EDC in connection with any of the Projects.

The provision of funds by the Port Authority to the City in connection with the Projects shall take place as follows: Upon receipt of an invoice certified by the City that it represents the City's payment of costs incurred in connection with a Project, and after verifying the accuracy and appropriateness of the invoice, the Port Authority will reimburse the City for the amount of such invoice within 30 days of the Port Authority's receipt thereof; provided that, except as otherwise provided below, the Port Authority's payments to the City under this Agreement shall not exceed $20 million in any single year during the five-year period in which the Port Authority is to provide funds to the City. The Port Authority's consent to reimburse the City or EDC after reviewing an invoice shall not be unreasonably withheld. When submitting each request for reimbursement to the Port Authority, the City shall designate whether it wishes the Port Authority to issue its reimbursement payment to the City or EDC. Notwithstanding anything to the contrary herein, if the amount of reimbursement sought by the City from the Port Authority exceeds $20 million in any single year, then the excess amount shall be paid by the Port Authority in the next succeeding year in which the amount for which the City seeks reimbursement, including the excess amount from any previous year(s), does not exceed $20 million; provided that, the total amount paid to the City and/or EDC by the Port Authority pursuant to this Agreement shall not exceed the Funding Amount. In the event that the amount of reimbursement sought by the City from the Port Authority is less than $20 million in any single year, the amount remaining will be added to the amount eligible for reimbursement in the next succeeding year. Notwithstanding anything contrary contained herein, in the event that any portion of the Funding Amount has not been paid to the City and/or EDC prior to January 1, 2010, such unpaid portion of the Funding Amount will be paid to the City as reimbursement for the City's payment of costs incurred in connection with Projects in 2010 and/or succeeding calendar years, until the entire balance of the Funding Amount has been paid to the City and/or EDC in accordance with the terms of this Agreement. The City covenants that the City, EDC and all Project Managers designated by the City will employ their best efforts to ensure that work undertaken in connection with the Projects, and the submission of invoices to the Port Authority for reimbursement, is effectuated expeditiously.

If the Port Authority questions or disputes a charge or charges on an invoice for which payment was made by it, and it is determined through the dispute resolution procedures provided for in this Agreement that the City is required to reimburse the Port Authority for the disputed charge(s), the Port Authority will deduct such amount from its future reimbursement to the City, or the City will reimburse the Port Authority within 30 days of the City's receipt of notification of the resolution of the dispute.

SECTION E - REPORTING REQUIREMENTS

The City shall provide the Port Authority with quarterly reports with regard to the progress of the Projects. The form of such quarterly reports shall contain such information as the Port Authority may reasonably request.

SECTION F – NO PORT AUTHORITY LIABILITY

The Port Authority shall have no responsibility of any kind for any agreement, contract or project utilizing funds provided under this Agreement. Without limiting the generality of the foregoing, the Port Authority shall have no responsibility for the design, effectuation, maintenance, ongoing operation or any other aspect (including all environmental matters) of the Projects or any contract entered into in connection with the Projects. Between the Port Authority and the City, the City hereby assumes the following risks, whether or not they arise from acts or omissions of the City: all risks of loss or damage to property or injury to or death of persons, and risks of other damages, to whomsoever occurring, arising out of or in any way connected with or related to any of the Projects, including, without limitation, the design, effectuation, maintenance, operation or any other aspect (including all environmental matters) of the Projects. The Port Authority shall have no responsibility for providing any monies for the Projects except as provided in this Agreement.

SECTION G – INDEMNIFICATION OF THE PORT AUTHORITY

The City hereby agrees to indemnify and save harmless the Port Authority, its successors, Commissioners, officers, agents, and employees, and each of them, from and against claims, suits, and demands arising out of or in any way connected with or related to any of the Projects, (except any claims, assets and or demands resulting from any action or inaction on the part of the Port Authority other than the approval and/or funding by the Port Authority of Projects hereunder) including the costs of legal defense arising therefrom, for any loss or damage to property or injury to or death of persons, whether said claims, suits or demands are just or unjust, fraudulent or not, and irrespective of whether such risks are beyond the control of the City; provided there shall be no indemnification with respect to suits, claims or demands resulting from actions or inactions of the Port Authority unrelated to its approval of Projects as eligible for Port Authority capital expenditures and its provision of funding for Projects pursuant to the terms of this Agreement.

The City, in indemnifying the Port Authority, shall, if so requested by the Port Authority, defend against such claims at no cost and expense to the Port Authority, in which event the City shall not, without obtaining express advance written permission from General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the Port Authority, the immunity of the Port Authority, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority.

SECTION H – GENERAL

1. By execution, delivery and performance of this Agreement, each party represents to the other that it has been duly authorized by all requisite action on the part of the Port Authority and the City, respectively. This Agreement constitutes the legal, valid and binding obligation of the parties hereto.

2. The Port Authority may, upon reasonable notice, during regular business hours, examine all records of the City relating to the Projects or any agreements entered into in connection with the Projects.

3. It is expressly understood and agreed that any review by the Port Authority of any plans, specifications, drawings, or other similar documents relating to the work performed or to be performed in connection with the effectuation of the Projects or any agreement entered into in connection with or relating in any way to the Projects shall be limited solely to the purpose of ensuring that the Projects do not unreasonably interfere with the Port Authority's operations, and is for the benefit of the Port Authority and not the City.

4. All disagreements under this Agreement shall be submitted to the Executive Director of the Port Authority and the Deputy Mayor for Economic Development and Rebuilding of the City or his successor in function as designated by the Mayor (the "Deputy Mayor") for their review and decision, which decision shall be binding upon the parties. In the event that the Executive Director of the Port Authority and the Deputy Mayor of the City shall disagree, then either party may seek all legal or equitable remedies to the extent permitted by applicable law.

5. Notices and communications under this Agreement shall be in writing and sent via certified mail, return receipt requested, and shall be directed as follows, or to such other address as the party receiving such notice shall have previously specified by notice to the party sending such notice:

If to the Port Authority:

The Port Authority of New York and New Jersey
225 Park Avenue South – 15th Floor
New York, NY 10003
Attn: Chief Financial Officer

If to the City:

Director
Aviation Department
New York City Economic Development Corporation
110 William Street
New York, New York 10038

6. This Agreement shall not be construed to create any rights on behalf of any party other than the Port Authority and the City. Neither this Agreement nor any rights or duties hereunder may be assigned or delegated by either party hereto without the written consent of the other party, and any such purported assignment or delegation shall be null and void and of no force or effect.

7. (a) No Commissioner, director, officer, agent or employee of the Port Authority shall be held personally liable under any provision of this Agreement or because of its execution or attempted execution or because of any breach or alleged breach hereof.

(b) No official, agent or employee of the City shall be held personally liable under any provision of this Agreement or because of its execution or attempted execution or because of any breach or alleged breach hereof.

8. If any provisions of this Agreement shall be such as to destroy its mutuality or to render it invalid or illegal, then, if it shall not appear to have been so material that without it this Agreement would not have been made by the parties, it shall not be deemed to form a part hereof but the balance of this Agreement shall remain in full force and effect.

9. The entire agreement between the parties is contained herein and no change or modification, termination or discharge of this Agreement shall be effective unless in writing and signed by the party to be charged therewith.

10. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York, without reference to choice of law principles.

11. This Agreement may be executed in one or more counterparts, each of which counterparts shall be deemed an original and all of which counterparts shall constitute one and the same document.

[No further text on this Page.]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed, sealed and attested.

THE CITY OF NEW YORK

By: _____
Daniel L. Doctoroff
Deputy Mayor for Economic
Development and Rebuilding

Approved as to form:

_____
Acting Corporation Counsel

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

By: _____
Kenneth J. Ringler, Jr.
Executive Director

Approved as to form:

_____

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed, sealed and attested.

THE CITY OF NEW YORK

By: _____
Daniel L. Doctoroff
Deputy Mayor for Economic
Development and Rebuilding

Approved as to form:

_____
Acting Corporation Counsel

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

By: _____
Kenneth J. Ringler, Jr.
Executive Director

Approved as to form:

_____
Darrell Buchbinder
General Counsel

AGREEMENT BETWEEN THE CITY OF NEW YORK AND THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

EXHIBIT A

August 4, 2004 Resolution of Board of Commissioners of the Port Authority

AGREEMENTS WITH THE CITY OF NEW YORK REGARDING JOHN F. KENNEDY INTERNATIONAL AND LAGUARDIA AIRPORTS AND THE WORLD TRADE CENTER SITE

It was recommended that the Board authorize the Executive Director to enter into agreements with the City of New York (the City) pertaining to: (1) amendment and extension of the lease agreement between the City and the Port Authority (City Lease) covering John F. Kennedy International Airport (JFK) and LaGuardia Airport (LGA), together with such related and ancillary agreements with the City or others as may be deemed necessary or appropriate; (2) amendment of the agreement between the City and the Port Authority (PILOT Agreement) concerning payments in lieu of taxes (PILOT) for the World Trade Center (WTC) site (WTC Site); and (3) modification of the agreement between the City and the Port Authority relating to the City's street system and the transfer of title to land adjacent to and within the WTC Site (the WTC Redevelopment Agreement, previously known as the Street Closing Agreement).

The term of the City Lease under which the Port Authority operates JFK and LGA expires December 31, 2015. At its meeting of November 20, 2003, the Board authorized the Executive Director to enter into a Memorandum of Understanding (MOU) with the City with respect to agreements relating to changes in and extension of the City Lease and in the PILOT Agreement, so that: (1) effective January 1, 2002, the provisions of the existing City Lease would be amended and supplemented to, *inter alia*, extend the term to December 31, 2050, and increase the rental payable to the City; (2) the annual PILOT amounts for the WTC Site paid by the Port Authority to the City would be increased, effective January 1, 2004, and the property covered would be expanded; and (3) all pending arbitration and litigation between the City and the Port Authority involving the City Lease and the PILOT Agreement would be terminated with prejudice and without further payment.

Amended and Restated City Lease

As a result of continuing discussions between staff and City representatives, the City Lease is to be amended and restated, effective January 1, 2002, for a term expiring December 31, 2050, on the principal terms outlined below:

Rent – The rent would be as follows:

- *Initial Lump-Sum Payment* – Upon execution of the amended City Lease, the Port Authority would make a lump-sum payment of $500 million to the City. The rent for 2002, 2003 and the portion of 2004 preceding the signing of the amended City Lease based on the rent formula described below, would be paid, with interest, in one lump sum.
- *Minimum Annual Rent* – Commencing as of January 1, 2002, the Port Authority would pay a minimum annual rent (MAR) of $93.5 million, the amount of which would be reset from time to time. After execution of the amended City Lease, MAR would be payable in equal monthly installments, in advance.

- *Rent Formula and Reset Provisions* – Annual rent would be the greater of the MAR, as reset from time to time, or eight percent of gross revenues at JFK and LGA, with the excess over the MAR to be payable the following March. Beginning in 2007, the MAR would be reset every five years to equal ten percent of the average gross revenues at JFK and LGA for the previous five years, but in no event would the MAR be less than the previous year's MAR. Gross revenues would not include federal grants or monies received as a result of any federal statute, regulation or policy, such as Passenger Facility Charges and amounts used for airport security.

Other Terms –

- The amended City Lease would include provisions for default and termination in the event the Port Authority failed to make any payments due under the lease or to provide the City with full information with respect to airport operations, finances and performance standards. The amended City Lease would also include provisions that the parties believe are appropriate in order to resolve outstanding operational issues.
- The ongoing arbitration under the existing lease would be terminated. If, however, the City is required to repay the lump-sum payment(s), the City would have the right to reinstate the arbitration, and to treat that event as a nonpayment of rent and seek termination of the amended City Lease (although the Port Authority may cure the default by offering to settle the arbitration for the amount that the City was required to repay).
- The City also would have the right to terminate the amended City Lease if the Port Authority's obligation to pay rent is held to be invalid or unenforceable, but only if the Port Authority is in fact actually not paying rent or equivalent consideration to the City. In the event that the lease is terminated, the parties are to use all commercially reasonable efforts to negotiate a substitute lease with respect to JFK and LGA.
- The City would have the right to assign the rent under the amended City Lease to a third party, and the assignee would have the right to sue the Port Authority directly in the event of nonpayment of rent, but would not have the right to terminate the amended City Lease.
- The amended City Lease would contain new or revised provisions related to certain portions of the demised premises (and previously surrendered parcels), indemnification provisions, insurance coverage details, and other issues.

IDA Financing – The New York City Industrial Development Agency and other City agencies would be precluded from financing any projects at JFK or LGA during the term of the amended City Lease, except for projects already authorized.

Airport Board – In connection with airport governance, an Airport Board, composed of an equal number of Port Authority and City (appointed by the Mayor) representatives, is to review operations and performance at JFK and LGA on a quarterly basis. Funding for the Airport Board and for a designated City agency providing airport liaison functions is to be provided from the rent payments. In addition, the Port Authority and the City would establish financial and performance standards (which could be supplemented from time to time by the Airport Board) to be used in the review of airport operations. The Airport Board would retain independent consultants for this purpose, and the Port Authority and the City would each provide up to

$250,000 annually for these consultants (with the City's share to be deducted from the rent payable under the amended City Lease).

Queens Capital Projects – In the years 2004-2008, the Port Authority would provide a total of $100 million to fund projects in the Borough of Queens identified by the City and which qualify as being eligible for Port Authority capital expenditures.

Direct Rail Access – The Port Authority would continue to include in its updated Capital Plan a $30 million project to study the feasibility, with respect to engineering, operational and financial considerations, of extending the Port Authority Trans-Hudson rail system from its terminus at Newark Penn Station to Newark Liberty International Airport (EWR PATH Extension). If, based on this study, the Port Authority determines that the EWR PATH Extension is feasible, it would include funding for this project in its Capital Plan. (Based on preliminary estimates, the EWR PATH Extension would cost at least $500 million.) In consultation with the City, the Port Authority also would study the feasibility, with respect to engineering, operational and financial considerations, of establishing a direct rail service connection between JFK and Downtown Manhattan (JFK-Downtown Rail Line), and include in its updated 2004-2008 Capital Plan a $60 million project for this study. If, based on this study, the Port Authority determines that the JFK-Downtown Rail Line is feasible, the Port Authority would include funding for this project in its Capital Plan in an amount equal to the preliminary $500 million cost estimate for the EWR PATH Extension, or the amount of funding actually provided for that project, whichever is less. Construction of the JFK-Downtown Rail Line would not commence until full funding has been arranged.

A number of "side letters or agreements" would be entered into in connection with the amended City Lease, covering the Airport Board (with the performance standards as an attachment), the Queens capital projects, direct rail access, and the prohibition on City agency financing, all substantially as described above.

The amended City Lease is expected to be executed by the City and the Port Authority sometime in October 2004 and, accordingly, the effective term of the MOU would have to be extended through October 31, 2004, beyond its current expiration date of September 30, 2004.

New PILOT Agreement

Pursuant to the 1962 bi-state legislation that authorized the Port Authority to establish, develop and operate The World Trade Center and the Port Authority Trans-Hudson rail system (the WTC Legislation), both the Port Authority and Port Authority Trans-Hudson Corporation (PATH) entered into agreements relating to PILOT amounts with respect to the portions of the WTC Site each occupied. The PATH PILOT Agreement and the Port Authority PILOT Agreement (as modified) collectively provide for a minimum annual payment to the City equal to $1,708,624.03, and for an additional payment with respect to portions of the WTC leased for hotel and retail purposes and for "office use by private persons engaged in carrying on, within the World Trade Center, a profession or trade or business for profit." For the City's property tax year 2001-2002, this additional payment, based on the calculations in the PILOT Agreements and the fully-leased status of the WTC amounted to approximately $28 million after all applicable credits and adjustments. However, as a result of the destruction of the WTC in

September 2001, beginning in the City's property tax year 2002-2003, there are no rentable areas within the WTC buildings, structures, or improvements that are occupied by private tenants, as defined, and the only PILOT amount currently being paid under these Agreements and the WTC Legislation is the minimum payment specified above.

To accommodate the legitimate interests of the City and the Port Authority regarding the redevelopment of the WTC Site, and to provide for PILOT amounts during the period of and following the reconstruction of the WTC PATH Terminal and the other buildings, structures, and improvements comprising the WTC Site, the City and the Port Authority would enter into a new agreement (the New PILOT Agreement). Replacing the existing agreements, the New PILOT Agreement would provide for payments to replace those currently being made by PATH and the Port Authority and for annual payments with respect to all additional properties to which the Port Authority acquires title and which become part of the WTC Site. This specifically includes the City's consent to the inclusion of properties located south of Liberty Street (the Southern Site) within the WTC Site should the Port Authority acquire title to these properties, identified as the land and building at 130 Liberty Street owned by Deutsche Bank Trust Company Americas, land owned by the Hellenic Orthodox Church, and land owned by 140 Liberty Street Associates.

The terms of the New PILOT Agreement would provide that, commencing January 1, 2004, the Port Authority would pay to the City an annual PILOT for the WTC Site equal to twelve percent of all rent payments or payments in lieu of rent received by the Port Authority from the lessees (the Net Lessees) under the lease agreements entered into by the Port Authority, dated as of July 16, 2001 (Net Leases), pertaining to certain components of the WTC, including the proceeds of business interruption or rent insurance from policies procured and maintained by the Net Lessees, which proceeds are paid over to the Port Authority on account of the Net Lessees' rental obligations under the Net Leases, but excluding: (1) any payments on account of taxes or payments in lieu thereof made by the Net Lessees to the Port Authority which are paid by the Net Lessees to the Port Authority and paid over by the Port Authority to the City; (2) pass-through reimbursements, such as business improvement district payments paid by the Net Lessees to the Port Authority; (3) payments for services or utilities furnished by the Port Authority to the Net Lessees or to any space leased to tenants of the Net Lessees pursuant to the Net Leases including, without limitation, common-area charges; and (4) inspection, permit plan review and other application fees paid by the Net Lessees to the Port Authority.

In addition to the minimum annual PILOT amount, the Port Authority would pay the City on account of the WTC Site an annual payment equal to the excess over the minimum annual PILOT payment of an amount obtained by multiplying $55,000,000 (Base Amount) by an "Escalator," which represents the percentage change over the base year (July 2002-June 2003) in the tax rate for Manhattan commercial office properties and the assessed valuation of a benchmark group of Class A office buildings to be mutually agreed upon by the Port Authority and the City, and multiplying that product by the ratio of the amount of commercial space built at the WTC Site to the total amount of commercial space planned under the WTC Site Master Plan (11.4 million gross square feet). This calculation includes PILOT amounts for the site of the 7 WTC building. The payments to be made would be net of all credits against PILOT payments that the Port Authority has become entitled to as a result of previous agreements with the City.

Upon the inclusion of any of the Southern Site properties in the WTC Site, the Port Authority would pay the City a PILOT amount equal to the full amount of real estate taxes that would have been assessed on the land comprising such site if the land were not owned by the Port Authority. In addition to this land payment, during the 15-year period following the commencement of construction on any such site, the Port Authority would pay to the City in connection with each site as to which there is office, retail, or hotel space available for use for the purposes intended, and which (1) are occupied, whether by private parties or by government agencies, including the federal government and the Port Authority, (2) are under lease to any such party, or (3) have been constructed and which, by installation of tenant improvements, may be made ready for occupancy (Actual Additional World Trade Center Properties Space Available), an amount equal to the product obtained by multiplying Nine Dollars by the number of square feet of Actual Additional World Trade Center Properties Space Available for use for the purposes intended, such amount to be adjusted each year by application to such amount of the Escalator established for the original WTC Site for such year.

Under the New PILOT Agreement, the Port Authority would not make any payments on account of land devoted to public park purposes or established as a public open space. The City would be permitted to securitize the payments due from the Port Authority under the agreement, and the Port Authority would not be permitted any right of setoff or counterclaim against such payments. As long as the Port Authority retains title to the WTC Site, the City would cancel or otherwise satisfy and discharge of record all taxes, assessments and interest against the properties currently constituting part of the WTC Site, including the 7 WTC building, properties occupied by PATH, and all improvements to be constructed on the site, and would mark said properties as exempt on its tax records.

The execution of the New PILOT Agreement would not affect the obligations of the Net Lessees under the Net Leases to pay to the Port Authority a portion of the PILOT amounts that the Port Authority is required to pay to the City. Such payments would continue to be made to the Port Authority based on the terms of the Port Authority's PILOT Agreement.

Upon execution of the New PILOT Agreement, all pending arbitration proceedings and litigation concerning the PILOT Agreements would be discontinued with prejudice, without costs to either party.

Modification of Street Closing Agreement

In order to accommodate the construction and development of the WTC, the Port Authority and the City entered into the Street Closing Agreement relating to changes in the City's street system and to the transfer of title land adjacent to and within the WTC Site. At that time, the Port Authority was given title to sub-surface areas (land below a plane 1.35 feet below curb grade) within the WTC's slurry wall, which include portions of Vesey, West and Liberty Streets. At grade, the WTC property line was fixed as the northerly face of buildings abutting Vesey Street, the easterly face of buildings abutting Church Street, the southerly face of buildings abutting Liberty Street and the westerly face of buildings abutting West Street. The Street Closing Agreement required the Port Authority to convey to the City title to all of the land

outside of this property line, which originally was acquired by the Port Authority via condemnation, including the sidewalks and the former street beds. In return, the City was to convey to the Port Authority title to: (1) the portion of Greenwich Street between Barclay Street and Vesey Street within the site of the 7 WTC building, (2) the portion of Greenwich Street between Vesey Street and Liberty Street within the WTC Site, and (3) the portions of Fulton, Dey and Cortlandt Streets between Greenwich and Church Streets within the WTC site. As of this date, the City retains legal title to these former streets, although they have been de-mapped.

The implementation of the WTC Site Master Plan adopted following the destruction of the WTC requires modification to accommodate the redevelopment process for the WTC Site and resolve all property issues related to the present or former streets at the WTC Site. Pursuant to the terms of the WTC Redevelopment Agreement, the City would own the at-grade areas of all streets and sidewalks within the WTC Site and such below-grade areas immediately below the surface of such streets and sidewalks as shall lie above a designated lower-limiting plane. The Port Authority would own all other areas within the WTC Site, including all areas lying below the designated limiting plane. The City would be responsible for maintenance of the City-owned areas of the streets and the sidewalks within the WTC Site. The parties would retain for themselves, and grant to each other, all necessary and appropriate easements for infrastructure, utility and other services. The streets and sidewalks within the WTC Site would be designed and constructed by the Port Authority in accordance with City standards, subject to a mutually agreed-upon security plan that would supersede any existing Memoranda of Understanding between the City and the Port Authority addressing security issues, and the City would operate, manage and maintain the sidewalks and the streets, including traffic patterns and flows, subject to the security plan. Except for streets and sidewalks, the Port Authority would have overall management responsibility for the WTC Site. The City and the Port Authority would mutually agree on all issues relating to curb usage, and the City would consult with the Port Authority on any decisions that would permanently and materially affect vehicular and pedestrian traffic in and through the WTC Site. The Port Authority would develop Design Guidelines consistent with the General Project Plan (GPP) approved by the Lower Manhattan Development Corporation (LMDC). The Design Guidelines would be adopted by LMDC and the Board of Commissioners, with input from involved and interested parties, including the City and the Net Lessees. It is contemplated that the Port Authority would agree with LMDC that the adoption, implementation and modification of all such Design Guidelines would be subject to the agreement of LMDC or any successor. The Port Authority and the City would consult with each other regarding all other major aspects of the WTC redevelopment plan, including phasing, infrastructure development and material funding issues.

Expanding upon a policy adopted by the Board on April 15, 1993, the Port Authority would agree to comply with all applicable Building Code requirements of the City (the Building Code) for all construction work to be performed at the WTC Site, with the exception of certain portions of the permanent WTC PATH Terminal which will comply with the National Fire Protection Association codes. Any proposed variances from the Building Code would require the prior consent of the City Department of Buildings (DOB). Neither the Port Authority nor its lessees and sublessees would be required to obtain any building permits or certificates of occupancy from the City in connection with any construction at the WTC Site. The DOB would

have the right to inspect the WTC Site at any time to determine compliance with the Building Code.

The final terms of the WTC Redevelopment Agreement would be subject to review by the Board's WTC Site Planning Sub-committee.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Gargano, Genova, Pocino, Sartor, Silverman, Sinagra and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an "Amended and Restated Agreement of Lease of the Municipal Air Terminals" with the City of New York (the City), covering John F. Kennedy International (JFK) and LaGuardia (LGA) Airports, together with such related and ancillary agreements with the City or others as may be deemed necessary or appropriate, and to extend the Memorandum of Understanding between the Port Authority and the City, dated January 16, 2004 (with respect to JFK and LGA and World Trade Center (WTC) payments in lieu of taxes (PILOT) through October 31, 2004, substantially in accordance with the terms and conditions 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 agreements with the City to resolve all property issues related to the present or former streets at the WTC Site and relating to PILOT amounts during the period of and following the reconstruction of the Port Authority Trans-Hudson system permanent World Trade Center Terminal (known as the WTC Transportation Hub) and the other buildings, structures, and improvements comprising the WTC Site, 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.

AGREEMENT BETWEEN THE CITY OF NEW YORK AND THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

EXHIBIT B

FORM OF PROJECT LETTER REQUEST

Dear _____:

As provided for in Section B of this Agreement between The City of New York (the "City") and The Port Authority of New York and New Jersey (the "Port Authority") made as of _____, 2004 (the "Agreement"), the City, at the request of the Mayor of the City, hereby asks that the Port Authority concur in the addition of the project described below as an eligible Project under the Agreement:

[DESCRIPTION OF PROJECT – SHOULD INCLUDE AMOUNT ESTIMATED TO BE PROVIDED FOR THE PROJECT, THE IDENTITY OF THE ENTITY RECEIVING FUNDS FOR THE PROJECT, AND INFORMATION NECESSARY FOR THE PORT AUTHORITY TO DETERMINE WHETHER IT QUALIFIES FOR PORT AUTHORITY CAPITAL EXPENDITURES]

The City understands and agrees that all the provisions of the Agreement shall apply to the inclusion of the above-described project as an eligible Project under the Agreement and all references in the Agreement to "Project" or "Projects" shall be deemed to include the above-described project.

Sincerely,

_____
[Deputy Mayor]
The City of New York

CONCURRED:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

Date:

By: _____
Executive Director

Execution Draft

DIRECT RAIL AGREEMENT

THIS DIRECT RAIL AGREEMENT (this "Agreement") is made as of the 24th day of November 2004, by and between THE CITY OF NEW YORK, a municipal corporation of the State of New York with its principal office at City Hall, in the Borough of Manhattan, City of New York (the "City") and THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, a body corporate and politic, created by compact between the States of New York and New Jersey with the consent of Congress with its offices at 225 Park Avenue South, Borough of Manhattan, City of New York (the "Port Authority").

RECITALS

WHEREAS, the City, as landlord, and the Port Authority, as tenant, entered into that certain Amended and Restated Agreement of Lease of the Municipal Air Terminals (the "Lease Agreement") of even date herewith whereby among other things, the City has leased John F. Kennedy International Airport and LaGuardia Airport to the Port Authority;

WHEREAS, the City and the Port Authority recognize the importance of direct rail access ("One-Seat Ride Access") to the region's largest airports in order to ensure the future economic vitality of Lower Manhattan, have agreed to a procedural framework for the study and funding of such links; and

WHEREAS, the City and the Port Authority are committed to such studies and wish to set forth certain procedures to ensure the Port Authority will provide funding for One-Seat Ride access from Lower Manhattan to John F. Kennedy International Airport and Newark Liberty International Airport.

TERMS OF AGREEMENT

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and the Port Authority hereby mutually undertake, promise and agree, each for itself and its successors as follows:

1. **Definitions.** All terms used herein not otherwise defined herein shall have the meanings given to them in the Lease Agreement.

2. **One-Seat Ride Access to Newark Liberty International Airport.** The Port Authority will continue to include in its 2004-2008 capital plan a $30 million project to study the engineering, operational, and financial feasibility of extending the PATH rail from Newark Penn Station to Newark Liberty International Airport. If, based on this

study, the Port Authority determines that this extension is feasible from an engineering, operational and financial standpoint, then the Port Authority will include funding for this project in its future capital plans. Based on preliminary estimates, this project is expected to cost at least $500 million. Construction of this project will not commence until full funding has been arranged.

3. **One-Seat Ride Access to John F. Kennedy International Airport.** The Port Authority will continue to include in its 2004-2008 capital plan a $60 million project to study, the engineering, operational, and financial feasibility of providing One-Seat Ride Access to Lower Manhattan from John F. Kennedy International Airport. If, based on this study, the Port Authority determines that this connection is feasible from an engineering, operational, and financial standpoint, then the Port Authority will include funding for this project in its future capital plans in an amount equal to the preliminary estimate of $500 million for the Newark Liberty International Airport extension, or the funding actually provided for the Newark Liberty International Airport extension, whichever is greater. Construction of this project will not commence until full funding has been arranged.

4. **Survival.** The provisions of this Agreement shall survive the expiration or sooner termination of the Lease Agreement.

5. **Miscellaneous.** This Agreement: (i) may not be modified except in a writing signed by both of the parties hereto; (ii) may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document; (iii) shall be construed in accordance with and governed by the internal laws of the State of New York, without regard to principles of conflicts of law; (iv) shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective successors and assigns but shall not be enforceable by any person, firm, corporation or other entity that is not a signatory to this letter agreement; and (v) shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to each of the other parties hereto.

[No further Text on this Page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by the duly authorized officers thereof as of the date first written above.

THE CITY OF NEW YORK

Daniel L. Doctoroff
Deputy Mayor for Economic Development
and Rebuilding

Approved as to form:

Acting Corporation Counsel

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

Kenneth J. Ringler, Jr.
Executive Director

Approved as to form:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by the duly authorized officers thereof as of the date first written above.

THE CITY OF NEW YORK

Daniel L. Doctoroff
Deputy Mayor for Economic Development
and Rebuilding

Approved as to form:

Acting Corporation Counsel

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

Kenneth J. Ringler, Jr.
Executive Director

Approved as to form:

Darrell Buchbinder
General Counsel

AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

---------- x

In the Matter of the Arbitration Between

THE CITY OF NEW YORK,

STIPULATION

-and-

THE PORT AUTHORITY OF NEW YORK AND
NEW JERSEY.

---------- x

Whereas The City of New York ("City") and The Port Authority of New York and New Jersey ("Port") are executing simultaneously herewith an Amended and Restated Agreement of Lease of the Municipal Air Terminals of even date herewith (the "Amended Lease"),

IT IS HEREBY STIPULATED AND AGREED, by and between the parties, represented by the undersigned attorneys, that the above-captioned arbitration, commenced with a Demand for Arbitration dated December 14, 1995 (the "airport arbitration"), is hereby discontinued with prejudice and without costs, subject to the following terms and conditions:

1. In the event that:

(a) the City is required, at any time hereafter, to repay or forfeit the Lump Sum Payment (as said term is defined in the Amended Lease) or any portion thereof; and further

(b) the Port shall not have lawfully and validly paid to the City, within two years from the date of such repayment or forfeiture, an amount equal to so much of the Lump Sum Payment as had been repaid or forfeited, plus interest accruing at the Interest Rate (as said term is defined in the Amended Lease) from the date such amount was repaid or forfeited,

then at the City's option, the City may reinstate the airport arbitration, in which event, the parties' respective positions, claims and defenses in the airport arbitration shall be fully restored to the *status quo ante* as of immediately prior to the execution of this stipulation. Further, the Port acknowledges and agrees that in the event the airport arbitration is so reinstated, the passage of time between the execution of this stipulation and such reinstatement shall not be the basis of any barring defense, including without limitation, based on statute of limitations, *laches* or *estoppel*. In any such reinstated airport arbitration, the total liquidated amount, inclusive of interest, that the City will be entitled to recover from the Port, irrespective of the amount that may be awarded therein to the City, shall be limited to Five Hundred Million Dollars ($500,000,000); and neither party shall recover costs from the other.

2. The rights and remedies set forth in paragraph 1 above shall be in addition to, and not in substitution of, the City's rights and remedies pursuant to the Amended Lease, including without limitation, the right to terminate the Amended Lease and to exercise all other rights and

remedies provided in Section 25 thereof (entitled "Events of Default: Rights and Remedies").

3. The terms and conditions of this stipulation shall survive the expiration or sooner termination of the Amended Lease.

Dated: New York, New York
November 24, 2004

MICHAEL A. CARDOZO
Corporation Counsel of the
City of New York
100 Church Street
New York, NY 10007

By: Nancy F. Brodie
Nancy F. Brodie
Assistant Corporation Counsel

MILTON H. PACHTER
General Attorney for the Port Authority
of New York and New Jersey
225 Park Avenue South
New York, NY 10003

By: W M Frank
Walter M. Frank
Chief, Commercial Litigation

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

In the Matter of the Arbitration Between

THE CITY OF NEW YORK,

-and-

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY.

STIPULATION

MICHAEL A. CARDOZO
Corporation Counsel of the City of New York
Attorney for The City of New York
100 Church Street, Room 3-127
New York, N.Y. 10007

Of Counsel: Nancy F. Brodie
Tel: (212) 788-8861

ida New York City Industrial Development Agency

November 24, 2004

The Port Authority of New York
and New Jersey
225 Park Avenue South
New York, New York 10003

Re: Financing with respect to the New York Airports

Ladies and Gentlemen:

Reference is hereby made to that certain Amended and Restated Agreement of Lease (the "Lease") being entered into simultaneously herewith by and between The City of New York (the "City") and The Port Authority of New York and New Jersey (the "Port Authority") covering LaGuardia Airport and John F. Kennedy International Airport (collectively, the "Airports").

In consideration for the Port Authority's entering into the Lease, the New York City Industrial Development Agency (the "IDA") hereby agrees that, following the execution and delivery of the Lease by both parties thereto, it will not finance any projects at the Airports, except for projects as to which inducement resolutions have been adopted prior to January 16, 2004 (as listed on Schedule A hereto) and except for refunding of any outstanding IDA bond issues for projects at the Airports (as listed on Schedule B hereto); provided that modifications to a project and/or bond amount from that set forth in an inducement resolution listed on Schedule A hereto shall not be deemed to violate the agreement of IDA contained herein so long as the modified project and/or bond amount are not materially larger than described in the inducement resolution listed on Schedule A.

The agreement of the IDA contained in this letter shall terminate and be of no further force or effect upon the expiration or sooner termination of the Lease.

Very truly yours,

New York City Industrial Development Agency

By: _____
Andrew M. Alper, Chairman

Attachments

• 110 William Street, New York, NY 10038 • 212. 619. 5000

Schedule A: Airports - Induced IDA Bond Issues*

Company Name	Bond Amount Induced (in millions)	Project Location
American Airlines, Inc.	$1,300.0	Terminal 8 and 9 at JFK
JetBlue Airways Corporation	$50.0	Building 81 and current site of Building 179 at JFK
JFK International Air CargoCenter, LLC	$67.0	Hangars 3, 4, and 5 at JFK

*Induced prior to January 16, 2004

Schedule B: Airports - Outstanding IDA Bond Issues

Company Name	Bond Amount Issued (in millions)	Closing Date
American Airlines, Inc.	$83.93	09/18/90
Japan Airlines International Co. Ltd.	$115.5	06/13/91
Terminal One Group Association, L.P.	$434.290	07/13/94
American Airlines	$83.085	08/09/94
Korean Airlines Co., Ltd.	$102.0	02/12/97
Northwest Airlines	$32.795	06/30/97
United Airlines, Inc.	$34.235	07/13/97
Air Express International Corporation	$19.0	07/16/97
British Airways, plc	$115.0	12/08/98
Airis JFK I, LLC	$160.26	08/16/01
American Airlines	$500.0	07/31/02
British Airways, plc	$85.0	07/02/02
Continental Airlines	$23.535	11/05/03

QUITCLAIM DEED FROM CITY TO PORT AUTHORITY

THIS INDENTURE made as of November 24, 2004 between the CITY OF NEW YORK, a municipal corporation of the State of New York with its principal office at City Hall, in the Borough of Manhattan, City, County and State of New York (the "City"), and THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, a body corporate and politic, created by compact between the States of New York and New Jersey with the consent of Congress with its office at 225 Park Avenue South, Borough of Manhattan, City, County and State of New York (the **"Port Authority"**).

WITNESSETH THAT:

WHEREAS, the City and Port Authority intend to enter into an Amended and Restated Agreement of Lease of the Municipal Air Terminals dated as of November 24, 2004 (the "Agreement"); and

WHEREAS, the City desires to dispose to the Port Authority any property interests it owns within (i) that portion of the Light Rail System that the Port Authority has acquired from the People of the State of New York acting by and through the Commissioner of Transportation ('State") by Grant of Permanent Easement made August 19, 2002, a copy of which is attached hereto and made a part hereof as Exhibit A and (ii) the property identified on the tax map of the City of New York as Lot 5, Block 9990, Borough of Queens; the Port Authority desires to convey to the City all property interests it has acquired within such portion of the Light Rail System ("LRS") and in Lot 5, Block 9990, Borough of Queens; and the City desires to accept such property interests and incorporate such property interests conveyed by the Port Authority to the City into the Demised Premises, as such term is defined in the Agreement, by leasing such property interests to the Port Authority under the Agreement; and

WHEREAS, City Planning Commission Resolution # C990117 PQQ/C 990118 PPQ adopted May 3, 1999 and City Council Resolution # 864 adopted June 7, 1999 have authorized such dispositions and acquisitions by the City and the Port Authority's Board of Commissioners has authorized such acquisitions and disposition by the Port Authority by Resolution adopted September 24, 1998.

NOW, THEREFORE, the City and the Port Authority do hereby agree as follows:

The City does hereby remise, release and quitclaim unto the Port Authority, its successors and assigns forever, all right, title and interest of the City, if any, in and to the Property which is described as follows:

A. Permanent aerial, surface and subsurface easements for the construction, reconstruction, operation, inspection, maintenance and repair of the LRS, which easements are more specifically defined herein over all those pieces or parcels of property in the Fourth Ward of the Borough Queens, City of New York, County of Queens, State of New York, which

are shown and described as Aerial Parcels or Easements, Column Parcels or Easements, and Subsurface Parcels or Easements, of Segments CR – 402 through CR – 415 of a series of maps entitled, "THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY AIRTRAIN PROJECT, JFKIA-JAMAICA SEGMENT, ALTA/ACSM LAND TITLE SURVEY, A PORTION OF VAN WYCK EXPRESSWAY, SEGMENT CR-(402 THROUGH 415), BOROUGH OF QUEENS, QUEENS COUNTY, STATE OF NEW YORK", prepared by Vollmer Associates LLP, dated February 28, 2002, bearing Project Number 2001-003-03 and filed contemporaneously in the Office of the Register of Deeds, Queens County on September 17, 2002 with the Grant of Permanent Easement between The People of the State of New York, acting by and through Joseph H. Boardman, the Commissioner of Transportation of the State of New York and the Port Authority of New York and New Jersey made August 19, 2002 and recorded at Reel 6582, Page 0118 *et seq.*, City Register Serial Number 128069.

Subject, however, to the provisions of the aforesaid Grant of Permanent Easement made August 19, 2002.

B. All that certain plot, piece or parcel of land situate, lying and being in the Fourth Ward of the Borough of Queens, City of New York, County of Queens, and State of New York, being more particularly bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of 94th Avenue formerly Johnson Avenue (50 feet wide) with the easterly side of Van Wyck Expressway (Service Road); said corner having a New York State Coordinate System (NAD 83-96) value of N 58916.0472 meters E 315799.1275 meters (N193293.7316 feet E1036084.3037 feet);

1. Running thence North 69 degrees 25 minutes 33.1 seconds East along the southerly side of 94th Avenue, 63.627 meters (208.75 feet) to a point on the division line between property now or formerly of David Oil Corp. and property now or formerly of Carole A. Murray and Thomas D. Murray;

2. Running thence along said division line South 20 degrees 34 minutes 26.9 seconds East, at right angles to the southerly side of 94th Avenue, 25.292 meters (82.98 feet) to a point;

3. Running thence South 66 degrees 54 minutes 37.1 seconds West along the division line between property now or formerly of David Oil Corp. and the following properties: property now or formerly of Edgardo E. Contreras; property now or formerly of David Byrd, Patricia Portis, and Gary Michael Byrd; property now or formerly of Cheryl Winter Naipaul and Gagnatti Naipaul; property now or formerly of Joseph F. Nowinski and Jennie Nowinski; property now or formerly of Stanley P. Francosky, et al; and property now or formerly of Mohamed Shafi and Ramdai Shafi, said line forming an interior angle of 92 degrees 30 minutes 56 seconds with the last mentioned course, 39.127 meters (128.37 feet) to a point in a line distant 34.013 meters (111.59 feet) northerly from the northerly side of 95th Avenue, drawn at right angles thereto, from a point thereon and distant 13.283 meters (43.58 feet) easterly from said easterly side of Van Wyck

Expressway (Service Road);

4. Running thence South 20 degrees 34 minutes 26.9 seconds East along the division line between property now or formerly of David Oil Corp. and property now or formerly of Mohamed Shafi and Ramdai Shafi, at right angles to the northerly side of 95th Avenue, formerly Chichester Avenue, 34.013 meters (111.59 feet) to the northerly side of 95th Avenue;

5. Running thence South 69 degrees 25 minutes 33.1 seconds West along the northerly side of 95th Avenue, 13.283 meters (43.58 feet) to the corner formed by the intersection of the said northerly side of 95th Avenue and the easterly side of Van Wyck Expressway (Service Road);

6. Running thence North 31 degrees 01 minutes 19.1 seconds West along the easterly side of Van Wyck Expressway (Service Road), 62.054 meters (203.59 feet) to the point and place of beginning.

Containing 2176.289 square meters (23425.28 square feet) or 0.218 Hectare (0.538 acre).

Also known as **Tax Block 9990, Tax Lot 5**, Borough of Queens, City of New York.

Being the premises shown on an ALTA/ACSM Land Title Surveys of Lot 5, Block 9990, Queens, New York, prepared by Vollmer Associates, dated February 15, 2000 and signed by Kenneth J. Stigner, L.S., a copy of which is attached hereto as Exhibit B.

Being the same premises conveyed to the Port Authority by David Oil Corp. by Indenture made November 3, 2000 recorded with the Office of the Register of Deeds, Queens County, November 29, 2000 at Reel 5732, Page 0424 *et seq.*, City Register Serial Number 113076

All bearings refer to The New York Coordinate System of 1983-96, Long Island Zone 3104.

Together with the appurtenances and all the estate and rights of the City in and to said premises.

To Have And To Hold the premises herein granted unto the Port Authority, the successors and assigns of the Port Authority forever.

The City, in compliance with Section 13 of the Lien Law, covenants that it will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

The Port Authority hereby accepts the conveyance from the City.

No Commissioner, director, elected official, officer, agent, representative or employee of the Port Authority or the City shall be charged personally by either party hereto with any liability or held personally liable under any of the terms or provisions of this Indenture or because of its execution or because of any breach or attempted or alleged breach hereof.

This Indenture may be executed in one or more counterparts each of which counterparts shall be deemed an original and all of which counterparts shall constitute one and the same document.

IN WITNESS WHEREOF, the City has caused its corporate seal to be hereunto affixed and duly attested and this Indenture to be signed by its Deputy Mayor for Economic Development and Rebuilding and by the City Clerk of the City; and the Port Authority has caused its corporate seal to be hereunto affixed and duly attested and this Agreement to be signed by its Executive Director, of the day and year first written above.

[NO FURTHER TEXT ON THIS PAGE]

Attest:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

Kenneth J. Ringler, Jr.
Executive Director

Approved as to form:

Darrell Buchbinder HKB
General Counsel

THE CITY OF NEW YORK

By:

City Clerk

By:

Daniel L. Doctoroff
Deputy Mayor for Economic Development and Rebuilding

Approved as to form:

Acting Corporation Counsel

Attest:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

Secretary

Kenneth J. Ringler, Jr.
Executive Director

Approved as to form:

Darrell Buchbinder,
General Counsel

THE CITY OF NEW YORK

By:

City Clerk Michael McSweeney
1st Deputy & Acting City Clerk

By:

Daniel L. Doctoroff
Deputy Mayor for Economic Development
and Rebuilding

Approved as to form:

Acting Corporation Counsel

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the 24th day of November, 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared KENNETH J. RINGLER, JR., Executive Director of the PORT AUTHORITY OF NEW YORK AND NEW JERSEY, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

TIMOTHY G. STICKELMAN
Notary Public, State of New York
No. 02ST6086913
Qualified in Suffolk County
Commission Expires on February 3, 20 07

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the 23rd day of November, 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared Daniel L. Doctoroff, Deputy Mayor for Economic Development and Rebuilding of THE CITY OF NEW YORK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

SCOTT E. SHOSTAK
Notary Public, State of New York
No. 02SH4834702
Qualified in New York County
Commission Expires 09/30/2005

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the 24 day of November 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared Michael McSweeney, City Clerk of THE CITY OF NEW YORK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

LILIA DWYER
Commissioner of Deeds
City of New York No. 3-7093
Certificate Filed in New York County
Commission Expires Feb. 01, 20[illegible]

JOHN F. KENNEDY INTERNATIONAL AIRPORT - AIRPORT ACCESS PROJECT - PROPERTY ACQUISITION

On May 9, 1996, the Board authorized a project (the "Project") for the implementation of an automated Light Rail System ("LRS") between Jamaica and John F. Kennedy International Airport ("JFK"), a link between Howard Beach and JFK, and an LRS circulating within the Central Terminal Area at a total estimated project cost of $1.268 billion, excluding interest on bonded debt. JFK suffers from a lack of public transportation options for access to the facility. In addition, the existing roadway system is unable to adequately address the need for on-airport circulation. The Project will provide connections to regional transportation hubs at the Long Island Railroad station in Jamaica as well as the New York City Transit station in Howard Beach. The LRS will also provide stations on-airport, at the rental car facilities at Federal Circle, the Employee Long-Term Parking Lot, and at the unit terminals for intra-airport transportation of airport customers and employees.

In requesting Project Authorization at the Board's May 9, 1996 meeting, staff noted that at the appropriate time, the Board would be asked to make the necessary findings and authorize acquisition of property interests by negotiation or condemnation. In view of the Project schedule, staff recommends authorization of property acquisition by negotiation at this time. If negotiations with private landowners do not lead to reasonable settlements, staff would conduct a public hearing as required by the New York State Eminent Domain Procedure Act before initiating eminent domain proceedings to acquire the property. Subsequent to such a hearing, the Board would be requested to make the necessary findings and determinations to enable acquisition by condemnation. The JFK LRS Right-Of-Way ("ROW") will occupy lands now owned by, among others, the City of New York, the State of New York, the Long Island Railroad, Rock-Arizona Associates (an Amoco gas station), Web Food Products, Inc. (a parking lot) and Andrew Borone, Dominick Borone and Joseph Borone (an auto service station and parking lot). Staff plans to acquire these lands, and possibly others adjacent to the ROW should the need become apparent.

The Board at its meeting on May 9, 1996 also authorized the Executive Director to apply to the Federal Aviation Administration ("FAA") for additional Passenger Facility Charge ("PFC") collection authority of $823 million and additional PFC use authority of $1.248 billion. An application was submitted to the FAA for the use of PFC funds on July 21, 1997. A Record of Decision for the use of these funds in the amount of $1.148 billion was received on February 9, 1998. An application for the $100 million in PFCs which expired on October 1, 1997, due to the FAA's failure to act by the application's expiration date, will be resubmitted to the FAA. In addition to the $14 million previously approved by the FAA for planning costs for the JFK LRS, an amendment to recover an additional $36 million in planning and preliminary engineering costs will be submitted at the same time. An addendum will also be submitted to the PFC application to permit the Port Authority to reallocate certain Port Authority Capital funds (up to $300 million) to project elements the FAA deems ineligible for PFC funding and to allocate PFCs to other eligible items. The total amount of PFC funds expected to be approved for the project is $1.298 billion. Together with $300 million in Port Authority Capital funds, the total available funds for this project is $1.598 billion, including interest on bonded debt.

Environmental impacts have been and will be assessed and will be taken into consideration in the implementation of the Project and mitigation measures incorporated in the

Project. A Draft Environmental Impact Statement ("EIS"), Written Reevaluation/Technical Report and Final EIS ("FEIS"), were prepared by the FAA along with the New York State Department of Transportation ("NYSDOT") acting as Joint Lead Agency. The FAA prepared Records of Decision approving an amended Airport Layout Plan including the ROW for the LRS and use of PFCs for the Project in compliance with the National Environmental Policy Act. NYSDOT issued a Record of Decision containing Findings in connection with its authorization of property conveyances for the Project in compliance with the New York State Environmental Quality Review Act ("SEQRA"). It is anticipated that the City of New York will also issue Findings in connection with its authorization of City actions in support of the Project which will comply with the City's Environmental Quality Review Regulations which implement SEQRA. Also, it is a condition of FAA Project approval, as noted in NYSDOT's Record of Decision, that the mitigation measures presented in Section 7.0 of the FEIS are the responsibility of the Port Authority. The Port Authority will incorporate the mitigation measures as requirements of the design, construction, and operation contracts or other contracts issued for the Project.

The City of New York (the "City") has advised that it must comply with the provisions of Section 197(c) of the City Charter involving the Uniform Land Use Review Procedure ("ULURP") before it can execute conveyances needed for the Project. The ULURP, entailing Hearings before Community Boards, the Borough Board, the City Planning Commission and possibly the City Council, is expected to take six to nine months to complete. While the Port Authority's ULURP Application is deemed technically complete, pending direction from the City, the Application has not yet been certified as complete so that the ULURP process may begin.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Donovan, Eisenberg, Gargano, Haley, Kalikow, Lewis, O'Neill, Philibosian, Schweitzer and Song voting in favor; Commissioner Mack abstaining; none against:

> **RESOLVED**, that the Executive Director or General Counsel, either one acting individually, is hereby authorized to acquire on behalf of the Port Authority property interests by negotiation for and in connection with the Air Terminal Access Facilities known as the John F. Kennedy International Airport ("JFK") Airport Access Light Rail System ("LRS") Project including a link between Jamaica and JFK, a link between Howard Beach and JFK and an LRS circulating the Central Terminal Area (the "Project"), such property interests being generally located along and adjacent to the alignment shown on the amended JFK Airport Layout Plan approved, or to be approved, by the Federal Aviation Administration ("FAA") including but not limited to fee title to three privately owned parcels of land known as Block 9990, Lot 5, Block 9989, Lot 11, and Block 9989, Lot 17, on the Tax Map of the City of New York, Borough of Queens, and to incur all related costs and expenses, and execute all documents and agreements, including without limitation, agreements and conveyances, involving transfers of property interests to or from the Port Authority, necessary or incidental to such acquisition or the Project; and to conduct a public hearing under New York State's Eminent Domain Procedure Act, at their discretion; and it is further

RESOLVED, that the Executive Director or General Counsel, either one acting individually, is hereby authorized to execute an agreement or agreements supplemental to the Agreement with respect to the Municipal Air Terminals between the City of New York (the "City") and the Port Authority and associated instruments whereby, among other matters, the City would: (a) transfer and release to the Port Authority the City's right, title and interest in the property interests the Port Authority requires for the Project; (b) accept a conveyance of the permanent property interests acquired for the Project; and (c) simultaneously lease such property interests to the Port Authority as part of the Airport Demised Premises; and it is further

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

EXHIBIT B

**COPY OF SURVEY OF LOT 5, BLOCK 9990,
BOROUGH OF QUEENS, NEW YORK
PREPARED BY VOLLMER ASSOCIATES**

QUITCLAIM DEED FROM PORT AUTHORITY TO CITY

THIS INDENTURE made as of November 24, 2004 between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, a body corporate and politic, created by compact between the States of New York and New Jersey with the consent of Congress with its office at 225 Park Avenue South, Borough of Manhattan, City, County and State of New York (the "**Port Authority**") and the CITY OF NEW YORK, a municipal corporation of the State of New York with its principal office at City Hall, in the Borough of Manhattan, City, County and State of New York (the "**City**").

WITNESSETH THAT:

WHEREAS, the City and Port Authority intend to enter into an Amended and Restated Agreement of Lease of the Municipal Air Terminals dated as of November 24, 2004 (the "Agreement"); and

WHEREAS, the City has disposed to the Port Authority any property interests it owns within (i) that portion of the Light Rail System that the Port Authority has acquired from the People of the State of New York acting by and through the Commissioner of Transportation ('State") by Grant of Permanent Easement made August 19, 2002, a copy of which is attached hereto and made a part hereof as Exhibit A, and (ii) the property identified on the Tax Map of the City of New York as Lot 5, Block 9990, Borough of Queens by Indenture of even date herewith;

WHEREAS, the Port Authority now desires to convey to the City all property interests it owns within such portion of the Light Rail System ("LRS") and in Lot 5, Block 9990, Borough of Queens, and the City desires to accept such property interests and incorporate such property interests conveyed by the Port Authority to the City into the Demised Premises, as such term is defined in the Agreement, by leasing such property interests to the Port Authority under the Agreement; and

WHEREAS, City Planning Commission Resolution # C990117 PQQ/C 990118 PPQ adopted May 3, 1999 and City Council Resolution # 864 adopted June 7, 1999 have authorized such dispositions and acquisitions by the City and the Port Authority's Board of Commissioners has authorized such acquisitions and disposition by the Port Authority by Resolution adopted September 24, 1998.

NOW, THEREFORE, the Port Authority and the City do hereby agree as follows:

The Port Authority does hereby remise, release and quitclaim unto the City, its successors and assigns forever, all right, title and interest of the Port Authority in and to the Property which is described as follows:

A. Permanent aerial, surface and subsurface easements for the construction, reconstruction, operation, inspection, maintenance and repair of the LRS, which easements are more specifically defined herein over all those pieces or parcels of property in the Fourth Ward of the Borough Queens, City of New York, County of Queens, State of New York, which are shown and described as Aerial Parcels or Easements, Column Parcels or Easements, and Subsurface Parcels or Easements, of Segments CR – 402 through CR – 415 of a series of maps entitled, "THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY AIRTRAIN PROJECT, JFKIA-JAMAICA SEGMENT, ALTA/ACSM LAND TITLE SURVEY, A PORTION OF VAN WYCK EXPRESSWAY, SEGMENT CR-(402 THROUGH 415), BOROUGH OF QUEENS, QUEENS COUNTY, STATE OF NEW YORK", prepared by Vollmer Associates LLP, dated February 28, 2002, bearing Project Number 2001-003-03 and filed contemporaneously in the Office of the Register of Deeds, Queens County on September 17, 2002 with the Grant of Permanent Easement between The People of the State of New York, acting by and through Joseph H. Boardman, the Commissioner of Transportation of the State of New York and the Port Authority of New York and New Jersey made August 19, 2002 and recorded at Reel 6582, Page 0118 *et seq.*, City Register Serial Number 128069.

Subject, however, to the provisions of the aforesaid Grant of Permanent Easement made August 19, 2002.

B. All that certain plot, piece or parcel of land situate, lying and being in the Fourth Ward of the Borough of Queens, City of New York, County of Queens, and State of New York, being more particularly bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of 94th Avenue formerly Johnson Avenue (50 feet wide) with the easterly side of Van Wyck Expressway (Service Road); said corner having a New York State Coordinate System (NAD 83-96) value of N 58916.0472 meters E 315799.1275 meters (N193293.7316 feet E1036084.3037 feet);

1. Running thence North 69 degrees 25 minutes 33.1 seconds East along the southerly side of 94th Avenue, 63.627 meters (208.75 feet) to a point on the division line between property now or formerly of David Oil Corp. and property now or formerly of Carole A. Murray and Thomas D. Murray;

2. Running thence along said division line South 20 degrees 34 minutes 26.9 seconds East, at right angles to the southerly side of 94th Avenue, 25.292 meters (82.98 feet) to a point;

3. Running thence South 66 degrees 54 minutes 37.1 seconds West along the division line between property now or formerly of David Oil Corp. and the following properties: property now or formerly of Edgardo E. Contreras; property now or formerly of David Byrd, Patricia Portis, and Gary Michael Byrd; property now or formerly of Cheryl Winter Naipaul and Gagnatti Naipaul; property now or formerly of Joseph F. Nowinski and Jennie Nowinski; property now or formerly of Stanley P. Francosky, et al; and property

now or formerly of Mohamed Shafi and Ramdai Shafi, said line forming an interior angle of 92 degrees 30 minutes 56 seconds with the last mentioned course, 39.127 meters (128.37 feet) to a point in a line distant 34.013 meters (111.59 feet) northerly from the northerly side of 95th Avenue, drawn at right angles thereto, from a point thereon and distant 13.283 meters (43.58 feet) easterly from said easterly side of Van Wyck Expressway (Service Road);

4. Running thence South 20 degrees 34 minutes 26.9 seconds East along the division line between property now or formerly of David Oil Corp. and property now or formerly of Mohamed Shafi and Ramdai Shafi, at right angles to the northerly side of 95th Avenue, formerly Chichester Avenue, 34.013 meters (111.59 feet) to the northerly side of 95th Avenue;

5. Running thence South 69 degrees 25 minutes 33.1 seconds West along the northerly side of 95th Avenue, 13.283 meters (43.58 feet) to the corner formed by the intersection of the said northerly side of 95th Avenue and the easterly side of Van Wyck Expressway (Service Road);

6. Running thence North 31 degrees 01 minutes 19.1 seconds West along the easterly side of Van Wyck Expressway (Service Road), 62.054 meters (203.59 feet) to the point and place of beginning.

Containing 2176.289 square meters (23425.28 square feet) or 0.218 Hectare (0.538 acre).

Also known as **Tax Block 9990, Tax Lot 5,** Borough of Queens, City of New York.

Being the premises shown on an ALTA/ACSM Land Title Surveys of Lot 5, Block 9990, Queens, New York, prepared by Vollmer Associates, dated February 15, 2000 and signed by Kenneth J. Stigner, L.S., a copy of which is attached hereto as Exhibit B.

Being the same premises conveyed to the Port Authority by David Oil Corp. by Indenture made November 3, 2000 recorded with the Office of the Register of Deeds, Queens County, November 29, 2000 at Reel 5732, Page 0424 *et seq.*, City Register Serial Number 113076

All bearings refer to The New York Coordinate System of 1983-96, Long Island Zone 3104.

Together with the appurtenances and all the estate and rights of the Port Authority in and to said premises.

Together with all right, title and interest, if any, of the Port Authority in and to any streets and roads abutting the above described premises to the center line thereof.

To Have And To Hold the premises herein granted unto the City, the successors and assigns of the City forever.

The Port Authority, in compliance with Section 13 of the Lien Law, covenants that it will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

The City hereby accepts the conveyance from the Port Authority.

No Commissioner, director, elected official, officer, agent, representative or employee of the Port Authority or the City shall be charged personally by either party hereto with any liability or held personally liable under any of the terms or provisions of this Indenture or because of its execution or because of any breach or attempted or alleged breach hereof.

This Indenture may be executed in one or more counterparts each of which counterparts shall be deemed an original and all of which counterparts shall constitute one and the same document.

IN WITNESS WHEREOF, the Port Authority has caused its corporate seal to be hereunto affixed and duly attested and this Agreement to be signed by its Executive Director, of the day and year first written above and the City has caused its corporate seal to be hereunto affixed and duly attested and this Indenture to be signed by its Deputy Mayor for Economic Development and Rebuilding and by the City Clerk of the City.

[NO FURTHER TEXT ON THIS PAGE]

Attest:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

Kenneth J. Ringler, Jr.
Executive Director

Approved as to form:

Darrell Buchbinder
General Counsel

HKB

THE CITY OF NEW YORK

By:

City Clerk

By:

Daniel L. Doctoroff
Deputy Mayor for Economic Development and Rebuilding

Approved as to form:

Acting Corporation Counsel

Attest:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

Secretary

Kenneth J. Ringler, Jr.
Executive Director

Approved as to form:

Darrell Buchbinder,
General Counsel

THE CITY OF NEW YORK

By:

City Clerk

Michael McSweeney
1st Deputy & Acting City Clerk

By:

Daniel L. Doctoroff
Deputy Mayor for Economic Development
and Rebuilding

Approved as to form:

Acting Corporation Counsel

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the 24th day of November 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared KENNETH J. RINGLER, JR., Executive Director of the PORT AUTHORITY OF NEW YORK AND NEW JERSEY, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the 24 day of November 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared Michael McSweeney, City Clerk of THE CITY OF NEW YORK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

LILA DWYER
Commissioner of Deeds
City of New York No. 3-7093
Certificate Filed in New York County
Commission Expires Feb. 01, 20

STATE OF NEW YORK)
: ss. :
COUNTY OF NEW YORK)

On the 23rd day of November, 2004, before me, the undersigned, a Notary Public in and for said state, personally appeared Daniel L. Doctoroff, Deputy Mayor for Economic Development and Rebuilding of THE CITY OF NEW YORK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

SCOTT E. SHOSTAK
Notary Public, State of New York
No. 02SH4834702
Qualified in New York County
Commission Expires 09/30/2005

EXHIBIT A

COPY OF GRANT OF PERMANENT EASEMENT
DATED AS OF AUGUST 19, 2002
FROM THE PEOPLE OF THE STATE OF NEW YORK

LEASE AYC-190

JOHN F. KENNEDY INTERNATIONAL AIRPORT

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY

AND

TERMINAL ONE GROUP ASSOCIATION, L.P.
(The Lessee)

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EXHIBITS

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Exhibit N.....Monthly Additional Facility Rental Final
.....Installment Illustration Exhibit

SCHEDULE

Schedule E.....Affirmative Action
Guidelines

John F. Kennedy International Airport
Lease No. AYC-190

AGREEMENT OF LEASE

THIS AGREEMENT OF LEASE, made effective as of the 13th day of July, 1994, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority"), a body corporate and politic, established by Compact between the States of New Jersey and New York with the consent of the Congress of the United States of America, and having an office at One World Trade Center, in the Borough of Manhattan, City, County and State of New York, and TERMINAL ONE GROUP ASSOCIATION, L.P., a limited partnership formed under the laws of the State of New York (hereinafter called "the Lessee"), having an office and place of business at Building 14, JFK International Airport, Jamaica, New York 11430 and having one general partner, Terminal One Management, Inc., a corporation organized and existing under the laws of the State of New York, and four limited partners, as follows: Compagnie Nationale Air France, Japan Airlines Company, Ltd., Korean Air Lines Co., Ltd., and Deutsche Lufthansa Aktiengesellschaft, and the Lessee's representative is Mr. Dieter Bergt, Chief Executive Officer of said Terminal One Management, Inc.

WITNESSETH, That:

The Port Authority and the Lessee for and in consideration of the rents, covenants and mutual agreements hereinafter contained, hereby covenant and agree as follows:

Section 1. Letting

(a) The Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority at John F. Kennedy International Airport (sometimes hereinafter referred to as "the Airport") in the Borough of Queens, City and State of New York, the land shown in hatch and in stipple-hatch on the sketch attached hereto hereby made a part hereof and marked "Exhibit A (2 sheets)" together with all buildings (including without limitation the building known as Building No. 55), improvements and structures located thereon, and together with the fixtures, improvements and other property of the Port Authority, if any, located therein, thereon or thereunder, and all of the foregoing being sometimes hereinafter referred to as the "Site", the Site and all structures, improvements, additions, buildings and facilities located, constructed or installed or to be located, constructed or installed therein, thereon or thereunder, being hereinafter collectively referred to as "the

premises". The parties acknowledge that the premises constitute nonresidential real property.

(b) Except to the extent required for the performance of any of the obligations of the Lessee hereunder nothing contained in this Agreement shall grant to the Lessee any rights whatsoever in the air space above the premises in excess of the height elevation limitations described in Exhibits A and B.

(c) Subject only to the appropriate written concurrence of the tenants or users as set forth below in this paragraph (c), the strip of land lying along and within the easterly (directions set forth in this paragraph (c) are true) boundary line of the premises (which strip is shown in stipple-hatch on Exhibit A, together with the corresponding contiguous strip of land lying along and within the westerly boundary of space forming a part of the areas collectively known as Terminal No. 1A and immediately abutting on the easterly side of the premises (which strip is shown in cross-hatch on Exhibit A) shall be subject to a joint and mutual easement for a taxiway to be used jointly by the Lessee and the tenants, occupants and permittees of Terminal No. 1A or by any successors in interest of the Lessee or said persons or sublessees or other occupants or users who, pursuant to Port Authority permission, may occupy or use the premises herein or Terminal 1A and such rights of easement for such taxiway purposes shall continue during the effective periods of the respective agreements covering or which may cover the same.

Section 2. Construction by the Lessee

(a) The Lessee shall, prior to its submission to the Port Authority of the plans and specifications hereinafter provided for, submit to the Port Authority for its consent, the Lessee's comprehensive plan for the development of the Site, including but not limited to renderings, layouts, locations, models, estimated commencement and completion dates, and preliminary functional plans.

Without limiting the above, the Lessee agrees that said comprehensive plan shall include the construction on and under the Site of:

(i) A three (3) level passenger terminal building consisting of approximately 600,000 square feet of floor space, the foregoing together with all associated and related areas and facilities, including but not limited to stairwells, stairways, escalators, elevators, and United States government inspection areas (as described in Section 74 hereof);

(ii) Not less than ten (10) aircraft loading and unloading gate positions, that will accommodate both wide-body aircraft and narrowbody aircraft, together with all associated and related areas and facilities including without limitation

passenger boarding gate lounges, said aircraft gate positions being herein collectively called "the Aircraft Gate Positions";

(iii) All appropriate work for the construction of general utility and mechanical equipment rooms and spaces and crawl spaces within the Passenger Terminal Facilities (as hereinafter defined);

(iv) All appropriate work for the construction of the concession areas to be made available for consumer services as more fully described and set forth in Sections 59 through 71 including without limitation the construction and installation of utility lines which are to serve the said concession areas as and to the extent such work is not to be performed by a consumer service operator pursuant to its agreement with the Port Authority;

(v) The construction and installation of all appropriate lines, pipes, mains, cables, manholes, wires, conduits and other facilities required in connection with or relating to the mechanical, utility, electrical, storm sewer, sanitary sewer, telephone, fire alarm, fire protection, gas and other systems including all necessary relocations, and all work necessary or required to tie the foregoing to the utility access stubs now existing which include water, electrical power, sanitary service lines, including all necessary valves and other equipment and accessories necessary to the use and operation of the heating, electrical, water and other utility systems which are to serve the premises;

(vi) The construction and installation of additions and modifications to the underground fuel System, including but not limited to additions and modifications to the Airline Terminal Portion of the Underground Fuel System located within the Site (as such terms are defined in Section 4.021 of the General Airport Agreement as defined in Section 85 hereof) and underground pipelines, fuel mains, and stubs necessary or required to tie into the Distribution Portion of the Underground Fuel System at the Airport to accommodate and serve the premises and all aircraft gate positions located or to be located at the premises;

(vii) All work necessary or required to tie into Port Authority supply lines for high temperature hot water for heating and domestic use purposes only and chilled water for air conditioning purposes only, in accordance with the requirements and specifications as set forth in Section 56 hereof;

(viii) Upper level and lower level roadways on the area shown in diagonal hatch on Exhibit C and all other necessary or appropriate ground and elevated roadways, ramps, sidewalks, vehicular service areas, and vehicular staging areas, and pedestrian circulation areas, together with all related and associated areas and facilities (the foregoing being herein sometimes called the "circulation areas" and the portion of the construction work consisting solely of the aforesaid upper level and lower level roadways, vehicular service areas and vehicular staging areas described in this clause (viii) is also sometimes hereinafter referred to as the "On-Premises Roadway Work");

(ix) All necessary or appropriate aircraft ramp and apron areas;

(x) All grading and paving of ground areas and appropriate landscaping together with all related and associated work;

(xi) The demolition of Building No. 55 and all other existing buildings, improvements and structures on the Site and including but not limited to all appropriate, required or necessary work for the removal of all asbestos from the premises and including the handling, transporting and off-Airport disposal thereof in a long-term asbestos-only disposal facility;

(xii) All taxiways, taxiway access stubs, and associated and related areas and facilities including without limitation all appropriate or necessary work for the construction of an aircraft taxiway on the areas shown in stipple-hatch on Exhibit A;

(xiii) All necessary or required blast fences and other fencing;

(xiv) All other appropriate or necessary work in connection with the foregoing items, including without limitation thereto, all borings, surveys, route marker signs, obstruction lights and material inspections and also including all other tie-ins to utility lines and roadway access stubs.

All of the foregoing work shall be constructed by the Lessee on the Site and off the Site where required, and where constructed on the Site shall be and become a part of the premises under the Lease. All of the foregoing work and any other work which the Lessee includes in its comprehensive plan and which is consented to by the Port Authority are sometimes herein collectively referred to as "the Passenger Terminal Facilities".

The Lessee shall keep the comprehensive plan covered by this paragraph (a) (including the work covered by paragraph (b) below) up to date and shall submit to the Port Authority for its prior approval any amendments, revisions, or modifications thereof.

(b) In addition to all the hereinabove mentioned, the Lessee shall include as part of its comprehensive plan submitted in accordance with paragraph (a) hereof the construction of the following work, which construction, however, shall not be on the Site and shall not be part of the premises under the Lease. Said work shall include:

(i) New elevated airport roads on the areas shown generally in diagonal hatch on Exhibit C, attached hereto, hereby made a part hereof, to which certain portions of the circulation areas would connect (hereinafter called the "Off-Premises Vehicular Ramps" and such portion of the construction work being hereinafter sometimes called the "Off-Premises Vehicular Ramps Work"), as well as any and all associated or related extension, widening, relocation and rehabilitation of existing Airport roads, together with all appropriate ground lighting, lines, pipes, drains, wires, cables, manholes and conduits and other facilities; all of the foregoing being sometimes hereinafter collectively called the "Off-Premises Roads";

(ii) All necessary or appropriate work for the construction of an aircraft taxiway shown on the area shown in cross-hatch on Exhibit A;

(iii) All appropriate utility lines, pipes, drains, wires, cables, conduits and other facilities located off the Site necessary so as to tie the Passenger Terminal Facilities into the service lines for the supply of water, electrical power, gas, telephone, sanitary and storm sewers to such location off the premises as the Port Authority may designate, (including without limitation to the service lines for the Facility described in Section 56A hereof), the foregoing being respectively called "the water lines", or "the electric lines", "gas lines", "sanitary lines" and all of the foregoing being hereinafter called the "Off-Premises Utility Lines construction."

All of the foregoing in this paragraph (b) shall be constructed by the Lessee off the Site and shall not be or become a part of the premises under the Lease and is hereinafter collectively referred to as the "Off-Premises Work".

(c) (1) The Lessee agrees at its sole cost and expense to design and to construct the Passenger Terminal Facilities on

the premises as described in paragraph (a) above and to design and construct the Off-Premises Work outside the premises as described in paragraph (b) above, such design and construction of the said work and both the Passenger Terminal Facilities and the Off-Premises Work being sometimes hereinafter collectively referred to as "the construction work".

(2) Prior to the commencement of the construction work, the Lessee shall submit to the Port Authority for the Port Authority's approval complete plans and specifications therefor. The Port Authority may refuse to grant approval with respect to the construction work if, in its opinion, any of the proposed construction work as set forth in said plans and specifications (all of which shall be in such detail as may reasonably permit the Port Authority to make a determination as to whether the requirements hereinafter referred to are met) shall:

(i) Be unsafe, unsound, hazardous or improper for the use and occupancy for which it is designed, or

(ii) Not comply with the Port Authority's requirements for harmony of external architecture of similar existing or future improvements at the Airport, or

(iii) Not comply with the Port Authority's requirements with respect to external and interior building materials and finishes of similar existing or future improvements at the Airport, or

(iv) Not provide for sufficient clearances for taxiways, runways and apron areas, or

(v) Be designed for use for purposes other than those authorized under the Agreement, or

(vi) Set forth ground elevations or heights other than those prescribed by the Port Authority, or

(vii) Not provide adequate and proper circulation areas, or

(viii) Not be at locations or not be oriented in accordance with the Lessee's approved comprehensive plan, or

(ix) Not comply with the provisions of the Basic Lease, including without limiting the generality thereof, those provisions of the Basic Lease providing that the Port Authority will conform to the enactments, ordinances, resolutions and regulations of the City of New York and its various departments,

boards and businesses in regard to the construction and maintenance of buildings and structures and in regard to health and fire protection which would be applicable if the Port Authority were a private corporation to the extent that the Port Authority finds it practicable so to do, or

(x) Permit aircraft to overhang the boundary of the premises, except when entering or leaving the premises, or

(xi) Be in violation or contravention of any other provisions and terms of this Agreement, or

(xii) Not comply with all applicable governmental laws, ordinances, enactments, resolutions, rules and orders, or

(xiii) Not comply with all applicable requirements of the National Board of Fire Underwriters and the Fire Insurance Rating Organization of New York, or

(xiv) Not comply with the Port Authority's requirements with respect to landscaping, or

(xv) Not comply with Port Authority's requirements and standards with respect to noise, air pollution, water pollution or other types of pollution, or

(xvi) Not comply with the construction limitations set forth in Exhibit A if any, or

(xvii) Without limiting any other term or provision hereof, not comply with the Americans With Disabilities Act of 1990 and all federal rules, regulations and guidelines pertaining thereto.

(3) In addition to and without limiting the foregoing, with respect to the portion of the construction work representing the Off-Premises Work, the Lessee's design thereof and the said plans and specifications shall be subject to the complete prior written approval of the Port Authority and the Lessee shall make all changes and modifications to the said design, plans and specifications as may be required or recommended by the Port Authority.

(d) All construction work shall be done in accordance with the following terms and conditions:

(1) The Lessee hereby assumes the risk of loss or damage to all of the construction work prior to the completion thereof and the risk of loss or damage to all property of the Port

Authority arising out of or in connection with the performance of the construction work. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the construction work and the property of the Port Authority without cost or expense to the Port Authority. The Lessee shall itself and shall also require its contractors to indemnify and hold harmless the Port Authority, its Commissioners, officers, agents and employees from and against all claims and demands, just or unjust, of third persons (including employees, officers, and agents of the Port Authority) arising or alleged to arise out of the performance of the construction work and for all expenses incurred by it and by them in the defense, settlement or satisfaction thereof, including without limitation thereto, claims and demands for death, for personal injury or for property damage, direct or consequential, whether they arise from the acts or omissions of the Lessee, of any contractors of the Lessee, of the Port Authority, or of third persons, or from acts of God or of the public enemy, or otherwise, (including claims of the City of New York against the Port Authority pursuant to the provisions of the Basic Lease whereby the Port Authority has agreed to indemnify the City against claims), excepting only claims and demands which result solely from affirmative wilful acts done by the Port Authority, its Commissioners, officers, agents and employees with respect to the construction work, provided, however, that the Lessee shall not be required to indemnify the Port Authority where indemnity would be precluded pursuant to the provisions of Section 5-322.1 of the General Obligations Law of the State of New York.

If so directed, the Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such suit, claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance written permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority.

(2) Prior to engaging or retaining an architect or architects for the construction work, the name or names of said architect or architects shall be submitted to the Port Authority for its approval. The Port Authority shall have the right to disapprove any architect who may be unacceptable to it. All construction work shall be done in accordance with plans and specifications to be submitted to and approved by the Port Authority prior to the commencement of the construction work, and until such approval has been obtained the Lessee shall continue

to resubmit plans and specifications as required. Upon approval of such plans and specifications by the Port Authority, the Lessee shall proceed diligently at its sole cost and expense to perform the construction work. All construction work, including workmanship and materials, shall be of first class quality. The Lessee shall re-do, replace or construct at its own cost and expense, any construction work not done in accordance with the approved plans and specifications, the provisions of this Section 2 or any further requirements of the Port Authority.

The Lessee shall expend not less than Two Hundred Million Dollars ($200,000,000.00) with respect to the construction work. The Lessee shall complete the construction work no later than September 30, 1998.

(3) Prior to entering into a contract for any part of the construction work, the Lessee shall submit to the Port Authority for its approval the names of the contractors to whom the Lessee proposes to award said contracts. The Port Authority shall have the right to disapprove any contractor who may be unacceptable to it. The Lessee shall include in all such contracts such provisions and conditions as may be reasonably required by the Port Authority. Without limiting the generality of the foregoing all of the Lessee's construction contracts shall provide as follows: "If (i) the Contractor fails to perform any of his obligations under the Contract, including his obligation to the Lessee to pay any claims lawfully made against him by any materialman, subcontractor or workman or other third person which arises out of or in connection with the performance of the Contract or (ii) any claim (just or unjust) which arises out of or in connection with the Contract is made against the Lessee or (iii) any subcontractor under the Contract fails to pay any claims, lawfully made against him by any materialman, subcontractor, workman or other third persons which arises out of or in connection with the Contract or if in the Lessee's opinion any of the aforesaid contingencies is likely to arise, then the Lessee shall have the right, in its discretion, to withhold out of any payment (final or otherwise and even though such payments have already been certified as due) such sums as the Lessee may deem ample to protect it against delay or loss or to assume the payment of just claims of third persons, and to apply such sums in such manner as the Lessee may deem proper to secure such protection or satisfy such claims. All sums so applied shall be deducted from the Contractor's compensation. Omission by the Lessee to withhold out of any payment, final or otherwise, a sum for any of the above contingencies, even though such contingency has occurred at the time of such payment, shall not be deemed to indicate that the Lessee does not intend to exercise its right with respect to such contingency. Neither the above provisions

for rights of the Lessee to withhold and apply monies nor any exercise, or attempted exercise of, or omission to exercise such rights by the Lessee shall create any obligation of any kind to such materialmen, subcontractors, workmen or other third persons. Until actual payment is made to the Contractor, his right to any amount to be paid under the Contract (even though such amount has already been certified as due) shall be subordinate to the rights of the Lessee under this provision."

The Lessee shall file with the Port Authority a copy of its contracts with its contractors prior to start of the construction work.

(4) The Lessee shall furnish or require its architect to furnish a full time resident engineer during the construction period. The Lessee shall require certification by a licensed engineer of all pile driving data and of all controlled concrete work and such other certifications as may be requested by the Port Authority from time to time.

(5) The Lessee agrees to be solely responsible for any plans and specifications used by it and for any loss or damages resulting from the use thereof, notwithstanding that the same have been approved by the Port Authority and notwithstanding the incorporation therein of Port Authority recommendations or requirements. Notwithstanding the requirement for approval by the Port Authority of the contracts to be entered into by the Lessee or the incorporation therein of Port Authority requirements or recommendations, and notwithstanding any rights the Port Authority may have reserved to itself hereunder, the Port Authority shall have no liabilities or obligations of any kind to any contractors engaged by the Lessee or for any other matter in connection therewith and the Lessee hereby releases and discharges the Port Authority, its Commissioners, officers, representatives and employees of and from any and all liability, claims for damages or losses of any kind, whether legal or equitable, or from any action or cause of action arising or alleged to arise out of the performance of any construction work pursuant to the contracts between the Lessee and its contractors. Any warranties contained in any construction contract entered into by the Lessee for the performance of the construction work hereunder shall be for the benefit of the Port Authority as well as the Lessee, and the contract shall so provide.

(6) The Port Authority shall have the right, through its duly designated representatives, to inspect the construction work and the plans and specifications thereof, at any and all reasonable times during the progress thereof and from time to time, in its

discretion, to take samples and perform testing on any part of the construction work.

(7) The Lessee agrees that it shall deliver to the Port Authority two (2) sets of "as built" microfilm drawings of the construction work mounted on aperture cards, all of which shall conform to the specifications of the Port Authority (the receipt of a copy of said specifications prior to the execution of this Lease being hereby acknowledged by the Lessee), and the Lessee shall during the term of this Lease keep said drawings current showing thereon any changes or modifications which may be made. (No changes or modifications shall be made without prior Port Authority consent).

(8) The Lessee shall, if requested by the Port Authority, take all reasonable measures to prevent erosion of the soil and the blowing of sand during the performance of the construction work, including but not limited to the fencing of the premises or portions thereof or other areas and the covering of open areas with asphaltic emulsion or similar materials as the Port Authority may direct.

(9) Any soil, dirt, sand or other matter (hereinafter in this item (9) collectively called the "matter") excavated by the Lessee during the course of the construction work and not used at the Site shall be delivered and deposited by the Lessee at its expense to any location on the Airport or to any location off the Airport within the Port of New York District as may be designated by the Port Authority, subject to and in accordance with the provisions of Section 87 hereof. The entire proceeds, if any, of the sale or other disposition of the matter shall belong to the Port Authority. Notwithstanding the foregoing the Port Authority may elect by prior written notice to the Lessee to waive any rights it may have hereunder as to all or portions of the matter in which event the Lessee at its expense shall dispose of the same without further instruction from the Port Authority, subject to and in accordance with Section 87 hereof.

(10) The Lessee shall pay or cause to be paid all claims lawfully made against it by its contractors, subcontractors, materialmen and workmen, and all claims lawfully made against it by other third persons arising out of or in connection with or because of the performance of the construction work, and shall cause its contractors and subcontractors to pay all such claims lawfully made against them, provided, however, that nothing herein contained shall be construed to limit the right of the Lessee to contest any claim of a contractor, subcontractor, materialman, workman and/or other person and no such claim shall be considered to be an obligation of the Lessee within the meaning of this Section unless and

until the same shall have been finally adjudicated. The Lessee shall use its best efforts to resolve any such claims and shall, keep the Port Authority fully informed of its actions with respect thereto. Nothing herein contained shall be deemed to constitute consent to the creation of any liens or claims against the premises or any other part of the Airport nor to create any rights in said third persons against the Port Authority.

(11) (i) The Lessee in its own name as insured and including the Port Authority as an additional insured shall procure and maintain Comprehensive General Liability insurance, including but not limited to premises-operations, products-completed operations, explosion, collapse and underground property damages, personal injury and independent contractors, with a broad form property damage endorsement, and with a contractual liability endorsement covering the obligations assumed by the Lessee pursuant to subparagraphs (1) and (5) of this paragraph (d), and Comprehensive Automobile Liability insurance covering owned, non-owned and hired vehicles. The said Comprehensive General Liability insurance policy shall have a limit of not less than $25,000,000.00 combined single limit per occurrence for bodily injury and property damage liability, and said Comprehensive Automobile Liability policy shall have a limit of not less than $25,000,000.00 combined single limit per accident for bodily injury and property damage liability; further, with respect solely to the portions of the construction work consisting of asbestos removal/abatement, in the event the aforesaid $25,000,000 limit is in fact in a limit commercially unavailable to the Lessee or its independent contractor, then the policy to be procured and maintained by the Lessee or its independent contractor(s) in accordance herewith and pursuant hereto with respect solely to said asbestos removal/abatement portions of the construction work shall be a Comprehensive General Liability Policy in a limit of not less than $10,000,000 combined single limit per occurrence for bodily injury and property damage liability and each such policy shall be project specific with respect to said portions of the construction work.

The foregoing shall be in addition to all policies of insurance otherwise required by this Agreement, or the Lessee may provide such insurance by requiring each contractor engaged by it for the construction work to procure and maintain such insurance including such contractual liability endorsement, said insurance, whether procured by the Lessee or by a contractor engaged by it as aforesaid, not to contain any exclusion for bodily injury to or sickness, disease or death of any employee of the Lessee or of any of its contractors which would conflict with or in any way impair coverage under the contractual liability endorsement. Further the Lessee shall provide and maintain or shall require each contractor engaged by it for the construction work, or any portion thereof, to provide and maintain contractor's property and equipment coverage

for the full value of such property and equipment with the Port Authority insured thereunder as its interests may appear. The said policy or policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority, and shall also provide or contain an endorsement providing that the protections afforded the Port Authority thereunder with respect to any claim or action against the Port Authority by the Lessee or its contractor(s) shall be the same as the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person as if the Port Authority were the named insured thereunder; but such endorsement shall not limit, vary or affect the protections afforded the Port Authority thereunder as an additional insured.

(ii) The Lessee shall also procure and maintain in effect, or cause to be procured and maintained in effect Workers' Compensation Insurance and Employer's Liability Insurance in accordance with and as required by law.

(iii) The insurance required hereunder in this subparagraph (11) shall be maintained in effect during the performance of the construction work and shall be in compliance with and subject to the provisions of paragraph (e) of Section 19 hereof.

(12) The Lessee shall be under no obligation to reimburse the Port Authority for expenses incurred by the Port Authority in connection with its normal review and approval of the original plans and specifications submitted by the Lessee pursuant to this Section. The Lessee however agrees to pay to the Port Authority upon its demand the expenses incurred by the Port Authority in connection with any additional review for approval of any changes, modifications or revisions of the original plans and specifications which may be proposed by the Lessee for the Port Authority's approval. The expenses of the Port Authority for any such additional review and approval shall be computed on the basis of direct payroll time expended in connection therewith plus 100%. Wherever in this Lease reference is made to "direct payroll time", costs computed thereunder shall include a prorata share of the cost to the Port Authority of providing employee benefits, including, but not limited to, pensions, hospitalization, medical and life insurance, vacations and holidays. Such computations shall be in accordance with the Port Authority's accounting principles as consistently applied prior to the execution of this Lease.

(13) The Lessee shall prior to the commencement of construction and at all times during construction submit to the Port Authority all engineering studies with respect to construction and samples of construction materials as may be required at any time and from time to time by the Port Authority.

(14) The Lessee shall procure and maintain Builder's Risk (All Risk) Completed Value Insurance covering the construction work during the performance thereof including material delivered to the Site but not attached to the realty. Such insurance shall be in compliance with and subject to the applicable provisions set forth herein and shall name the Port Authority, the City of New York, the Lessee and its contractors and subcontractors as additional assureds and such policy shall provide that the loss shall be adjusted with and payable to the Lessee. Such proceeds shall be used by the Lessee for the repair, replacement or rebuilding of the construction work and any excess shall be paid over to the Port Authority. The policies or certificates representing insurance covered by this paragraph (14) shall be delivered by the Lessee to the Port Authority at least thirty (30) days prior to the commencement of construction of the construction work, and each policy or certificate delivered shall bear the endorsement of or be accompanied by evidence of payment of the premium thereof and, also, a valid provision obligating the insurance company to furnish the Port Authority and the City of New York thirty (30) days' advance notice of the cancellation, termination, change or modification of the insurance evidenced by said policy or certificate. Renewal policies or certificates shall be delivered to the Port Authority at least thirty (30) days before the expiration of the insurance which such policies are to renew.

The insurance covered by this paragraph (14) shall be written by companies approved by the Port Authority, the Port Authority covenanting and agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to the form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If at any time the Port Authority so requests, a certified copy of each of the said policies shall be delivered to the Port Authority.

As to the insurance covered by the above provisions, the Lessee expressly agrees that the Port Authority shall have the right at any time and from time to time to pay directly to the insurance company the premium or premiums on such insurance, with notice to the Lessee of the same given concurrently or within a

reasonable period of time thereafter, and the Lessee hereby further agrees to reimburse to the Port Authority the amounts of any and all such premium payments made by the Port Authority promptly and no later than thirty (30) days from the date of the Port Authority's submission to the Lessee of a bill or bills for said amounts; further, and to effectuate the foregoing, the Lessee agrees that each policy of insurance shall, without limiting any other term or provision hereof, contain a valid provision obligating the insurance company (i) to submit any duplicate copies to the Port Authority of all premium notices, including without limitation any notices of non-payment of premium, said insurance company sends to or is required to send to the Lessee (ii) to accept payment of any such premium directly from the Port Authority in the event the Port Authority elects to make such payment, upon failure of the Lessee to make any such premium payment, prior to any termination or cancellation of such insurance for non-payment of premium; it being understood and agreed that neither the foregoing, nor any payment made or not made by the Port Authority nor any notice given by the Port Authority hereunder shall or shall be deemed to release or relieve the Lessee from any of the terms, covenants, provisions and conditions under this Agreement or under the Lessee's insurance policy nor to constitute or create any obligation on the part of the Port Authority to the Lessee or the insurance company to make such payment or any other or further payment or payments nor to constitute or create any claim or right in the Lessee or any other person to have any such payment or any other or further payment or payments made by the Port Authority.

(15) The Lessee shall at the time of submitting the comprehensive plan to the Port Authority as provided in paragraph (a) hereof submit to the Port Authority its forecasts of the number of people who will be working at various times during the term of the Lease at the premises, the expected utility demands of the premises, noise profiles and such other information as the Port Authority may require. The Lessee shall continue to submit its latest forecasts and such other information as may be required as aforesaid as the Port Authority shall from time to time and at any time request.

(16) The Lessee shall execute and submit for the Port Authority's approval a Construction Application or Applications in the form prescribed by the Port Authority covering the construction work or portions thereof. The Lessee shall comply with all the terms and provisions of the approved Construction Applications. In the event of any inconsistency between the terms of any Construction Application and the terms of this Lease, the terms of this Lease shall prevail and control.

(17) Nothing contained in this Lease shall grant or be deemed to grant to any contractor, architect, supplier, subcontractor or any other person engaged by the Lessee or any of its contractors in the performance of any part of the construction work any right of action or claim against the Port Authority, its Commissioners, officers, agents and employees with respect to any work any of them may do in connection with the construction work. Nothing contained herein shall create or be deemed to create any relationship between the Port Authority and any such contractor, architect, supplier, subcontractor or any other person engaged by the Lessee or any of its contractors in the performance of any part of the construction work and the Port Authority shall not be responsible to any of the foregoing for any payments due or alleged to be due thereto for any work performed or materials purchased in connection with the construction work.

(18) (i) Without limiting any of the terms and conditions of this Lease, the Lessee understands and agrees that it shall put into effect prior to the commencement of any construction work an affirmative action program and Minority Business Enterprise (MBE) program and Women-owned Business Enterprise (WBE) program in accordance with the provisions of Schedule E, attached hereto and hereby made a part hereof. The provisions of said Schedule E of this Lease shall be applicable to the Lessee's contractor or contractors and subcontractors at any tier of construction as well as to the Lessee itself and the Lessee shall include the provisions of said Schedule E within all of its construction contracts so as to make said provisions and undertakings the direct obligation of the construction contractor or contractors and subcontractors at any tier of construction. The Lessee shall and shall require its said contractor, contractors and subcontractors to furnish to the Port Authority such data, including but not limited to compliance reports relating to the operation and implementation of the affirmative action, MBE and WBE programs called for hereunder as the Port Authority may request at any time and from time to time regarding the affirmative action, Minority Business Enterprises and Women-owned Business Enterprises programs of the Lessee and its contractor, contractors, and subcontractors at any tier of construction, and the Lessee shall and shall also require that its contractor, contractors and subcontractors at any tier of construction make and put into effect such modifications and additions thereto as may be directed by the Port Authority pursuant to the provisions hereof and said Schedule E to effectuate the goals of affirmative action and Minority Business Enterprise and Women-owned Business Enterprise programs.

(ii) In addition to and without limiting any terms and provisions of this Lease, the Lessee shall provide in its contracts

and all subcontracts covering the construction work or any portion thereof, that:

(aa) The contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status, and shall undertake or continue existing programs of affirmative action to ensure that minority group persons are afforded equal employment opportunity without discrimination. Such programs shall include, but not be limited to, recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff, termination, rates of pay or other forms of compensation, and selections for training or retraining, including apprenticeships and on-the-job training;

(bb) At the request of either the Port Authority or the Lessee, the contractor shall request such employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding and which is involved in the performance of the contract with the Lessee to furnish a written statement that such employment agency, labor union or representative shall not discriminate because of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will cooperate in the implementation of the contractor's obligations hereunder;

(cc) The contractor will state, in all solicitations or advertisements for employees placed by or on behalf of the contractor in the performance of the contract, that all qualified applicants will be afforded equal employment opportunity without discrimination because of race, creed, color, national origin, sex, age, disability or marital status;

(dd) The contractor will include the provisions of subparagraphs (aa) through (cc) of this paragraph in every subcontract or purchase order in such a manner that such provisions will be binding upon each subcontractor or vendor as to its work in connection with the contract;

(ee) "Contractor" as used herein shall include each contractor and subcontractor at any tier of construction.

(e) In addition to and without limiting the terms and conditions set forth in paragraph (d) above, the portion of the construction work representing the Off-Premises Work shall be done in accordance with the following further terms and conditions:

(1) In addition to the submission of the names of the architects and contractors for Port Authority approval as required

by subparagraphs (2) and (3) of paragraph (d) of Section 2 hereof, all proposed contracts covering the portion of the construction work representing the Off-Premises Vehicular Ramps Work, or any portion thereof, or the Off-Premises Utilities Construction, or any portion thereof submitted for Port Authority approval shall be subject to disapproval including but not limited to the disapproval of any contract the costs of which are not acceptable to the Port Authority. The Lessee shall include in all such contracts such provisions and conditions as may be required by the Port Authority. The Port Authority shall have the right to audit the books of any contractor with respect to any proposed contract covering the Off-Premises Work, or any portion thereof or the Off-Premises Utilities Construction or any portion thereof. It is expressly understood and agreed that in the event any proposed contract covers the construction of both Passenger Terminal Facilities, or any portion thereof, as well as Off-Premises Vehicular Ramps Work, or any portion thereof, or the Off-Premises Utilities Construction, or any portion thereof then the contract shall contain an allocation of costs between the Passenger Terminal Facilities and the Off-Premises Vehicular Ramps Work, or shall set forth a method for properly determining the allocation of such costs, provided, however, that if such contract does not properly allocate said costs or set forth a method for the allocation of said costs the Port Authority shall determine the costs thereof that are applicable to the Off-Premises Vehicular Ramps Work, or any portion thereof or the Off-Premises Utilities Construction, or any portion thereof. It is further understood and agreed that the Port Authority shall have as full a right to require the use of competitive bidding and award, or other basis of award, for the construction of the Off-Premises Vehicular Ramps Work, or any portion thereof, or the Off-Premises Utilities Construction, or any portion thereof as if such construction were to be performed by the Port Authority. The Lessee shall not enter into any proposed contract covering the Off-Premises Vehicular Ramps Work, or any portion thereof, or the Off-Premises Utilities Construction, or any portion thereof without the prior written approval of the Port Authority, in accordance with the foregoing.

(2) The Lessee hereby specifically agrees that notwithstanding the Port Authority's approval of any Construction Application the Lessee shall, as directed by the Port Authority, design and make such changes or modifications in the Off-Premises Work and the Off-Premises Utilities Construction as may be required by the Port Authority, which changes and modifications will become a part of the Construction Application. Furthermore, the Off-Premises Work and the Off-Premises Utilities Construction will be constructed in accordance with and subject to any conditions which may be imposed by the General Manager of the Airport. The Lessee hereby agrees to perform all work and services in connection with any such change or modification not

covered by any proposed contract for the Off-Premises Work and the Off-Premises Utilities Construction. The Port Authority shall have the right to approve in writing such work or services and the cost of each item of such work or services.

(f) The Lessee may wish to commence construction of portions of the construction work prior to the approval by the Port Authority of the Lessee's complete plans and specifications pursuant to paragraph (c) hereof, and if it does it shall submit a written request to the Port Authority setting forth the work it proposes then to do. The Port Authority shall have full and complete discretion as to whether or not to permit the Lessee to proceed with said work. If the Port Authority has no objection to the Lessee's proceeding with the work, it shall do so by writing a letter to the Lessee to such effect. If the Lessee performs the work covered by said letter it agrees all such work shall be performed subject to and in accordance with all of the provisions of the approval letter and subject to and in accordance with the following terms and conditions:

(1) The performance by the Lessee of the work covered by any request as aforesaid will be at its sole risk and if for any reason the plans and specifications for the construction work are not approved by the Port Authority or if the approval thereof calls for modifications or changes in the work undertaken by the Lessee under any approval granted by the Port Authority pursuant to this paragraph (f), the Lessee will, as directed by the Port Authority, at its sole cost and expense, either restore the area affected to the condition existing prior to the commencement of any such work or make such modifications and changes in any such work as may be required by the Port Authority.

(2) Nothing contained in any approval hereunder shall constitute a determination or indication by the Port Authority that the Lessee has complied with the applicable governmental laws, ordinances, enactments, resolutions, rules and orders, including but not limited to those of the City of New York, which may pertain to the work to be performed.

(3) The approved work will be performed in accordance with and subject to the terms, indemnities and provisions of the Lease covering the construction work and with the terms and conditions of any Construction Application which the Port Authority may request the Lessee to submit even though such Construction Application may not have, at the time of the approval under this paragraph (f), been approved by the Port Authority.

(4) No work under any such approval shall affect or limit the obligations of the Lessee under all prior approvals with respect to its construction of the construction work.

(5) The Lessee shall comply with all requirements, stipulations and provisions as may be set forth in the letters of approval.

(6) In the event that the Lessee shall at any time during the construction of any portion of the construction work under the approval granted by the Port Authority pursuant to this paragraph (f) fail, in the opinion of the General Manager of the Airport, to comply with all of the provisions of this Lease with respect to the construction work, the Construction Application or the approval letter covering the same or be, in the opinion of the General Manager, in breach of any of the provisions of this Lease, the Construction Application or the approval letter covering the same, the Port Authority shall have the right, acting through said General Manager to cause the Lessee to cease all or such part of the construction work as is being performed in violation of this Lease, the Construction Application or the approval letter. Upon such written direction from the General Manager the Lessee shall promptly cease construction of the portion of the construction work specified. The Lessee shall thereupon submit to the Port Authority for its written approval the Lessee's proposal for making modifications, corrections or changes in or to the construction work that has been or is to be performed so that the same will comply with the provisions of this Lease, the Construction Application and the approval letter covering the construction work. The Lessee shall not commence construction of the portion of the construction work that has been halted until such written approval has been received.

(7) It is hereby expressly understood and agreed that neither the field engineer covered by paragraph (g) hereof nor the Resident Engineer of the Port Authority at the Airport has any authority to approve any plans and specifications of the Lessee with respect to the construction work, to approve the construction by the Lessee of any portion of the construction work or to agree to any variation by the Lessee from compliance with the terms of this Lease, or the Construction Application or the approval letter with respect to the construction work. Notwithstanding the foregoing, should the field engineer or the Resident Engineer give any directions or approvals with respect to the Lessee's performance of any portion of the construction work which are contrary to the provisions of this Lease, the Construction Application or the approval letter, said directions or approvals shall not affect the obligations of the Lessee as set forth herein nor release or relieve the Lessee from the

strict compliance therewith. It is hereby further understood and agreed that the Port Authority has no duty or obligation of any kind whatsoever to inspect or police the performance of the construction work by the Lessee and the rights granted to the Port Authority hereunder shall not create or be deemed to create such a duty or obligation. Accordingly, the fact that the General Manager has not exercised the Port Authority's right to require the Lessee to cease its construction of all or any part of the construction work shall not be or be deemed to be an agreement or acknowledgment on the part of the Port Authority that the Lessee has in fact performed such portion of the construction work in accordance with the terms of the Lease, the Construction Application or the approval letter nor shall such fact be or be deemed to be a waiver by the Port Authority from the requirement of strict compliance by the Lessee with the provisions of the Lease, the Construction Application and the approval letter with respect to the construction work.

(8) Without limiting the discretion of the Port Authority hereunder, the Port Authority hereby specifically advises the Lessee that even if the Port Authority hereafter in the exercise of its discretion wishes to grant approvals under this paragraph (f), it may be unable to do so, so as to permit the Lessee to continue work without interruption following its completion of the work covered by any prior approval hereunder. The Lessee hereby acknowledges that if it commences work pursuant to this paragraph (f), it shall do so with full knowledge that there may not be continuity by it in the performance of its construction work under the procedures of this paragraph (f).

(9) No prior approval of any work in connection with the construction work shall create or be deemed to create any obligation on the part of the Port Authority to permit subsequent work to be performed in connection with such construction work prior to the approval by the Port Authority of the Lessee's complete plans and specifications thereof. It is understood that no such prior approval shall release or relieve the Lessee from its obligation to submit complete plans and specifications for the construction work and to obtain the Port Authority's approval of the same as set forth in paragraph (c) hereof. It is further understood that in the event the Lessee elects not to continue to seek further approval letter(s) pursuant to this paragraph (f), the obligations of the Lessee to restore the area and to make modifications and changes as set forth in subparagraph (1) above shall be suspended until the Lessee's submission of its complete plans and specifications in accordance with paragraph (c) hereof.

(g) The Lessee will give the Port Authority fifteen (15) days' notice prior to the commencement of construction. The

Port Authority will assign to the construction work a full time field engineer or engineers. The Lessee shall pay to the Port Authority for the services of said engineer or engineers, the sum of Five Hundred Sixty-two Dollars and No Cents ($562.00) for each day or part thereof that the engineer or engineers are so assigned during 1994 calendar year; the sum of Five Hundred Ninety Dollars and No Cents ($590.00) for each day or part thereof that the engineer or engineers are so assigned during the 1995 calendar year; the sum of Six Hundred Twenty Dollars and No Cents ($620.00) for each day or part thereof that the engineer or engineers are so assigned during the 1996 calendar year; and the sum of Six Hundred Fifty-two Dollars and No Cents ($652.00) for each day or part thereof that the engineer or engineers are so assigned during the 1997 calendar year; and for each and every calendar year thereafter, the rate that the Port Authority shall charge Aircraft Operators at the Airport for the services of such engineer or engineers during such calendar year for each day or part thereof that the engineer or engineers are so assigned for such calendar year. Nothing contained herein shall affect any of the provisions of paragraph (j) hereof or the rights of the Port Authority hereunder. The foregoing provisions of this paragraph (g) for the services of said field engineer may be revoked at any time by either party on thirty (30) days' written notice to the other, but if revoked by the Lessee the foregoing provisions of this paragraph (g) for the services of said field engineer shall continue during the period that construction under any partial approvals pursuant to paragraph (f) hereof is performed.

(h) (1) The construction work shall be constructed in such a manner that there will be at all times a minimum of air pollution, water pollution or any other type of pollution and a minimum of noise emanating from, arising out of or resulting from the operation, use or maintenance thereof by the Lessee and from the operations of the Lessee under this Agreement. Accordingly, and in addition to all other obligations imposed on the Lessee under this Agreement and without diminishing, limiting, modifying or affecting any of the same, the Lessee shall be obligated to construct as part of the construction work hereunder such structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the foregoing and each of the foregoing shall be and become a part of construction work it affects and all of the foregoing shall be covered under the comprehensive plan of the Lessee submitted under paragraph (a) hereof and shall be part of the construction work hereunder.

(2) Notwithstanding the provisions of subparagraph (1) above and in addition thereto, the Port Authority hereby reserves the right from time to time and at any time during the term of the Lease to require the Lessee, subsequent to

the completion of the construction work to design and construct at its sole cost and expense such further reasonable structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the objectives as set forth in the first sentence of said subparagraph (1). All locations, the manner, type and method of construction and the size of any of the foregoing shall be determined by the Port Authority. The Lessee shall submit for Port Authority approval its plans and specifications covering the required work and upon receiving such approval shall proceed diligently to construct the same. All other provisions of this Section 2 with respect to the construction work shall apply and pertain with like effect to any work which the Lessee is obligated to perform pursuant to this paragraph (h) and upon completion of each portion of such work it shall be and become a part of the construction work. The obligations assumed by the Lessee under this paragraph (h) are a special inducement and consideration to the Port Authority in granting this Lease to the Lessee.

(i) Title to all the construction work shall pass to the City of New York as the same or any part thereof is erected, constructed or installed, and the portion thereof representing the Passenger Terminal Facilities shall be and become part of the premises if located within the Site.

(j) (1) When the construction work is substantially completed and ready for use the Lessee shall advise the Port Authority to such effect and shall deliver to the Port Authority a certificate signed by an authorized officer of the Lessee and also signed by the Lessee's licensed architect or engineer certifying that the construction work has been constructed in accordance with the approved plans and specifications and the provisions of this Lease and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders. Thereafter, the construction work will be inspected by the Port Authority and if the same has been completed as certified by the Lessee and the Lessee's licensed architect or engineer, as aforesaid, a certificate to such effect shall be delivered to the Lessee, subject to the condition that all risks thereafter with respect to the construction and installation of the same and any liability therefor for negligence or other reason shall be borne by the Lessee. The Lessee shall not use or permit the use of the construction work or any portion thereof for the purposes set forth in the Lease until such certificate is received from the Port Authority and the Lessee shall not use or permit the use of the construction work or any portion thereof even if such certificate is received if the Port Authority states in any such certificate that the same cannot be used until other specified portions are completed.

(2) The term "Completion Date" for the purposes of this Lease shall mean the date appearing on the certificate issued by the Port Authority pursuant to subparagraph (1) of this paragraph (j) after the substantial completion of the construction work.

(3) In addition and without affecting the obligations of the Lessee under the preceding subparagraph, when an integral and material portion of the construction work is substantially completed or is properly usable the Lessee may advise the Port Authority to such effect and may deliver to the Port Authority a certificate signed by an authorized officer of the Lessee and also signed by the Lessee's licensed architect or engineer certifying that such portion of the construction work has been constructed in accordance with the approved plans and specifications and the provisions of this Lease and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders, and specifying that such portion of the construction work can be properly used even though the construction work has not been completed and that the Lessee desires such use. The Port Authority may in its sole discretion deliver a certificate to the Lessee with respect to each such portion of the construction work permitting the Lessee to use such portion thereof for the purposes set forth in the Lease. In such event the Lessee may use such portion subject to the condition that all risks thereafter with respect to the construction and installation of the same and any liability therefor for negligence or other reason shall be borne by the Lessee, and subject to the risks as set forth in paragraph (f) hereof in the event that the Port Authority shall not have then approved the complete plans and specifications for the construction work. Moreover, at any time prior to the issuance of the certificate required in subparagraph (1) above for the construction work, the Lessee shall promptly upon receipt of a written notice from the Port Authority cease its use of such portion of the construction work which it had been using pursuant to permission granted in this subparagraph (3).

(k) The Lessee understands that there may be communications and utility lines and conduits located on or under the Site which do not, and may not in the future, serve the premises. The Lessee agrees at its sole cost and expense, if directed by the Port Authority so to do, to relocate and reinstall such communications and utility lines and conduits on the Site or off the Site as directed by the Port Authority and to restore all affected areas (such work being hereinafter collectively called "the relocation work"). The Lessee shall perform the relocation work subject to and in accordance with all

the terms and provisions of this Section 2 and the relocation work shall be and become a part of the construction work, it being understood, however, that the relocation work shall not be or become a part of the premises hereunder.

Section 3. Term

(a) The term of the letting under this Agreement shall commence on July 13, 1994.

(b) Unless sooner terminated, the term of the letting under this Agreement shall expire on December 30, 2015.

(c) If the Port Authority shall not give possession of the premises on the date set forth in paragraph (a) hereof by reason of the failure or refusal of any occupant thereof to deliver possession thereof to the Port Authority or by reason of any cause or condition beyond the control of the Port Authority, the Port Authority shall not be subject to any liability for the failure to give possession on said date. No such failure to give possession on the date hereinabove specified shall in any way affect the validity of this Agreement or the obligations of the Lessee hereunder, nor shall the same be construed in any wise to extend the term beyond the date stated in paragraph (b) hereof. Tender shall be made by notice given at least five (5) days prior to the effective date of the tender. In the event that notice of tender of the Site is not given for possession to commence on or before three hundred sixty-five (365) days after the effective date of the Agreement, then this Agreement shall be deemed cancelled, except that each party shall and does release and discharge the other party from any and all claims or demands based on this Agreement, or a breach or alleged breach thereof.

Section 3A. Effect of the Basic Lease Extension

(a) Without limiting Sections 3, 39 and 43 hereof or any other term, provision, covenant and condition of this Agreement, the Port Authority, but only in the event there is a Basic Lease Extension (as hereinafter defined), hereby agrees to extend the term of the letting hereunder from the expiration date set forth in Section 3 hereof (December 30, 2015) to a date which shall be set forth in the Lease Supplement (as hereinafter defined) and which shall be the date of the day immediately preceding the twenty-fifth anniversary of the Date of Beneficial Occupancy (as such term is defined in Section 4 hereof), said date being herein referred to as the "Extension Date"; subject, however, to the following additional terms and conditions:

(1) The Lease shall immediately prior to the effective date of the Basic Lease Extension and immediately prior to the date of the Port Authority's execution and delivery of the Lease Supplement be in full force and effect;

(2) The Lessee immediately prior to the effective date of the Basic Lease Extension and immediately prior to the date of the Port Authority's execution and delivery of the Lease Supplement shall be in full compliance with all of the terms, provisions, covenants and conditions of this Agreement on its part to be kept, performed and observed and not be in default or breach of any of the same;

(3) There shall not have occurred any event of termination under any term or provision of this Agreement including without limitation Sections 25, 26, 29, 30, 52 or 81 hereof;

(4) There shall not have occurred any assignment of the Lease under Section 27 hereof;

(5) The Lessee shall have completed the construction work as defined in and in accordance with Section 2 of the Lease;

(6) If the term of the Lease and the letting thereunder is on a month-to-month periodical basis pursuant to Section 27 or Section 81 hereof immediately prior to the effective date of the Basic Lease Extension or immediately prior to the date of the Port Authority's execution and delivery of the Lease Supplement then the Lease and the term of the letting thereunder shall not be extended on a fixed term basis but shall continue on a month-to-month periodical basis (subject to said Section 27 or said Section 81, as applicable) but shall terminate and expire in any event without notice to or from either party on the day preceding the expiration date of the Basic Lease as set forth in the Basic Lease Extension unless sooner terminated;

(7) Each "Obligor's Agreement" of each Airline Partner given pursuant to Section 58 hereof shall immediately prior to the effective date of the Basic Lease Extension and immediately prior to the date of the Port Authority's execution and delivery of the Lease Supplement be in full force and effect and shall continue in full force and effect through the extension

of the term of this Agreement under the Lease Supplement;

(8) The Lessee shall submit to the Port Authority such written representations, warranties and certifications, as may be requested by the Port Authority, which the Lessee and each Approved Sublessee and each Airline Partner as Obligor under its Obligor's Agreement given pursuant to Section 58 hereof, shall then make as to each of the matters set forth in subparagraphs (1) through (7) above; the foregoing condition with respect to said required submissions by an Airline Partner may be waived by the Port Authority in its sole and complete discretion after its receipt of a written request for such waiver from the Lessee provided, however, that no such waiver shall constitute or be deemed to constitute a release of any Airline Partner from its Obligor's Agreement or otherwise impair any such Obligor's Agreement nor a waiver of any rights of the Port Authority thereunder;

(9) (i) The Port Authority shall have no obligation whatsoever to the Lessee or to any other person or entity to extend the term of the letting hereunder to the Extension Date or to extend the term of the letting of the Basic Lease or to enter into the Lease Supplement unless the Basic Lease Extension is fully entered into and is in full force and effect prior to December 30, 2015;

(ii) As used herein the term "Basic Lease Extension" shall mean an agreement fully and duly executed by the Port Authority and the City of New York in a form satisfactory to the Port Authority and the City of New York and which has been fully and duly authorized by the Board of Commissioners of the Port Authority and with the approval of the authorized officials and entities of the City of New York and which (i) supplements and amends the Basic Lease whereby the Basic Lease and the term of the letting thereunder is extended from December 31, 2015 to an expiration date occurring not earlier than the date which would constitute the twenty-fifth anniversary of the Date of Beneficial Occupancy (as such term is defined in Section 4 hereof) or (ii) constitutes any other transaction, including without limitation an agreement of lease, sale or other transfer of the Airport to the Port Authority, whereby the Port Authority would continue as the operator of the Airport through at least the date which

would constitute the twenty-fifth anniversary of said Date of Beneficial Occupancy;

(10) If and only in the event there is a Basic Lease Extension as aforesaid, the Extension Date of the term of the letting hereunder shall be set forth in a supplement to this Agreement prepared by the Port Authority and sent to the Lessee for execution by it; which supplement shall be effective as of the day preceding the expiration date of the term of the letting hereunder, as set forth in Section 3 hereof, and shall include such other additional terms and provisions as the Port Authority may determine appropriate, including, if the Port Authority determines the same appropriate, the consent endorsement of each Airline Partner as Obligor under its Obligor's Agreement given pursuant to Section 58 hereof with the affirmation of each such Airline Partner of the continuance in full force and effect of its Obligor's Agreement during the extended term of this Agreement under the Lease Supplement; the lack of such endorsement shall not however, constitute or be deemed to constitute any release of any such Airline Partner as Obligor under its Obligor's Agreement or otherwise impair any such Obligor's Agreement; it being further understood that such supplement shall not change the location or size of the premises or the rentals hereunder, provided, however, notwithstanding the foregoing such supplement may require the Lessee to pay to the Port Authority any or all of the Port Authority's increased costs under the Basic Lease Extension directly or proportionately attributable or related to the premises hereunder, the Lease or the Lessee. Within forty-five (45) days after the Port Authority has sent the said proposed supplement to the Lessee, the Lessee shall properly execute and return the said proposed supplement to the Port Authority for its execution and delivery. In the event the Lessee fails so to properly execute and return the said proposed supplement to the Port Authority then the Port Authority shall have no further obligation with respect to the proposed extension of the letting hereunder and there shall be no Extension Date. If the said supplement is fully executed and delivered by both the Port Authority and the Lessee, the same shall be deemed the "Lease Supplement" as such term is used herein;

(11) (i) Nothing herein shall impose or be deemed to impose any obligation, duty, responsibility or liability whatsoever on the Port Authority to enter into

the Basic Lease Extension or to enter into, hold or continue any discussions or negotiations with the City of New York or any other person or entity with respect thereto or with respect to any extension of the Basic Lease or an agreement of lease, sale or any other transfer of the Airport to the Port Authority. The Port Authority shall have full, complete and sole right and discretion to discuss, negotiate and to enter into or not enter into any agreement with the City of New York for the extension of the term of the Basic Lease or for any agreement of lease, sale or other transfer of the Airport to the Port Authority and as to any and all of the terms and conditions of any such extension or other agreement, and neither this Section nor anything contained herein shall or shall be deemed to impair, limit or affect the said right and discretion of the Port Authority nor to grant to the Lessee or any other person or entity any right, claim or remedy hereunder or otherwise with respect to the Basic Lease or any extension or non-extension of the term thereof or with respect to any agreement of lease, sale or any other transfer of the Airport or with respect to the extension of the term of this Agreement. The Lessee hereby expressly understands, acknowledges, agrees and accepts that the Port Authority hereby makes no promises, representations, assurances, agreements or commitments of any kind whatsoever that it will undertake or enter into any discussions, negotiations, or agreements with the City of New York or any other person or entity with respect to the extension of the Basic Lease or with respect to any agreement of lease, sale or any other transfer of the Airport.

(ii) This Lease including the Lease Supplement shall at all times be subject and subordinate to the Basic Lease (as the same may be amended, supplemented and extended including without limitation the Basic Lease Extension) and to any and all terms and provisions thereof which affect or may affect the terms and provisions of this Lease, as the same may be amended, supplemented or extended (including without limitation the Lease Supplement); it being understood and agreed that nothing in this subparagraph (ii) shall alter or affect or be deemed to have altered or affected the terms and conditions of Section 39 of the Lease.

(iii) It is expressly understood and agreed that the Port Authority shall have no obligation hereunder or otherwise to make any payment to the

Lessee, including without limitation any payment of the Lessee's Unamortized Capital Investment, in the event for any reason there is no extension of the term of the letting hereunder beyond the expiration date set forth in Section 3 hereof, and that neither this Section nor anything contained herein nor any action taken or not taken hereunder or as a result hereof shall or shall be deemed to impose any such obligation on the Port Authority or to constitute any agreement, duty, responsibility or liability of the Port Authority for any such payment.

(b) Neither this Section nor any action taken or not taken hereunder or as a result hereof shall or shall be deemed to release or relieve the Lessee from any liability or obligation to the Port Authority or to waive, alter, limit or restrict any of the rights or remedies of the Port Authority in law or in equity.

Section 3B. Lessee's Request for Further Extension

(a) Without limiting Sections 3, 3A, 39 and 43 hereof or any other term, provision, covenant and condition of this Agreement, the Lessee, if and only in the event that, and subject to the conditions that, (i) there is a Basic Lease Extension (as defined in Section 3A hereof), (ii) that the said Basic Lease Extension (x) supplements and amends the Basic Lease whereby the Basic Lease and the term of the letting thereunder is extended to an expiration date occurring not earlier than the date which would constitute the thirtieth anniversary of the Date of Beneficial Occupancy (as defined in Section 4 hereof) or (y) constitutes an agreement covering a transaction, including without limitation an agreement of lease, a sale or other transfer of the Airport to the Port Authority, whereby the Port Authority would continue as the operator of the Airport through at least the date which would constitute the thirtieth anniversary of said Date of Beneficial Occupancy and (iii) there is an Extension Date under the Lease Supplement as defined and described in and in accordance with Section 3A hereof, (such Extension Date being in this Section 3B called the "First Extension Date"), shall have the right to request that the Port Authority further extend the term of the letting hereunder to a date which would be set forth in the Further Lease Supplement (as defined below) and which date would constitute the day immediately preceding the thirtieth anniversary of the Date of Beneficial Occupancy (as defined in Section 4 hereof), such date being herein in this Section 3B called the "Second Extension Date"; subject, however to the following additional terms and further conditions:

(1) The Lessee shall submit such request for the said additional extension in writing to the Port Authority, which written request shall be submitted no earlier than eighteen (18) months prior to the First Extension Date as such date is set forth in the Lease Supplement (as defined in Section 3A hereof) and no later than one year prior to said First Extension Date (as such date is set forth in the said Lease Supplement).

(2) The Port Authority shall, after its receipt of the Lessee's written request, determine the amounts of the annual rentals payable by the Lessee during the period of the additional extension, including without limitation ground rentals and building rentals (covering the Passenger Terminal Facilities as defined in Section 2 hereof) and percentage fees and shall send to the Lessee not later than nine (9) months prior to the First Extension Date a statement setting forth the said proposed rentals and fees applicable during the additional extension period; and, without limiting or impairing any other term or provision of this Agreement, in determining said rentals (except as to the Monthly Additional Rental under Section 4 hereof) the Port Authority hereby agreeing to meet with the Lessee to consider, and to discuss with the Lessee, the appropriate weight to be allowed by the Port Authority to the amounts and type of capital investment made by the Lessee in the premises during the extended portion (that is, subsequent to December 30, 2015) of the term under Section 3A hereof, if any; on condition that, and if and to the extent, the considering of the same by the Port Authority is consistent with the then existing Port Authority policy, if any, and only if and to the extent such capital investment made by the Lessee, if any, had received the prior written approval of the Port Authority in accordance with the Lease and is in such amounts and nature to satisfactorily meet then existing Port Authority criteria, if any, for such consideration;

(3) the Lessee shall not later than six (6) months prior to the First Extension Date give written notice to the Port Authority of its acceptance or non-acceptance of the said proposed rentals and fees set forth in the Port Authority's statement; it being expressly understood and agreed that (i) in the event the Lessee's notice states its election to accept said proposed rentals and fees ("Lessee's Rentals Acceptance Notice for the Additional Extension") that the Port Authority shall prepare and submit to the Lessee a Further Lease Supplement setting forth the Second Extension Date (as such terms are defined below) subject to all the terms and conditions herein, and (ii) in the event the

Lessee's notice states its election not to accept the Port Authority's proposed rentals and fees for the additional extension period, that there shall be no such additional extension period and that the Lessee shall have no further right to request the same, and that the Port Authority shall have no further obligation to consider any request of the Lessee for an additional extension of the term, and that there shall be no Second Extension Date;

(4) If and only in the event there is the Lessee's Rentals Acceptance Notice for the Additional Extension (as defined herein and in accordance herewith), as aforesaid, the Second Extension Date of the term of the letting hereunder shall be set forth in a supplement to this Agreement prepared by the Port Authority and sent to the Lessee for execution by it; which supplement shall be effective as of the day preceding the First Extension Date and shall include such other additional terms and provisions as the Port Authority may determine appropriate, including, if the Port Authority deems the same appropriate, the consent endorsement of each Airline Partner as Obligor under its Obligor's Agreement given pursuant to Section 58 hereof with the affirmation of each such Airline Partner of the continuance in full force and effect of each such Obligor's Agreement during the extended term of this Agreement under the further Lease Supplement, the lack of such endorsement, however, shall not constitute or be deemed to constitute any release of any such Airline Partner as Obligor under its Obligor's Agreement or otherwise impair any such Obligor's Agreement; it being understood that such supplement shall not change the location or size of the premises hereunder, provided, however, notwithstanding the foregoing such supplement may require the Lessee to pay to the Port Authority any or all of the Port Authority's increased costs under the Basic Lease Extension directly or proportionately attributable or related to the premises hereunder, the Lease or the Lessee. Within thirty (30) days after the Port Authority has sent the said proposed supplement to the Lessee, the Lessee shall properly execute and return the said proposed supplement to the Port Authority for its execution and delivery. In the event the Lessee fails so to properly execute and return the said proposed supplement to the Port Authority then the Port Authority shall have no further obligation with respect to the proposed extension of the letting hereunder and there shall be no Second Extension Date. If the said supplement is fully executed and delivered by both the Port Authority and the Lessee, the same shall be deemed the "Further Lease Supplement" as such term is used herein;

(5) Notwithstanding anything to the contrary herein, in no event shall the Lessee have any right to request or receive an additional extension nor the Port Authority any obligation or liability whatsoever to grant or give such an addition extension of the term unless (in addition to and without limiting any of the other terms and conditions hereof):

(i) The Lease shall immediately prior to the effective date of the Further Lease Supplement and immediately prior to the date of the Port Authority's execution and delivery of the Further Lease Supplement be in full force and effect;

(ii) The Lessee immediately prior to the effective date of the Further Lease Supplement and immediately prior to the date of the Port Authority's execution and delivery of the Further Lease Supplement shall be in full compliance with all of the terms, provisions, covenants and conditions of this Agreement on its part to be kept, performed and observed and not be in default or breach of any of the same;

(iii) There shall not have occurred any event of termination under any term or provision of this Agreement including without limitation Sections 25, 26, 29, 30, 52 or 81 hereof;

(iv) There shall not have occurred any assignment of the Lease under Section 27 hereof;

(v) Each sublease agreement and the applicable Consent Agreement (as defined in Section 28 hereof) of each Approved Sublessee (as defined in Section 28 hereof) shall immediately prior to the Further Lease Supplement and immediately prior to the date of execution and delivery by the Port Authority of the Further Lease Supplement be in full force and effect and the foregoing condition may be waived by the Port Authority in its sole and complete discretion;

(vi) Each "Obligor's Agreement" of each Airline Partner given pursuant to Section 58 hereof shall immediately prior to the effective date of the Further Lease Supplement and immediately prior to the date of the Port Authority's execution and delivery of the Further Lease Supplement be in full force and effect and shall continue in full force and effect through the extension of the term of this Agreement under the Further Lease Supplement;

(vii) The Lessee shall submit to the Port Authority such written representations, warranties and certifications, as may be requested by the Port Authority, which the Lessee and each Approved Sublessee and each Airline Partner as Obligor under its Obligor's Agreement given pursuant to Section 58 hereof shall then make as to each of the matters set forth in subparagraphs (i) through (vi) above.

(6) The Port Authority shall have no obligation whatsoever to the Lessee or to any other person or entity to extend the term of the letting hereunder to the Second Extension Date or to extend the term of the letting of the Basic Lease or to enter into the Lease Supplement or the Further Lease Supplement unless the Basic Lease Extension is fully entered into and is in full force and effect prior to December 30, 2015.

(7) (i) Nothing herein shall impose or be deemed to impose any obligation, duty, responsibility or liability whatsoever on the Port Authority to enter into the Basic Lease Extension or to enter into, hold or continue any discussions or negotiations with the City of New York or any other person or entity with respect thereto or with respect to any extension of the Basic Lease or any agreement of lease, sale or other transfer of the Airport. The Port Authority shall have full, complete and sole right and discretion to discuss, negotiate and to enter into or not enter into any agreement with the City of New York for the extension of the term of the Basic Lease or for any agreement of lease, sale or other transfer of the Airport and as to any and all of the terms and conditions of any such extension or other agreement, and neither this Section nor anything contained herein shall or shall be deemed to impair, limit or affect the said right and discretion of the Port Authority nor to grant to the Lessee or any other person or entity any right, claim or remedy hereunder or otherwise with respect to the Basic Lease or any extension or non-extension of the term thereof or with respect to any agreement of lease, sale or any other transfer of the Airport or with respect to the extension of the term of this Agreement. The Lessee hereby expressly understands, acknowledges, agrees and accepts that the Port Authority hereby makes no promises, representations, assurances, agreements or commitments of any kind whatsoever that it will undertake or enter into any discussions, negotiations, or agreements with the City of New York or any other person or entity with respect to the extension of the Basic Lease or with respect to any agreement of lease, sale or any other transfer of the Airport.

(ii) This Lease including the Lease Supplement, if any, and the Further Lease Supplement, if any, shall at all times be subject and subordinate to the Basic Lease (as the same may be amended, supplemented and extended including without limitation the Basic Lease Extension) and to any and all terms and provisions thereof which affect or may affect the terms and provisions of this Lease, as the same may be amended, supplemented or extended (including without limitation the Lease Supplement); it being understood and agreed that nothing in this subparagraph (ii) shall alter or affect or be deemed to have altered or affected the terms and conditions of Section 39 of the Lease.

(iii) It is expressly understood and agreed that the Port Authority shall have no obligation hereunder or otherwise to make any payment to the Lessee, including without limitation any payment of the Lessee's Unamortized Capital Investment, in the event for any reason there is no extension of the term of the letting hereunder beyond the expiration date set forth in Section 3 hereof, and that neither this Section nor anything contained herein nor any action taken or not taken hereunder or as a result hereof shall or shall be deemed to impose any such obligation on the Port Authority or to constitute any agreement, duty, responsibility or liability of the Port Authority for any such payment.

(b) Neither this Section nor any action taken or not taken hereunder or as a result hereof shall or shall be deemed to release or relieve the Lessee from any liability or obligation to the Port Authority or to waive, alter, limit or restrict any of the rights or remedies of the Port Authority in law or in equity.

Section 4. Rental

I. (a) Basic Rental:

(1) For the portion of the term of the letting hereunder commencing on the date of the commencement of the term of the letting hereunder, as such date is set forth in paragraph (a) of Section 3 hereof (said date being hereinafter referred to as the "Basic Rental Commencement Date"), to and including the day preceding the Date of Beneficial Occupancy (as hereinafter defined in subparagraph (3) below), the Lessee hereby agrees to and shall pay to the Port Authority basic rental at the annual rate of One Million Nine Hundred Forty-four Thousand One Hundred Ninety-two Dollars and No Cents ($1,944,192.00); provided,

however, and it is expressly recognized and agreed by the parties hereto, that the payment by the Lessee of said rental for the aforesaid portion of the term shall be deferred and that the payment of such deferred rent, plus an agreed upon application of a factor thereto, shall be made by the Lessee as Deferred Basic Rental (as defined in paragraph (e) below) in accordance with, pursuant to and in the amounts set forth in paragraph (e) below.

(2) Effective as of the Date of Beneficial Occupancy (as hereinafter defined in subparagraph (3) below) the Lessee hereby agrees to and shall pay to the Port Authority basic rental at the annual rate of Two Million One Hundred Twenty Thousand Nine Hundred Forty Dollars and No Cents ($2,120,940.00) subject to increase as provided in paragraph (b) hereof.

(3) As used in this Agreement the terms "the Date of Beneficial Occupancy" and "the D.B.O." shall mean the earliest to occur of (i) the date which is the first day of the month immediately following the fiftieth (50th) consecutive month following the date the possession of the Site is delivered to the Lessee; (ii) the Completion Date, as defined in Section 2 (j) hereof; (iii) the date that the premises or any portion thereof is occupied for air terminal purposes (including without limitation any of the purposes specified in Section 5 hereof); or (iv) October 1, 1998.

(b) CPI Adjustments:

The following terms as used in this Section 4 shall have the respective meanings given below:

(1) "CPI" or "Consumer Price Index" shall mean the Consumer Price Index for all Urban Consumers, New York-Northern New Jersey, Long Island, NY- NJ-CT, (All Items unadjusted 1982-84=100) published by the Bureau of Labor Statistics of the United States Department of Labor.

(2) The Port Authority shall ascertain the CPI for the month in which the Basic Rental Commencement Date occurs and for the month in which the first year anniversary of the Basic Rental Commencement Date occurs and for the same calendar month in each year thereafter during the term of this Agreement after the same has been published, and the Port Authority shall also determine the annual percentage increase, if any, for each such twelve month period after the same has been published (hereinafter called "the annual CPI percentage increase").

(3) Effective on the first day of the month in which the first year anniversary of the D.B.O. occurs the basic

rental set forth above in paragraph (a) (2) of this subdivision I of this Section 4 shall be increased as follows: (i) the annual rental rate as set forth in said paragraph (a) (2) shall be multiplied by a percentage composed of 1/2 of the annual CPI percentage increase, if any, for the latest twelve month period using the same calendar month in accordance with subparagraph (2) above plus 100%; and (ii) the annual rental rate as set forth in said paragraph (a) (2) shall be multiplied by 104%; and the greater of the two products so obtained by the calculations set forth in the foregoing clauses (i) and (ii) shall be and become the annual basic rental in effect for the annual period commencing on the said first day of the month in which the first anniversary of the D.B.O. occurs and ending on the last day of the immediately succeeding twelfth month.

(4) Effective on the first day of the month in which the second year anniversary of the D.B.O. occurs and thereafter on the first day of the month in each succeeding year of the D.B.O. during the term of the letting hereunder the basic rental set forth in paragraph (a) (2) of this subdivision I of this Section 4 shall be increased as follows: (i) the annual rental rate as set forth in said paragraph (a) (2) as the same may have been last adjusted hereunder, shall be multiplied by a percentage composed of 1/2 of the annual CPI percentage increase, if any, as determined for the latest twelve month period using the same calendar month in accordance with subparagraph (2) above plus 100%; (ii) and the said annual rental rate as set forth in said paragraph (a) (2) as the same may have been last adjusted hereunder shall be multiplied by 104%; and the greater of the two products so obtained by the calculations set forth in the foregoing clauses (i) and (ii) shall be and become the basic annual rental in effect for the annual period ending on the last day of the immediately succeeding twelfth month.

(5) In the event that the Consumer Price Index is not available for any specified month as hereinabove set forth within the time set forth for payment such index for the latest month then published shall be used to constitute the Consumer Price Index. In the event of the change of basis or the discontinuance of the publication by the United States Department of Labor of the Consumer Price Index such other appropriate index or indexes shall be substituted as may be agreed by the parties hereto as properly reflecting changes in the value of the current United States money in a manner similar to that established in the said indexes used in the latest adjustment. In the event of the failure of the parties to so agree, the Port Authority may select and use such index or indexes as it deems appropriate, provided, however, that the foregoing shall not preclude the Lessee from contesting the Port Authority's selection.

(6) In no event shall any rental rate established under this paragraph (b) be less than the rental rate it supersedes.

(c) The basic rental hereunder (except as expressly provided in paragraph (e) below with respect to the Deferred Basic Rental as defined therein) shall be payable by the Lessee in advance in equal monthly installments on the first day of the term of the letting (Basic Rental Commencement Date) and on the first day of each and every calendar month thereafter during the balance of the term of the letting. If the commencement date for the payment of basic rental herein be other than the first day of the month, or if any installment of basic rental payable hereunder shall be for less than a full calendar month, then the rental payment for the portion of the month for which said payment is due shall be the monthly installment prorated on a daily basis using the actual number of days in the said month.

(d) Abatement.

In the event that the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of basic rental (except as expressly provided in paragraph (e) below with respect to the Deferred Basic Rental as defined therein), said abatement shall be computed as follows (it being understood that there shall be no abatement of rental under the Lease for any portion of the premises or for any portion of the term except as specifically provided herein): For each square foot of land as shown in stipple and stipple hatch on Exhibit A (sheet 1 of 2) the use of which is denied to the Lessee as follows:

For the portion of the term from and after the D.B.O. at the daily rate of $0.003780 as appropriately adjusted to reflect any and all CPI Adjustments pursuant to paragraph (b) above.

(e) Deferred Basic Rental

(1) The term "Deferred Basic Rental Commencement Date" shall mean October 1, 1998.

(2) Commencing on the Deferred Basic Rental Commencement Date and continuing throughout the balance of the term of the letting hereunder, the Lessee shall pay to the Port Authority an additional rental, herein called the "Deferred Basic Rental" as follows (it being expressly recognized and agreed that the Deferred Basic Rental is based upon the deferral of the

payments of the basic rental under paragraph (a)(1) of this Subdivision I of this Section 4 plus an agreed upon application of a factor thereto):

(i) For the portion of the term of the letting hereunder commencing on the Deferred Basic Rental Commencement Date through November 30, 2015, the Lessee shall pay the Deferred Basic Rental at an annual rate of Seven Hundred Twenty-five Thousand Dollars and Four Cents ($725,000.04);

(ii) On December 1, 2015, the Lessee shall pay as and for the final installment of Deferred Basic Rental a payment in the sum of Three Million Eight Hundred Thousand Dollars and No Cents ($3,800,000.00).

(3) The Deferred Basic Rental for the portion of the term as set forth in the foregoing item (i) of subparagraph (2) of this paragraph (e) shall be payable by the Lessee in equal monthly installments commencing on the Deferred Basic Rental Commencement Date and on the first day of each and every calendar month thereafter during the balance of the said portion of the term set forth in said item (i) of subparagraph (2) of this paragraph (e). The Deferred Basic Rental payment set forth in the foregoing item (ii) of subparagraph (2) of this paragraph (e) shall be payable by the Lessee in a single installment payment on the date set forth in said item (ii) of subparagraph (2) of this paragraph (e). If the Deferred Basic Rental Commencement Date be other than the first day of the month or if any installment of Deferred Basic Rental payable hereunder for the portion of the term set forth in item (i) of subparagraph (2) of this paragraph (e) shall be for less than a full calendar month, then the payment of the Deferred Basic Rental for the portion of the month for which said payment is due shall be the monthly installment prorated on a daily basis using the actual number of days in the said month (including the day which constitutes the Deferred Basic Rental Commencement Date). It is recognized that in the event the term of the letting hereunder is extended pursuant to and under Section 3A hereof, the Lease Supplement (as defined in said Section 3A) will contain appropriate provisions for the continuation of annualized payments, including a final single installment, of the Deferred Basic Rental during said extension of the term calculated in the same manner as used to determine the amounts under items (i) and (ii) of subparagraph (2) above.

(4) The Deferred Basic Rental shall be payable in the same manner and collectible with like remedies as if the same were part of the basic rental except that such payment shall not be subject to abatement or suspension for any reason whatsoever.

(5) Notwithstanding any obligation of the Lessee to pay the Deferred Basic Rental as part of the rental obligations of the Lessee hereunder, the Lessee hereby, as a separate and independent covenant, agrees and promises to pay to the Port Authority the "Deferred Repayment Amount", which for purposes hereof shall mean the total amount of installments and payments to be paid by the Lessee as Deferred Basic Rental to the extent not actually paid by the Lessee as Deferred Basic Rental as set forth above. Said obligation and agreement to pay shall survive any termination, expiration, non-extension or cancellation of the Lease.

II. Monthly Additional Rental

(a) Definitions

The following terms as used herein shall have the respective meanings given below:

(1) "Monthly Additional Rental Commencement Date" shall mean, with respect to the Monthly Additional Rental established on the basis of the Construction Payment Amount, the earlier to occur of (i) the first day of the next month immediately following the day which constitutes the fifth anniversary of the Date of Beneficial Occupancy (as defined above) or (ii) the first day of the next month immediately following the day on which occurs that anniversary of the DBO that immediately follows the "Date of Higher Annual Premises Enplanements Level", as defined below.

(2) "Date of Higher Annual Premises Enplanements Level" shall mean that date occurring during the term of the letting hereunder (subject to the certification requirements set forth herein) upon which the number of outbound passengers on aircraft of the Approved Sublessees and all Handled Airlines using the premises hereunder totals the amount of 1.5 million during an annual period which for purposes hereof shall mean the twelve-month period commencing on the DBO and ending on the first anniversary of the DBO, and each twelve-month period occurring thereafter during the term of the letting hereunder up to and including the twelve-month period in which the fifth anniversary of the DBO occurs; provided, however, that the Date of Higher Annual Premises Enplanements Level shall be set forth in a notice which shall be given by the Lessee to the Port Authority and certified and signed by a responsible officer of the Lessee, not later than twenty (20) days following the occurrence of such Date, and provided, further, that such certificate of

the Lessee shall be subject to audit and inspection by the Port Authority and to the recordkeeping obligations of the Lessee under this Lease; and provided, further, that in the event of the failure of the Lessee for any reason to so give such notice the Port Authority shall have the right to establish said Date based on the Port Authority's sole determination of the occurrence of said total amount of enplanements at the premises, and in such event the date of such occurrence as determined by the Port Authority shall constitute the said Date of Higher Annual Premises Enplanements Level. Without limiting, altering, impairing or waiving the foregoing or any other term or provision of this Agreement, including without limitation Section 28 hereof, it is hereby understood and agreed that, for the purposes hereof, in arriving at said calculation of the number of outbound passengers at the premises there shall be included also the passengers of an Aircraft Operator(s), if any, using the premises, or any portion thereof, notwithstanding the failure of the Lessee or such Aircraft Operator(s) to execute or maintain in effect a written consent agreement covering the Port Authority's prior written consent to such use as required under Section 28 hereof.

(3) "Monthly Additional Rental Period" shall mean the period commencing on the Monthly Additional Rental Commencement Date and ending on December 30, 2015.

(4) "Monthly Additional Rental Factor" shall mean the factor or factors derived in accordance herewith from time to time by the application of the following formula:

$$\frac{1}{\frac{1}{i} - \frac{1}{i\ (1+i)^{t}}} = \text{Monthly Additional Rental Factor}$$

Where **i** is an annual percentage rate expressed in decimal form equal to the sum of (x) the Fixed RBI Rate (as herein defined in item (5) below plus (y) one hundred seventy-five (175) basis points (that is 1.75%), divided by twelve (12); and where (**t**) a power equals two hundred forty (240).

(5) "Fixed RBI Rate" as applicable to and determined for the Monthly Additional Rental hereunder shall mean the percentage reported as the weekly index of the Bond Buyer Revenue Bond Index as reported in the publication "The Bond Buyer" during

the calendar week immediately preceding the D.B.O. In the event that the Bond Buyer or its weekly Bond Buyer Revenue Bond Index shall be discontinued during the term of this Agreement, a comparable substitute for such Index shall be mutually agreed upon in writing by the Lessee and the Port Authority within thirty (30) days after such discontinuance. In the event that the Lessee and the Port Authority shall fail to agree upon such a substitute within the time hereinabove specified then upon notice of either party such dispute shall be disposed of by arbitration in accordance with then existing rules of the American Arbitration Association or any successor association. One half of the cost of said arbitration shall be borne by the Port Authority and the other half of said cost shall be borne by the Lessee.

(b) Computation and Payment

(1) Commencing on the Monthly Additional Rental Commencement Date the Lessee shall pay to the Port Authority a rental (hereinafter called the "Monthly Additional Rental") which Monthly Additional Rental shall be an amount payable on the first day of each and every calendar month during the Monthly Additional Rental Period which shall be equal to the product obtained by multiplying the Monthly Additional Rental Factor by the Construction Payment Amount (as defined in subparagraph (a)(2) of Section 88 of the Lease) in effect on the day immediately preceding the Monthly Additional Rental Commencement Date; subject to the single final installment payment called for under subparagraph (3) below.

(2) In the event the Monthly Additional Rental Commencement Date shall precede the Final Date (as defined in paragraph (a)(5) of Section 88 hereof) and the Port Authority shall have made a Construction Payment or Construction Payments to the Lessee subsequent to the Monthly Additional Rental Commencement Date (each such payment being a part of the Construction Payment Amount and being herein called a "Subsequent Construction Payment") then with respect to each such Subsequent Construction Payment, a Monthly Additional Rental Factor shall be calculated using the formula set forth in paragraph (a)(4) of this Subdivision II of this Section 4 where t (a power) shall equal the number of calendar months (expressed in whole numbers) from the date of each Subsequent Construction Payment if such date be the first day of a calendar month, or if not then the first day of the following calendar month, to the day preceding the twentieth anniversary of the Monthly Additional Rental Commencement Date.

With respect to each Subsequent Construction Payment there shall also be calculated an amount (herein referred to as the "Deemed Amount") which shall be the sum of the following: the monthly amount calculated on the last day of each calendar month of the period commencing on the Subsequent Construction Payment Date and ending on the last day of the month in which the Subsequent Construction Payment Date occurs, which monthly amount shall be equal to the product obtained by multiplying (i) the quotient obtained by dividing the Fixed RBI Rate as defined above by 12, and (ii) the daily average of the amount of the Subsequent Construction Payment Amount (including any previously calculated Deemed Amount) during said month.

As a part of and in addition to the payment of Monthly Additional Rental due as provided in subparagraph (1) above the Lessee shall pay to the Port Authority on the first day of each and every calendar month during the Monthly Additional Rental Period subsequent to the payment of each Subsequent Construction Payment, an amount equal to the product of (i) the amount of each Subsequent Construction Payment plus the Deemed Amount applicable thereto and (ii) the Monthly Additional Rental Factor applicable to said Subsequent Construction Payment; such amount to be payable as a part of the Monthly Additional Rental payments to be made hereunder and to be deemed a part thereof for all purposes of the Lease.

(3) On December 1, 2015, the Lessee shall pay to the Port Authority a single final installment of the Monthly Additional Rental hereunder, in such amount as shall be set forth in the statement to be given by the Port Authority to the Lessee not later than October 31, 2015; such amount to be payable as a part of the Monthly Additional Rental payments to be made hereunder and to be deemed a part thereof for all purposes of the Lease; it being expressly recognized and agreed that such final installment of the Monthly Additional Rental shall be determined as illustrated in Exhibit N attached hereto; said Exhibit N being herein utilized only for illustration purposes with respect to said final installment of the Monthly Additional Rental. It is recognized that in the event the term of the letting hereunder is extended pursuant to and in accordance with Section 3A hereof the Lease Supplement (as defined in said Section 3A) will contain appropriate provisions with respect to the continuation of monthly payments of the Monthly Additional Rental during the said extended term and the appropriately amended definition of the Monthly Additional Rental Period for such extended term.

(4) In the event that a Port Authority audit shall disclose that the Lessee has expended in the Cost of the Eligible Construction Work under subparagraph (7) of paragraph (a) of

Section 88 hereof amounts which total less than the total of all Construction Payments made to the Lessee hereunder up to the time of such audit then, upon demand of the Port Authority, the Lessee shall immediately pay to the Port Authority an amount equal to the difference between the amounts expended by the Lessee as disclosed by the Port Authority audit and the aforesaid amount of the total of all Construction Payments made to the Lessee and effective from and after such date of payment the Construction Payment Amount shall be reduced by the amount of such payment and the Monthly Additional Rental payable by the Lessee shall be adjusted appropriately hereunder.

(5) It is further understood and agreed that notwithstanding the provisions hereof with respect to the formula utilized in the determination of the Monthly Additional Rental Factor as set forth in paragraph (a) (3) above, nothing herein shall impair, alter, vary or affect Sections 3, 3A and 3B hereof or imply or create an implication that there shall be any extension of the term of the letting hereunder beyond the expiration date set forth in Section 3 hereof.

(c) Abatement of Monthly Additional Rental

In the event that the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of Monthly Additional Rental, said abatement of Monthly Additional Rental shall be made on an equitable basis giving effect to the amount and character of the portions of the premises the use of which is denied to the Lessee as compared with the entire premises, provided, however, that such abatement shall apply in any event only if and to the extent such portion or portions of the premises formed a part of the Eligible Construction Work for which Port Authority Construction Payments were made pursuant to Section 88 hereof; it being understood that there shall be no abatement of Monthly Additional Rental under this Lease for any portion of the premises or for any portion of the term except as specifically provided in this Agreement.

III. Handling Percentage Fees

(a) In addition to the rentals set forth above and in addition to all other fees, charges and payments to be made by the Lessee hereunder, the Lessee shall pay to the Port Authority a percentage fee (hereinafter called the "Handling Percentage Fees"), at the times set forth in and in accordance with subparagraph (c) below, equal to five percent (5%), or such higher percentage as may be established by the Port Authority from time to time as the applicable Port Authority percentage fee, of the Lessee's gross receipts (as defined in paragraph (b)

below) arising during the term of the letting hereunder. It is expressly understood and agreed that the Port Authority shall have the right to increase the Handling Percentage Fees at any time and from time to time upon thirty (30) day's notice from the Port Authority to the Lessee and for purposes of the foregoing, the aforesaid higher percentage fee shall be deemed established effective on the date set forth in said notice or notices which may be given by the Port Authority to the Lessee at any time and from time to time.

(b) (1) The term "gross receipts" as used in this Agreement shall include all monies, revenues, receipts and income of every kind paid or payable to the Lessee (or imputed to the Lessee as hereinafter provided) for, and if and to the extent full fair market value is not charged or payable, then to the extent of the fair market value of, Handling Services (as defined in Paragraph (c) of Section 5 hereof) of which its operations on or at the Airport under this Agreement constitute a part, regardless of when or where the order therefor is received, and outside the Airport, if the order therefor is received at the Airport, and shall also include any other revenues of any type arising out of or in connection with the Handling Services activities of the Lessee at the Airport; and without limiting the generality of any of the foregoing, said gross receipts shall also include all such monies, revenues, receipts and income paid or payable to the Lessee for Handling Services by any Aircraft Operator or any other entity under any marketing agreement or arrangement or handling agreement or arrangement with the Lessee including without limitation, interline agreements or arrangements, and gross receipts shall also include all such monies, revenues, receipts and income paid or payable by any entity to the Lessee or to any partner of the Lessee (as defined in Section 26 (c) hereof) including without limitation, the General Partner and the Airline Partners (as defined in Section 26 (c) hereof) for Handling Services and the same shall be deemed imputed to the Lessee and constitute gross receipts of the Lessee hereunder; provided, however, that there shall be excluded from gross receipts of the Lessee the following:

(aa) any taxes imposed by law which are separately stated to and paid by customers of the Lessee and directly remitted by the Lessee to the taxing authority;

(bb) sublease rentals paid or payable to the Lessee for which the Lessee is obligated to pay to the Port Authority the Subletting Percentage Fees pursuant to Subdivision III of this Section;

(cc) any monies, revenues, receipts and income paid or payable to the Lessee for Handling Services performed by the Lessee for any Airline Partner (as defined in Section 26 hereof);

(dd) any monies, revenues, receipts and income paid or payable to the Lessee for Handling Services performed by an Airline Partner (as defined in Section 26 (c) hereof) for any other Airline Partner (as defined in Section 26 (c) hereof);

(ee) any monies, revenues, receipts and income paid or payable to the Lessee or to an Airline Partner (as defined in Section 26 (c) hereof) by a Subsidiary Airline (as defined below in subparagraph (3) of this paragraph (b)) for Handling Services performed for said Subsidiary Airline solely by the Airline Partner which is the parent of said Subsidiary Airline and having the ownership of said Subsidiary Airline in accordance with subparagraphs (3) and (4) below;

(ff) any monies, revenues, receipts and income paid or payable to an Airline Partner for Handling Services actually performed by said Airline Partner itself outside of the States of New York and New Jersey where the request for the same is received at the premises hereunder;

(gg) solely for and during the "Expanded Waiver Period" (as defined below), any monies, revenues, receipts and income paid or payable to the Lessee or to an Airline Partner (as defined in Section 26 (c) hereof) by a Handled Airline (as defined in Section 85 (l) hereof) for Handling Services performed for such Handled Airline by the Lessee or by such an Airline Partner; it being expressly understood and agreed that the exclusion under this item (gg) shall expire and terminate on the expiration or termination of the Expanded Waiver Period and that thereafter any and all said monies, revenues, receipts and income shall no longer be excluded from gross receipts under this item (gg); and

(hh) solely with respect to a Qualified Handled Airline (as defined below) and solely for and during the Qualification Period of the Qualified Handled Airline, any monies, revenues, receipts and income paid or payable to the Lessee or to an Airline Partner for Handling Services performed by the Lessee or by an Airline Partner for the Qualified Handled Airline during

the Qualification Period of the Qualified Handled Airline; it being expressly understood and agreed that the exclusion from gross receipts under this item (hh) shall expire and terminate on the expiration or termination of the Qualification Period of the Qualified Handled Airline and that thereafter any and all said monies, revenues, receipts and income shall no longer be excluded from gross receipts under this item (hh).

(2) It is expressly understood and agreed that the exclusion from gross receipts set forth in items (cc), (dd), (ee), (gg) and (hh) of the foregoing subparagraph of this paragraph (b) shall extend and apply with respect to Handling Services performed by or for each Airline Partner (as defined in Section 26 (c) hereof) if, and only if, and only so long as (i) the Airline Partner remains a limited partner of the Lessee and an Approved Sublessee under a Consent Agreement in accordance with Section 28 hereof and that is then in full force and effect and has not expired, been revoked or otherwise terminated or ended, and (ii) the Airline Partner performs, conducts, provides or otherwise makes available at the premises as authorized by this Agreement, and otherwise conducts, Handling Services at the premises in accordance with this Lease, solely and exclusively for itself and for one or more of the other Airline Partners (not including Subsidiary Airlines other than its own Subsidiary Airlines, or any other entities) and for no other entity or business whatsoever (except a Handled Airline under item (gg) solely during the Expanded Waiver Period) and except a Qualified Handled Airline under item (hh) above solely during the Qualification Period of the Qualified Handled Airline); and (iii) the Handling Services for a Subsidiary Airline is performed solely and exclusively by the Airline Partner which is the parent of such Subsidiary Airline (having the ownership of such Subsidiary Airline in accordance with subparagraphs (5) and (6) below). It is expressly understood and agreed that in the event any of the foregoing conditions no longer exists, then effective from and after such date, the aforesaid exclusions shall no longer extend or apply to such Airline Partner and the obligation to pay the Handling Percentage Fees as to all gross receipts, regardless of the source thereof, shall be in full force and effect and apply fully thenceforth for the remainder of the term of the letting hereunder whether or not circumstances change thereafter. It is expressly understood and agreed that nothing contained in this subparagraph shall release, relieve or exempt the Lessee from any of the other obligations on its part to be performed under this Lease including, but not limited to, the maintenance of records and books of account, the inspection and audit thereof and the submission of statements of gross receipts.

(3) For purposes of the foregoing and for purposes of subdivision IV below the following terms shall have the following meanings:

(i) "Expanded Waiver Period", as used in and for purposes of item (gg) of subparagraph (1) above, shall mean the portion of the term of the letting under this Agreement commencing on the commencement date of the term (as set forth in Section 3 hereof) and expiring on the earlier to occur of the fifth anniversary of the DBO (as defined above) or that anniversary of the DBO that immediately follows the "Date of the Minimum Annual Premises Enplanements Level" (as hereinafter defined).

(ii) The "Date of the Minimum Annual Premises Enplanements Level" shall mean that date occurring during the term of the letting under this Agreement (subject to the certification requirements set forth herein) upon which the number of outbound passengers on aircraft of the Approved Sublessees and all Handled Airlines using the premises hereunder totals the amount of 1.2 million during an annual period which for purposes hereof shall mean the twelve-month period commencing on the DBO and ending on the first anniversary of the DBO, and each twelve month period occurring thereafter during the term of this Agreement up to and including the twelve-month period in which the fifth anniversary of the DBO occurs; provided, however, that there shall be no such "Date of the Minimum Annual Premises Enplanements Level" unless such Date is set forth in a notice certified and signed by a responsible officer of the Lessee and submitted by the Lessee to the Port Authority not later than twenty (20) days following the occurrence of such Date, and provided further that such certificate shall be subject to audit and inspection by the Port Authority and to the recordkeeping obligations of the Lessee under this Lease. Without limiting, altering, impairing or waiving the foregoing or any other term or provision of this Agreement, including without limitation Section 28 hereof, it is hereby understood and agreed that, for the purposes hereof, in arriving at said calculation of the number of outbound passengers at the premises there shall be included also other passengers of an Aircraft Operator(s), if any, using the premises, or any portion thereof, notwithstanding the failure of the Lessee or such Aircraft Operator(s) to execute or maintain in effect a written consent agreement covering the Port Authority's prior written consent to such use as required under Section 28 hereof.

(iii) "Qualified Handled Airline" shall for purposes of item (hh) of subparagraph (1) above mean a Handled Airline (as defined in Section 85(1) hereof) which has executed a written agreement with the Lessee (of the types specified in Section 85 (1) not later than six months prior to the DBO where such agreement binds the Lessee and the Qualified Handled Airline for fixed term thereunder of not less than five (5) years from the DBO, and which covers the performance of handling services for the Qualified Handled Airline at the premises by the Lessee or by an Airline Partner (as an Approved Sublessee) and where the consent agreement entered into among the Lessee, the Qualified Handled Airline and the Port Authority (in accordance with and subject to Section 28 hereof) designates such Airline as a Qualified Handled Airline for purposes of item (hh) of subparagraph (1) above.

(iv) "Qualification Period of the Qualified Handled Airline" shall mean for purposes of item (hh) of subparagraph (1) above the period during which said item (hh) exclusion as described above shall obtain and apply hereunder on condition that such period shall not be longer than the original fixed term (excluding any option period or other extensions) of the aforesaid written agreement between the Lessee and the Qualified Handled Airline, as set forth therein, and on condition that the consent agreement entered into between the Lessee, the Qualified Handled Airline and the Port Authority, (in accordance with and subject to Section 28 hereof) designates the commencement date and the expiration date of such Period.

(4) It is expressly understood and agreed that neither this Section 4 nor anything contained in this Section 4 nor any payments made hereunder shall or shall be deemed to constitute or grant to any entity including without limitation the General Partner or any Airline Partner (as such terms are defined in Section 26 (c) hereof) and any other person, the right or permission or approval or consent of the Port Authority to perform any activity or service at the Airport or the premises nor to release or relieve any such entity from the requirement of obtaining such consent from the Port Authority under separate document (whether in the form of a consent agreement, permit or otherwise) and of paying the fees applicable thereto pursuant to such document. It is further expressly understood and agreed, without limiting any of the foregoing, that said requirements for separate Port Authority consent and/or permit and payment of fees shall likewise apply to any contractor of the Lessee or of any partner of the Lessee or of any other party with whom the Lessee (or any partner of the Lessee) may enter into an arrangement for

the providing of any portion of Handling Services, including without limitation the labor services portion thereof.

(5) For purposes of this Section 4 only, the term "Subsidiary Airline" shall mean and include:

(i) with respect to Compagnie Nationale Air France ("Air France") (for as long as and only for so long as Air France is an Airline Partner as defined in Section 26 hereof and is also an Approved Sublessee as defined in Section 28 hereof under a Consent Agreement which is in full force and effect, Société Anonyme Belge D'Exploitation de la Navigation Aerienne ("SABENA") provided that (x) there is no change in the representations and warranties made by the Lessee in subparagraph (4) hereof, (y) there is no change in the representations and warranties made by Air France in its Consent Agreement (as defined in Section 28 hereof) with respect to this subject matter, and (z) the level and amount of ownership of Air France in SABENA remains at or above the level and amount set forth in said subparagraph (4) below;

(ii) with respect to an Airline Partner of the Lessee (as defined in Section 26 hereof), for as long as and only for so long as such Airline Partner continues as an Airline Partner and also as an Approved Sublessee (as defined in Section 28 hereof) under a Consent Agreement (as defined in Section 28 hereof) which is in full force and effect, a company which is a Scheduled Aircraft Operator and in which the Airline Partner directly owns fifty-one percent (51%) or more of the total outstanding voting stock (other than treasury stock) of such company, but only while such ownership by said Airline Partner is at or above such percentage level.

(6) The Lessee hereby covenants, represents and warrants to the Port Authority, knowing that the Port Authority is relying on the accuracy and validity of the following representations and warranties and to induce the Port Authority into entering into this Agreement, that at the date of the execution of this Lease and that at all times for which the exemption from the percentage fees provisions is claimed for the following named airline as a Subsidiary Airline that Air France is the direct owner of 33% or more of the total outstanding voting stock (other than treasury stock) of SABENA.

(7) The Lessee further hereby covenants, represents and warrants to the Port Authority, and shall ensure that each Airline Partner shall also covenant, represent and warrant to the Port Authority, knowing that the Port Authority is

relying on the truth of such representations and warranties, and to induce the Port Authority into entering into this Agreement, that at all times for which the exemption from the percentage fees provisions hereof is claimed for an airline on the basis of its status as a "Subsidiary Airline" qualifying under item (ii) of subparagraph (5) above, the Airline Partner claiming the required ownership percentage of said Subsidiary Airline as set forth in said item (ii) shall in fact have such percentage ownership and shall submit to the Port Authority at the time such exemption from the fee provisions is claimed and at any other time as may be requested by the Port Authority, such documentation or other evidence satisfactory to the Port Authority substantiating the said required ownership of the Subsidiary Airline by such Airline Partner.

(c) (1) The Lessee shall pay the Handling Percentage Fees as follows:

On the 20th day of the first month following the Percentage Fees Commencement Date (as hereinafter defined) and on the 20th day of each and every month thereafter during the term of the letting hereunder and within twenty (20) days after the expiration or sooner termination of the term of the letting hereunder, the Lessee shall submit to the Port Authority a statement sworn to by a responsible executive or fiscal officer of the Lessee showing all of its gross receipts for the preceding month. Each of the said statements shall also show the Lessee's cumulative gross receipts from the Percentage Fees Commencement Date (or the most recent anniversary thereof) through the last day of the preceding month. At the same time it renders each of the said statements, the Lessee shall pay to the Port Authority the Handling Percentage Fees due with respect thereto. In addition to the foregoing, on the 20th day of the first month following each anniversary of the Percentage Fees Commencement Date the Lessee shall submit to the Port Authority a sworn statement certified by a responsible fiscal or executive officer of the Lessee setting forth the cumulative totals of said gross receipts for the entire preceding twelve-month period.

(2) As used herein the term "Percentage Fees Commencement Date" shall mean the earlier to occur of (i) the Completion Date and (ii) the date of the Lessee's use of any portion of the premises for the purposes specified in Section 5 hereof.

(d) Upon any termination of the letting hereunder (even if stated to have the same effect as expiration), the

Lessee shall, within twenty (20) days after the effective date of such termination, make a payment of the Handling Percentage Fees as follows:

First, without limiting the above, the Lessee shall within twenty (20) days after the effective date of termination, render to the Port Authority a sworn statement of all gross receipts during the period from the last preceding anniversary of the Percentage Fees Commencement Date up to the date of termination.

Second, the Lessee shall at the same time pay to the Port Authority the payment then due on account of all Handling Percentage Fees during the period from the last preceding anniversary of the Percentage Fees Commencement Date up to the date of termination.

(e) Nothing hereinabove provided shall affect the survival of obligations of the Lessee as set forth in Section 33 of this Agreement.

IV. Subletting Percentage Fees

(a) In addition to the rentals and all other fees, charges and payments to be made by the Lessee hereunder, the Lessee shall pay to the Port Authority an additional percentage fee (herein called the "Subletting Percentage Fees"), at the times set forth in and in accordance with subparagraph (c) below, during the term of the letting hereunder equal to Ten Percent (10%), or such higher percentage as may be established by the Port Authority from time to time as the applicable Port Authority percentage fee, of the Lessee's "Gross Sublease Rental Charges" arising during the term of the letting hereunder. It is expressly understood and agreed that the Port Authority shall have the right to increase the Subletting Percentage Fees at any time and from time to time upon thirty (30) days notice from the Port Authority to the Lessee and for purposes of the foregoing, the aforesaid higher percentage fee shall be deemed established effective on the date set forth in said notice or notices which may be given by the Port Authority to the Lessee at any time and from time to time.

(b) (1) As used herein, the term "Gross Sublease Rental Charges" shall include all revenues, monies, income, and receipts of every kind paid or payable to the Lessee by each and every sublessee of the Lessee (if any) (other than the items excluded under and as set forth in items (i), (ii), (iii) and (iv) below) arising out of or pursuant to the terms of the sublease or the subletting of each such sublessee (and whether or

not the same are denominated as rental therein), or out of the operations of each such sublessee at the premises (other than gross receipts as defined in paragraph (b) of Subdivision II above for which the Lessee is obligated to pay the Handling Percentage Fees under Subdivision II above), without any deductions therefrom; (excluding agreements entered into for consumer services pursuant to and in accordance with Sections 60 through 71 hereof, but said exclusion only to apply to the extent such agreements are subject to the payments to be made under said Sections); provided, however, that the foregoing inclusions in Gross Sublease Rentals charges shall be subject to the following exclusions:

(i) said revenues, monies, income and receipts paid or payable to the Lessee by an Airline Partner who is an Approved Sublessee at all such times;

(ii) said revenues, monies, income and receipts paid or payable to the Lessee by Subsidiary Airlines (as hereinabove defined) of such Airline Partner but only as to a subletting (subject to Section 28 hereof) by such Airline Partner to its Subsidiary Airline);

(iii) solely for and during the "Expanded Waiver Period" (as defined in Subdivision III (a)(3) above), any monies, revenues, receipts and income paid or payable to the Lessee by a Handled Airline (as defined in Section 85 (l) hereof); it being expressly understood and agreed that the exclusion under this item (iii) shall expire and terminate on the expiration or termination of the Expanded Waiver Period (as defined above in III (a) (3)) and that thereafter any and all said monies, revenues, receipts and income shall no longer be excluded from Gross Sublease Rental Charges under this item (iii); and

(iv) solely with respect to a Qualified Handled Airline (as defined above in III (a) (3)) and solely for and during the Qualification Period of the Qualified Handled Airline in Subdivision III (a)(3) above, any monies, revenues, receipts and income paid or payable to the Lessee by the Qualified Handled Airline during the Qualification Period of the Qualified Handled Airline; it being expressly understood and agreed that the exclusion under this item (iv) shall expire and terminate on the expiration or termination of the Qualification Period of the Qualified Handled Airline and that thereafter any and all said monies, revenues, receipts and income shall no longer be excluded from Gross Sublease Rental Charges under this item (iv).

Lessee shall, within twenty (20) days after the effective date of such termination, make a payment of the Handling Percentage Fees as follows:

First, without limiting the above, the Lessee shall within twenty (20) days after the effective date of termination, render to the Port Authority a sworn statement of all gross receipts during the period from the last preceding anniversary of the Percentage Fees Commencement Date up to the date of termination.

Second, the Lessee shall at the same time pay to the Port Authority the payment then due on account of all Handling Percentage Fees during the period from the last preceding anniversary of the Percentage Fees Commencement Date up to the date of termination.

(e) Nothing hereinabove provided shall affect the survival of obligations of the Lessee as set forth in Section 33 of this Agreement.

IV. Subletting Percentage Fees

(a) In addition to the rentals and all other fees, charges and payments to be made by the Lessee hereunder, the Lessee shall pay to the Port Authority an additional percentage fee (herein called the "Subletting Percentage Fees"), at the times set forth in and in accordance with subparagraph (c) below, during the term of the letting hereunder equal to Ten Percent (10%), or such higher percentage as may be established by the Port Authority from time to time as the applicable Port Authority percentage fee, of the Lessee's "Gross Sublease Rental Charges" arising during the term of the letting hereunder. It is expressly understood and agreed that the Port Authority shall have the right to increase the Subletting Percentage Fees at any time and from time to time upon thirty (30) days notice from the Port Authority to the Lessee and for purposes of the foregoing, the aforesaid higher percentage fee shall be deemed established effective on the date set forth in said notice or notices which may be given by the Port Authority to the Lessee at any time and from time to time.

(b) (1) As used herein, the term "Gross Sublease Rental Charges" shall include all revenues, monies, income, and receipts of every kind paid or payable to the Lessee by each and every sublessee of the Lessee (if any) (other than the items excluded under and as set forth in items (i), (ii), (iii) and (iv) below) arising out of or pursuant to the terms of the sublease or the subletting of each such sublessee (and whether or

If the Gross Sublease Rental Charges are not separately stated from other charges under the subletting agreement or if they are separately stated but are less than the fair market value of that portion of the premises occupied or used by the sublessee, then the amount of the Gross Sublease Rentals applicable to each sublessee shall be based upon the fair market value, as determined by the Port Authority, for that portion of the premises occupied by the Sublessee. Without limiting any of the foregoing or any other term or provision of this Agreement, including without limitation the terms and provisions of Section 28 hereof, it is hereby expressly understood and agreed that the Lessee shall pay to the Port Authority the Subletting Percentage Fees with respect to each and every such sublessee notwithstanding the failure of the parties, or any of them, to execute a written consent agreement covering the Port Authority's prior written consent to such sublessee as required under Section 28 hereof.

(c) The Lessee shall pay the Subletting Percentage Fees as follows:

On the 20th day of the first month following the Percentage Fees Commencement Date and on the 20th day of each of every month thereafter during the term of the letting and within twenty (20) days after the expiration or sooner termination of the term of the letting hereunder, the Lessee shall submit to the Port Authority a statement sworn to by a responsible fiscal or executive officer of the Lessee showing all of its Gross Sublease Rental Charges for the preceding month. Each of the said statements shall also show the Lessee's cumulative Gross Sublease Rental Charges from the Percentage Fees Commencement Date (or the most recent anniversary thereof) through the last day of the preceding month. At the same time it renders each of the said statements, the Lessee shall pay to the Port Authority the Subletting Percentage Fees with respect thereto. On the 20th day of the first month following each anniversary of the Percentage Fees Commencement Date the Lessee shall submit to the Port Authority a sworn statement certified by a responsible fiscal officer of the Lessee setting forth the cumulative totals of said Gross Sublease Rental Charges for the entire preceding twelve month period.

(d) Upon the expiration of the letting hereunder and upon any termination of the letting hereunder (even if stated to have the same effect as expiration), the Lessee shall, within twenty (20) days after the effective date of such expiration or termination, make a payment of the Subletting Percentage Fees as follows:

First, without limiting the above, the Lessee shall within twenty (20) days after the effective date of termination, render to the Port Authority a sworn statement of all Gross Sublease Rental Charges during the period from the last preceding anniversary of the Percentage Fees Commencement Date up to the date of termination, and

Second, the Lessee shall at the same time pay to the Port Authority the payment then due on account of all Subletting Percentage Fees during the period from the last preceding anniversary of the Percentage Fees Commencement Date up to the date of termination.

(e) Nothing hereinabove provided shall affect the survival of obligations of the Lessee as set forth in Section 33 of this Agreement.

(f) It is expressly understood and agreed that neither this Section nor any thing contained herein nor any payment(s) made or required to be made hereunder shall or shall be deemed to grant any right or rights to the Lessee to sublet the premises or any portion thereof nor to impose or create any obligation on the Port Authority nor to alter, expand, impair or waive the terms and provisions of Section 28 hereof nor to waive the requirements for the prior written consent of the Port Authority and the execution of a consent agreement required under Section 28 hereof with respect to each and every sublease or subletting or handling agreement nor to constitute any such consent nor to release or relieve the Lessee from any of the obligations and liabilities under this Agreement with respect to any such sublease or handling agreement.

Section 5. Use of Premises

(a) The Lessee hereby agrees to and shall use and operate the premises for the subleasing of the premises by the Lessee to the Airline Partners (as defined in Section 26 (c) hereof) in accordance with, pursuant to and subject to the terms of this Agreement, including without limitation Section 28 hereof; it being understood and agreed that the premises shall be used by said Airline Partners who are Approved Sublessees pursuant to the subleases and the Consent Agreements (as defined in Section 28 hereof), solely in connection with their business of transportation by aircraft, for the following purposes and for activities reasonably required for such purposes and for such purposes and activities only:

(1) For the reservation of space and the sale of tickets for transportation on aircraft operated by the Approved Sublessees, or any of them.

(2) For the reservation of space and the sale of tickets for transportation by other carriers but only as an incident to or in connection with transportation performed or to be performed by an Approved Sublessee or as an incident to or in connection with the cancellation of such transportation, or for the accommodation or convenience of the incoming or outbound passengers of the Approved Sublessees, or any of them, at the Airport. The occasional reservation of space and the sale of tickets for transportation by other carriers shall not be deemed to be prohibited by this provision.

(3) For the clearance, checking and rendering of service to passengers of the Approved Sublessees, or any of them, and for the furnishing of information service to such passengers and the general public.

(4) For providing rooms or space for the special handling of or the furnishing of special services to any of the passengers, guests, or invitees of Approved Sublessees, or any of them, subject to the provisions of Section 70 hereof.

(5) For the handling of baggage of passengers of the Approved Sublessees, or any of them, including baggage and parcels such passengers decide to send as air cargo.

(6) For the handling of unclaimed baggage and lost and found articles.

(7) For the conduct of operations, traffic, communications, reservations and administrative office functions and activities in connection with air transportation performed by the Approved Sublessees, of any of them.

(8) For the preparation, packaging and storage of food, beverages and commissary supplies to be consumed on aircraft operated at the premises by the Approved Sublessees, or any of them.

(9) For the storage of repair parts, supplies and other personal property owned or leased by the Approved Sublessees, or any of them, and for the performance of minor repairs to personal property of the Approved Sublessees, or any of them.

(10) For the storage of such automotive fuel and lubricants as may be approved by the Port Authority.

(11) For the operation of a cafeteria for over-the-counter sales to officers and employees of the Approved Sublessees, or any of them, and their families and to occasional business guests of such officers and employees (other than passengers of the Approved Sublessees, or any of them), of food, beverages and other merchandise normally sold in such an establishment at no profit to the Lessee or to the Approved Sublessees, or any of them, and either directly by the Approved Sublessees, or any of them, or through a subsidiary of an Approved Sublessee but solely with respect to the officers, employees and occasional business guests of the parent Approved Sublessee, or by an independent contractor of the Lessee who has received a permit from the Port Authority so to do.

(12) For use as crew quarters to be used by personnel of the Approved Sublessees, or any of them, during layovers between flights and for the establishment of lounges for employees of the Approved Sublessees, or any of them.

(13) For the loading and unloading of passengers, baggage, mail, air cargo and commissary supplies, provided, however, that the use of the premises for the unloading and loading of passengers and their baggage from ground transportation vehicles shall be subject to limitation and restriction, from time to time, as set forth in Section 78 hereof.

(14) For the parking and storage of aircraft and ramp equipment operated by the Approved Sublessees, or any of them.

(15) For the fueling and routine servicing of aircraft and ramp equipment operated by the Approved Sublessees, or any of them, and for the maintenance of said ramp equipment.

(16) For the performance of emergency or turn-around aircraft maintenance on aircraft operated by the Approved Sublessees, or any of them.

(17) For the training of personnel employed or to be employed by any of the Approved Sublessees or other persons engaged in commercial transportation by aircraft, provided, that unless consented to by the Port Authority, neither the Lessee nor any Approved Sublessee shall engage in the training of persons employed by others or to be employed by others if the training of such persons is in competition with any concessionaire, permittee

or licensee of the Port Authority at the Airport (other than another person engaged in the business of transportation by aircraft).

(18) For the temporary storage of baggage, mail and air cargo.

(19) For federal inspection services by federal agencies (if the United States Government makes the same available to the Lessee).

(20) For any other purpose or activity, in addition to those specified in this Section 5, for which the premises are expressly authorized to be used by any other provision of this Agreement.

The loading or unloading on the premises of any aircraft used principally for cargo is expressly prohibited.

(b) The premises may also be used for providing Handling Services (as hereinafter defined) at the premises (i) by the Lessee through its General Partner (Terminal One Management, Inc.) (as hereinafter defined) but solely if and to the extent permitted under a permit issued to said General Partner by the Port Authority, for providing Handling Services (as hereinafter defined) to the Approved Sublessees and to other Aircraft Operators conducting approved passenger terminal operations at the premises, subject to the prior written consent of the Port Authority in each instance as to each such handling arrangement, and also subject to the provisions covering the Handling Percentage Fees as set forth in Section 4 hereof; and (ii) by an Approved Sublessee under and pursuant to its Consent Agreement, for the providing, by an Approved Sublessee to itself and to its own Subsidiary Airline(s), and to other Aircraft Operators conducting approved passenger terminal operations at the premises, subject to the prior written consent of the Port Authority in each instance as to each such handling arrangement, and also subject to the provisions covering the Handling Percentage Fees as set forth in Section 4 hereof; and, as to both (i) and (ii), also subject to the provisions of paragraph (c)(2) hereof covering the issuance of a handling permit.

(c) (1) As used in this Agreement the term "Handling Services" shall mean and include, collectively, those services commonly known as "ramp services" which include, but are not limited to, aircraft ground handling, interior and exterior aircraft cleaning, baggage loading and unloading from aircraft, the transportation of passengers to and from aircraft for the purpose of enplanement and deplanement and the performance of

ground services incidental to flight such as pre-flight briefing of air crews, and those services commonly known as "passenger handling services" which include, but are not limited to, passenger and baggage check-in, baggage handling, passenger ticketing, passenger assistance and passenger information services.

(2) It is expressly understood and agreed that, except as expressly provided herein, the Lessee itself shall have no right, permission, approval or consent hereunder to perform Handling Services for any entity at the premises, and further, that although each of the airlines who are Approved Sublessees (as defined in Section 28 hereof) may, under and pursuant to the Consent Agreement, perform the Handling Services for itself at the premises, such airline may choose to retain a contractor to provide Handling Services to it, provided that the airline shall use only the ramp contractor or contractors and the passenger handling service contractor or contractors designated by the Port Authority, from time to time, to provide such services at the premises. Without limiting the foregoing, nothing, herein shall be deemed to prevent the General Partner (as defined in Section 26 (c) hereof), from becoming such a Port Authority designated ramp contractor or passenger handling contractor, or both, at the premises provided it qualifies for, obtains and maintains in effect a permit or permits issued by the Port Authority covering the same, subject to all the terms and conditions of this Agreement, including without limitation the terms and conditions of Section 4 hereof covering the Handling Percentage Fees.

(d) (1) Neither the Lease, nor anything contained herein, including without limitation this Section 5, shall or shall be deemed to grant to the Lessee any right, privilege or permission to perform any sale, service or any other activity other than as is expressly provided herein and upon the terms and conditions hereof, including without limitation the obligation to make the payments called for in this Agreement.

(2) (i) The Lessee, to the extent it is hereby authorized to use the premises for its own operations (as above set forth) or itself to provide Handling Services to others at the premises pursuant to the provisions of this Section 5, shall perform such operations and services hereunder solely at the premises and no greater right or privilege is granted hereunder.

(ii) It is expressly understood and agreed that neither Section 4 of this Lease nor this Section 5 nor anything contained herein nor any other term or provision of this Lease nor any payments made hereunder shall or shall be deemed to constitute or grant to any entity, other than the Lessee, the

right or permission or approval or consent of the Port Authority to perform any activity or service at the Airport or the premises nor to release or relieve any such entity from the requirement of obtaining the same from the Port Authority under separate document (whether in the form of a permit or otherwise).

Section 6. Obligations in Connection with the Conduct of the Lessee's Business at the Premises

With respect to the activities at the premises as to which the Handling Percentage Fees or the Subletting Percentage Fees apply, the Lessee shall:

(a) Use its best efforts in every proper manner to develop and increase the business conducted by it hereunder;

(b) Not divert or cause or allow to be diverted, any business from the Airport;

(c) Maintain, in accordance with accepted accounting practice, during the term of this Agreement, for a period of seven (7) years after the receipt of each item of gross receipts or Gross Sublease Rental Charges or of any revenue from or the occurrence of any expense in connection with its subleasing activities (if any) at the premises, records and books of account recording all transactions of the Lessee at, through, or in anywise connected with the Airport, which records and books of account shall be kept at all times within the Port of New York District, and which records and books of account shall show (i) the basis and all supporting documents for each and every statement required to be furnished hereunder by the Lessee, (ii) the revenues of whatever kind or nature from such operations, (iii) all revenues received by the Lessee from its customers, sublessees, patrons, invitees and all others using the premises, whether in the form of rental payments or otherwise, and (iv) such other information as the Port Authority may request from time to time.

(d) Permit in ordinary business hours during the term of this Agreement and for one year thereafter and during such further period as is mentioned in the preceding paragraph, the examination and audit by the officers, employees and representatives of the Port Authority of such records and books of account and also any records and books of account of any company which is owned or controlled by the Lessee, or which owns or controls the Lessee and also any records and books of account of any entity which is a partner of the Lessee (as defined in Section 26 (c) hereof) or of which the Lessee is a partner;

without limiting any of the foregoing, it is expressly understood and agreed that the Port Authority's audit and examination shall include any agreement or contract between the Lessee and any company which owns and controls the Lessee or which is owned and controlled by the Lessee and shall also include any agreement or contract between or among the partners of the Lessee (as defined in Section 26 (c) hereof) and any agreement between the Lessee and any entity which is a partner of the Lessee (as defined in Section 26 (c) hereof).

(e) Permit the inspection by the officers, employees and representatives of the Port Authority, at any time and as often as it may consider necessary, of any equipment used by the Lessee, including but not limited to cash registers, and of any services being rendered and/or merchandise being sold or held for sale by the Lessee, and upon the request of the Port Authority, the Lessee shall demonstrate any activity being carried on by the Lessee hereunder;

(f) Without limiting the requirement for Port Authority approval, if the Lessee conducts any service, operation or any other permitted use under the Lease through the use of a contractor which is not a Port Authority permittee and where the payments for any of the foregoing are made to such contractor rather than to the Lessee, said payments shall be deemed monies, revenues, receipts and income paid or payable to the Lessee for purposes of determining the Lessee's gross receipts or Gross Sublease Rental Charges, as applicable; provided, however, that the foregoing shall not grant or be deemed to grant any right or permission to the Lessee to use an independent contractor to perform any such service, operation or any other permitted use under the Lease or the doing of anything hereunder by an independent contractor.

(g) Install and use such cash registers, sales slips, invoicing machines and any other equipment or devices for recording orders taken, or services rendered as may be appropriate to the Lessee's business and necessary or desirable to keep accurate records of gross receipts.

Section 7. Federal Airport Aid

The Port Authority has applied for and received a grant or grants of money from the Administrator of the Federal Aviation Administration pursuant to the Airport and Airways Development Act of 1970, as the same has been amended and supplemented or superseded by similar federal legislation, and under prior federal statutes which said Act superseded and the Port Authority may in the future apply for and receive further

such grants. In connection therewith the Port Authority has undertaken and may in the future undertake certain obligations respecting its operation of the Airport and the activities of its contractors, lessees and permittees thereon. The performance by the Lessee of the covenants and obligations contained in this Lease is therefore a special consideration and inducement to the making of this Agreement by the Port Authority, and the Lessee further covenants and agrees that if the Administrator of the Federal Aviation Administration or any other governmental officer or body having jurisdiction over the enforcement of the obligations of the Port Authority in connection with Federal Airport Aid shall make any orders, recommendations or suggestions respecting the performance by the Lessee of its covenants and obligations under this Agreement, the Lessee will promptly comply therewith at the time or times, when and to the extent that the Port Authority may direct.

Section 8. Method of Operation

With respect to those activities of the Lessee as to which the Handling Percentage Fees or the Subletting Percentage Fees apply:

(a) a principal purpose of the Port Authority in the making of this Agreement is to make available at the premises the items and/or services which the Lessee is permitted to sell and/or render hereunder. Accordingly, with respect to said activities, the Lessee hereby warrants and agrees: (i) that it will conduct a first class operation and will furnish all necessary or proper fixtures, equipment, personnel (including licensed personnel as necessary), supplies, materials and facilities, (ii) that it will furnish such services promptly, efficiently and adequately to meet all demands therefor, (iii) that it will furnish such services on a fair, equal and non-discriminatory basis to all users thereof, and at charges which are fair, reasonable and non-discriminatory, provided that reasonable and non-discriminatory discounts, rebates, or other similar types of price reductions may be made to volume purchasers.

As used hereunder, "services" shall include the furnishing of parts, materials and supplies (including the sale thereof).

(b) The Lessee shall, prior to subleasing any space or furnishing any services hereunder, prepare a schedule of rates and charges for the services it will perform. Such schedule shall be furnished to the Port Authority. All subsequent changes therein shall be submitted to the Port

Authority prior to the effective date or dates thereof. The entire schedule, including all changes, amendments and supplements, shall be made available to the public by the Lessee at its office on the premises and at the office of the General Manager of the Airport. That part of the schedule covering rates, charges and services ordinarily made to customers of the Lessee not having continuing contracts with the Lessee shall be posted prominently at the office of the Lessee on the premises. The Lessee covenants and agrees to adhere to the charges shown on the schedule, and to refund promptly to the customer, upon demand of the Port Authority, any charge or charges made in excess of those shown on the schedule.

(c) The Lessee covenants and agrees that it will not enter into continuing contracts or arrangements with third parties for the furnishing of services by the Lessee if any such contract or arrangement will have the effect of utilizing to an unreasonable extent the capacity of the Lessee for furnishing such services generally. At all times the Lessee will reserve a reasonable capacity to furnish services hereunder to customers not parties to continuing contracts with the Lessee.

(d) The Lessee covenants and agrees that it will not enter into any agreement or understanding, whether or not binding, with any person, firm, association, corporation or other entity, which will have the effect of fixing rates, of lessening or preventing competition, or of creating or tending to create a monopoly, at the Airport, relating to the services, products, or articles furnished or sold by the Lessee.

Section 9. Ingress and Egress

(a) The Lessee, its officers, employees, customers, patrons, invitees, contractors, suppliers of material and furnishers of services, shall have the right of ingress and egress between the premises and city streets or public ways outside the Airport by means of existing roadways to be used in common with others having rights of passage within the Airport, provided, however, that the Port Authority may from time to time substitute other reasonably equivalent means of ingress and egress and provided, further, however, that the Lessee hereby expressly understands and agrees that the Lessee shall have no right of ingress and egress or access hereunder or otherwise for its employees, customers, patrons, invitees and their baggage between the premises and the city streets or public ways outside the Airport by means of any mode of transportation or any vehicle which may be limited or restricted in accordance with Section 78 hereof, it being understood that access to the premises for

emergency response for reasons of safety or health shall not be deemed a breach hereof.

(b) The Lessee shall have the right of ingress and egress between the premises and the Public Landing Area at the Airport, by means of existing taxiways to be used in common with others having rights of passage thereon, provided, however, that the Port Authority may from time to time substitute other reasonably equivalent means of ingress and egress.

(c) The use of all roadways and taxiways shall be subject to the Rules and Regulations of the Port Authority which are now in effect or which may hereafter be promulgated for the safe and efficient operation of the Airport. In addition to the rights of closure granted above, the Port Authority may, at any time, temporarily or permanently close, or consent to or request the closing of, any such roadway, taxiway and any other area at the Airport presently or hereafter used as such, so long as a means of ingress and egress reasonably equivalent to that provided in paragraphs (a) and (b) above remains available to the Lessee. The Lessee hereby releases and discharges the Port Authority its successors and assigns, of and from any and all claims, demands or causes of action which the Lessee may now or at any time hereafter have against any of the foregoing, arising or alleged to arise out of the closing of any street, roadway, taxiway or other area used as such whether within or outside the Airport, provided a reasonably equivalent means of ingress and egress is available. The Lessee shall not do or permit anything to be done which will interfere with the free access and passage of others to space adjacent to the premises or in any streets, ways and walks near the premises.

Section 10. Compliance with Governmental Requirements

(a) The Lessee shall comply with all laws and ordinances and governmental rules, regulations and orders now or at any time during the term of this Lease which as a matter of law are applicable to or which affect the operations of the Lessee at the premises hereunder and the Airport or the use or occupancy of the premises, and the Lessee shall, in accordance with and subject to the provisions of Section 48 hereof, make any and all structural and non-structural improvements, alterations or repairs of the premises that may be required at any time hereafter by any such present or future governmental law, rule, regulation, requirement, order or directive.

(b) The Lessee hereby agrees that it shall, at its own cost and expense, procure and obtain from all governmental authorities having jurisdiction over the operations of the Lessee

hereunder and shall maintain in full force and effect throughout the term of this Agreement all licenses, certificates, permits or other authorization which may be necessary for the conduct of such operations. "Governmental authority" shall not be construed as intending to include The Port Authority of New York and New Jersey, the lessor under this Agreement.

(c) The obligation of the Lessee to comply with governmental requirements is provided herein for the purpose of assuring proper safeguards for the protection of persons and property on the premises. Such provision is not to be construed as a submission by the Port Authority to the application to itself of such requirements or any of them.

(d) Since the Port Authority has agreed in the Basic Lease to conform to the enactments, ordinances, resolutions and regulations of the City of New York and its various departments, boards and bureaus in regard to the construction and maintenance of buildings and structures and in regard to health and fire protection which would be applicable if the Port Authority were a private corporation to the extent that the Port Authority finds it practicable so to do, the Lessee shall comply with all such enactments, ordinances, resolutions and regulations which would be applicable to its operations at the premises if the Port Authority were a private corporation except in cases where the Port Authority either notifies the Lessee that it need not comply with or directs it not to comply with any such enactments, ordinances, resolutions or regulations which are applicable only because of the Port Authority's agreement in the Basic Lease. The Lessee shall, for the Port Authority's information, deliver to the Port Authority promptly after receipt of any notice, warning, summons, or other legal process for the enforcement of any such enactment, ordinance, resolution or regulation a true copy of the same. Any direction by the Port Authority to the Lessee not to comply with any such enactment, ordinance, resolution or regulation shall be given only pursuant to a resolution duly adopted by the Board of Commissioners of the Port Authority or by an authorized committee of its Board and if any such direction is given by the Port Authority to the Lessee, the Port Authority to the extent that it may lawfully do so, shall indemnify and hold the Lessee harmless from and against all claims, actions, damages, liabilities, fines, penalties, costs and expenses suffered or incurred by the Lessee as a result of noncompliance with such enactment, ordinance, resolution or regulation.

In the event of compliance with any such enactment, ordinance, resolution or regulation on the part of the Lessee, acting in good faith, commenced after such delivery to the Port

Authority but prior to the receipt by the Lessee of a written direction from the Port Authority not to comply (and thereafter discontinued) such compliance shall not constitute a breach of this Agreement, although the Port Authority thereafter directs the Lessee not to comply. Nothing herein contained shall release or discharge the Lessee from compliance with any other provision hereof respecting governmental requirements.

(e) The Lessee shall have such time within which to comply with the aforesaid laws, ordinances, rules and regulations as the authorities enforcing the same shall allow.

Section 11. Rules and Regulations

(a) The Lessee covenants and agrees to observe and obey (and to require its officers, employees, guests, invitees, and its Approved Sublessees and their officers, employees, guests, invitees, and those doing business with it to observe and obey) the existing Rules and Regulations of the Port Authority in effect as of the execution of this Agreement and such reasonable future Rules and Regulations and amendments and supplements to existing Rules and Regulations for the government of the conduct and operations of the Lessee and others on the premises as may from time to time during the letting be promulgated by the Port Authority for reasons of safety, health, noise, sanitation or good order. The obligation of the Lessee to require such observance and obedience on the part of its guests, invitees, and those doing business with it shall obtain only while such persons are on the premises. The Port Authority agrees that except in cases of emergency, it will give notice to the Lessee of every such future rule or regulation adopted by it at least ten (10) days before the Lessee shall be required to comply therewith.

(b) The use by the Lessee and its officers, employees, guests, invitees, Approved Sublessees, and those doing business with it, of the Public Aircraft Facilities and any and all other portions of the Airport which it may be entitled to use under this Lease (other than space leased to the Lessee for its exclusive use) shall be subject to the Rules and Regulations of the Port Authority in effect as of the execution of this Agreement, and such reasonable future rules and regulations (including amendments and supplements to existing Rules and Regulations) as the Port Authority may from time to time promulgate in the public interest and in the interest of health, safety, noise, sanitation, good order and the economic and efficient operation of the Airport, including but not limited to, the number and type of aircraft which at any particular time may use the Public Aircraft Facilities and the time or times when such aircraft may use the Public Aircraft Facilities. Without

limiting the foregoing, the Port Authority may take into account in adopting such Rules and Regulations the adequacy, capacity and suitability of (i) aircraft using the Airport, (ii) passenger handling facilities at the Airport including, but not limited to the Passenger Distribution System, (iii) the Public Aircraft Facilities at the Airport, (iv) the roadways and (v) the parking facilities. In the event the Port Authority promulgates rules and regulations pursuant to this paragraph (b), the Port Authority may devise and implement reasonable procedures governing the affected use of the Public Aircraft Facilities, including but not limited to, allocations among Aircraft Operators at the Airport.

(c) If a copy of the Rules and Regulations is not attached, then the Port Authority will notify the Lessee thereof by delivery of a copy, or by making a copy available at the office of the Secretary of the Port Authority.

Section 12. Various Obligations of the Lessee

(a) The Lessee shall conduct its operations hereunder in an orderly and proper manner, considering the nature of such operations so as not to annoy, disturb or be offensive to others at or off the Airport. The Lessee shall take all reasonable measures (1) to eliminate or reduce as low as possible vibrations tending to damage any equipment, structure, building or portion of a building which is on the premises, or is a part thereof, or is located elsewhere on or off the Airport; and (2) to keep the sound level of its operations as low as possible.

(b) The Lessee shall use its best efforts to conduct all operations at the premises in a safe and careful manner, following in all respects the best practices of the air transportation industry in the United States.

(c) The Port Authority shall have the right to object to the Lessee regarding the conduct and demeanor of the employees of the Lessee whereupon the Lessee will take all steps reasonably necessary to remove the cause of the objection. If requested by the Port Authority the Lessee shall supply and shall require its employees to wear or carry badges or other suitable means of identification, which shall be subject to the prior and continuing approval of the General Manager of the Airport.

(d) The Lessee shall control all vehicular traffic on the roadways or other areas within the premises or serving the same the use of which is granted to the Lessee hereunder and shall take all precautions reasonably necessary to promote the safety of all persons. The Lessee shall employ such means as may

be necessary to direct the movement of vehicular traffic within the premises to prevent traffic congestion on the public roadways leading to the premises.

(e) The Lessee shall remove from the Airport or otherwise dispose of in a manner approved by the General Manager of the Airport, all garbage, debris and other waste materials (whether liquid or solid) arising out of the occupancy or use of the premises or out of its operations at the Airport. Any such which may be temporarily stored in the open shall be kept in suitable garbage and waste receptacles, the same to be made of metal or other suitable material, and equipped with tightfitting covers, and to be of a design to safely and properly contain whatever material may be placed therein. The Lessee shall use extreme care when effecting removal of all such waste materials, and shall effect such removal at such times and by such means as first approved by the Port Authority. No such garbage, debris, or other waste materials shall be or be permitted to be thrown, discharged or deposited into or upon the waters at or bounding the Airport.

(f) From time to time and as often as reasonably required by the Port Authority, the Lessee shall conduct pressure, waterflow, and other appropriate tests of the fire extinguishing system and apparatus which constitute a part of the premises. The Lessee shall keep in proper functioning order all firefighting equipment on the premises and the Lessee shall at all times maintain on the premises adequate stocks of fresh, usable chemicals for use in such system and apparatus. The Lessee shall notify the Port Authority prior to conducting such tests. If requested by the Port Authority, the Lessee shall furnish the Port Authority with a copy of written reports of such tests.

(g) It is the intention of the parties hereto that noise caused by aircraft engine operations shall be held to a minimum considering the nature of operations at the premises. To this end the Lessee will require that its Approved Sublessees or any others operating on the premises conduct their operations in such a manner as to keep the noise produced by aircraft engines to a minimum and where appropriate shall employ noise arresting and noise reducing devices that are suitable. Aircraft testing and aircraft runups will be conducted only in such areas as shall meet with the prior and continuing approval of the Port Authority. The obligations assumed by the Lessee under this paragraph (g) shall not diminish, limit, modify or affect all other obligations of the Lessee with respect to noise under this Agreement.

(h) In the use of the premises, the Lessee shall use its best efforts to minimize jet or prop blast interference to aircraft operating on or to buildings and structures now located on or which in the future may be located on areas adjacent to the premises. In the event the Port Authority determines at any time and from time to time that the Lessee or the Approved Sublessees, or any of them, or any others operating on the premises have not so minimized the jet or prop blast interference, it may serve a notice to the Lessee to such effect and if the condition is not corrected to the satisfaction of the Port Authority within thirty days after the service of said notice, the Lessee hereby covenants and agrees to erect and maintain at its own expense such structure or structures as may be necessary to minimize the said jet or prop blast interference, subject, however, to the prior written approval of the Port Authority as to the type, manner and method of construction. The obligations assumed by the Lessee under this paragraph shall not diminish, limit, modify or affect all other obligations of the Lessee with respect to interference under this Agreement.

(i) The Lessee agrees that it will not erect, construct or maintain or otherwise create or continue any obstacle or so park or store, or permit or allow to be parked or stored, any aircraft or other object on the premises so as to create any obstacle that will hamper or interfere with the free, orderly, unobstructed and uninterrupted passage of vehicles, aircraft or of the wings or other integral part of aircraft of any type, nature or description, while such vehicle is operating or aircraft is taxiing or being transported or towed along any runways, taxiways and roads outside of and adjacent to the premises.

(j) In addition to compliance by the Lessee with all laws, ordinances, governmental rules, regulations and orders now or at any time in effect during the term of the letting hereunder which as a matter of law are applicable to the operation, use or maintenance by the Lessee of the premises or the operations of the Lessee under this Agreement (the foregoing not to be construed as a submission by the Port Authority to the application to itself of such requirements or any of them), the Lessee agrees that it shall exercise the highest degree of safety and care and shall conduct all its operations under the Agreement and shall operate, use and maintain the premises in accordance with the highest standards and in such manner that there will be at all times a minimum of air pollution, water pollution or any other type of pollution and a minimum of noise emanating from, arising out of or resulting from the operation, use or maintenance of the premises by the Lessee or by the Approved Sublessee, or any of them, and from the operations of the Lessee

under this Agreement. The Port Authority hereby reserves the right from time to time and at any time during the term of the Lease to require the Lessee, and the Lessee agrees to design and construct at its sole cost and expense such reasonable structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the objectives as set forth in the first sentence of this paragraph. All locations, the manner, type and method of construction and the size of any of the foregoing shall be determined by the Port Authority. The Lessee shall submit for Port Authority approval its plans and specifications covering the required work and upon receiving such approval shall proceed diligently to construct the same.

The obligations assumed by the Lessee under the paragraph (j) hereof shall continue throughout the term of this Lease and shall not be limited, affected, impaired or in any manner modified by the fact that the Port Authority shall have approved any Construction Application and supporting plans, specifications and contracts covering construction work and notwithstanding the incorporation therein of the Port Authority's recommendations or requirements and notwithstanding that the Port Authority may have at any time during the term of the Lease consented to or approved any particular procedure or method of operation which the Lessee may have proposed or the Port Authority may have itself prescribed the use of any procedure or method. The agreement of the Lessee to assume the obligations under this paragraph (j) is a special inducement and consideration to the Port Authority in entering into this Lease with the Lessee.

(k) The Lessee shall periodically inspect, clean out and maintain the oil separators serving the premises which are located on the premises and the oil separators located outside the premises if they exclusively serve the premises.

(l) The Lessee shall at all times during the term of this Agreement on a twenty-four hour basis maintain sufficient qualified personnel at the Airport or on call within 30 minutes, who shall be qualified to perform the maintenance obligations of the Lessee under this Agreement and particularly be able to respond to all emergencies.

Section 13. Prohibited Acts

(a) The Lessee shall commit no nuisance, waste or injury at the Airport, and shall not do or permit to be done anything which may result in the creation or commission or maintenance of such nuisance, waste or injury at the Airport.

(b) The Lessee shall not create nor permit to be caused or created at the Airport any obnoxious odors or smokes, or noxious gases or vapors. The creation of exhaust fumes by the operation of internal combustion engines or aircraft engines of other types, so long as such engines are maintained and are being operated in a proper manner, shall not be a violation of this paragraph (b).

(c) The Lessee shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of the drainage and sewerage system, water system, communications system, electrical, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, if any, or any other part of utility, electrical mechanical or other systems installed or located from time to time at the Airport.

(d) The Lessee shall not do or permit to be done any act or thing at the Airport (1) which will invalidate or conflict with any fire insurance, extended coverage or rental insurance policies covering the premises or any part thereof, or the Airport, or any part thereof, or (2) which may constitute an extra hazardous condition, so as to increase the risks normally attendant upon the operations permitted by this Agreement. The Lessee shall promptly observe, comply with and execute the provisions of any and all present and future rules and regulations, requirements, orders and directions of Insurance Services Office of New York and the National Fire Protection Association, or of any other board or organization exercising or which may exercise similar functions, which may pertain or apply to the operations of the Lessee or the Approved Sublessees (or any of them) at the Airport and the Lessee shall, subject to and in accordance with the provisions of Section 48 hereof, make any and all structural and non-structural improvements, alterations or repairs to the premises required at any time hereafter by any such present or future rule, regulation, requirement, order or direction. If by reason of any failure on the part of the Lessee to comply with the provisions of this paragraph any fire insurance rate, extended coverage or rental insurance rate on the premises or any part thereof, or on the Airport or any part thereof, shall at any time be higher than it would otherwise be then the Lessee shall pay to the Port Authority, as an item of additional rental, that part of all insurance premiums paid by the Port Authority which shall have been charged because of such violation or failure by the Lessee.

(e) The Lessee shall not dispose of nor permit any one to dispose of any waste material taken from aircraft (whether liquids or solid) by means of the toilets, manholes, sanitary

sewers or storm sewers in the premises except after treatment in installations or equipment included in plans and specifications submitted to and approved by the Port Authority.

(f) The Lessee shall not keep or store during any 24 hour period flammable liquids within any enclosed portion of the premises (other than in rooms or areas expressly constructed for the storage of such liquids) in excess of the Lessee's working requirements during the said 24 hour period. Any such liquids having a flash point of less than 110 degrees Fahrenheit shall be kept and stored in safety containers of a type approved by the Underwriters Laboratories or the Factory Mutual Insurance Association.

(g) (1) The Lessee shall prevent access by persons or vehicles (unless duly authorized by the Port Authority) to the Public Landing Area from the premises except for aircraft, which aircraft shall be equipped with radio receivers tuned to control tower frequencies and adequately manned in accordance with applicable Rules and Regulations. Such aircraft may be towed by a motor vehicle equipped with a radio receiver tuned to the appropriate control tower frequency and adequately manned or such other means as may be approved by the Port Authority. The Lessee shall control access by aircraft passengers and patrons from and to aircraft ramp, apron and parking areas on the premises and shall maintain control of such passengers and patrons while they are upon said areas by proper measures to insure that the highest standards of safety are maintained.

(2) The Lessee shall furnish adequate security and guard service or such comparable means as approved by the Port Authority from time to time, on a 24 hour, seven day-a-week basis for the prevention of access to and control of persons on the aeronautical operations areas of the premises and the prevention of access to the Public Landing Area. Without limiting the generality of Section 10 hereof, the Lessee acknowledges and agrees that it shall comply, and shall require and ensure that its Approved Sublessees comply, with all the requirements of FAR 107 and any succeeding or superseding regulations.

(h) The Lessee shall not use or permit the use of any structural supporting member of the building or roof or any part thereof for the storage of any material or equipment, or hoist, lift, move or support any material or equipment or other weight or load, by means of said trusses or structural supporting members, without prior approval of the Port Authority.

(i) The Lessee shall not overload any floor on the premises, and shall repair, replace or rebuild any floor,

including supporting members, damaged by overloading. Nothing in this paragraph or elsewhere in this Agreement shall be or be construed to be a representation by the Port Authority of the weight any floor or paved area will bear.

(j) The Lessee shall not use any cleaning materials having a harmful corrosive effect on any part of the premises.

(k) The Lessee shall not fuel or defuel any equipment in the enclosed portions of the premises without prior approval of the General Manager of the Airport.

(l) The Lessee shall not start or operate any engine or any item of automotive equipment in any enclosed space at the Airport unless such space is adequately ventilated and unless such engine is equipped with a proper spark-arresting device which has been approved by the Port Authority.

(m) The Lessee shall not operate or cause or allow to be operated aircraft engines in any areas of the premises other than for the purpose of taxiing or maneuvering aircraft to and from the premises or in connection with authorized aircraft maintenance on the premises. (The Lessee shall not perform any aircraft maintenance on the premises other than emergency or turn-around maintenance.)

(n) The Lessee shall not keep or store aviation fuel on the premises except that fueling equipment may be operated on the unenclosed portions of the premises in accordance with all the provisions of this Agreement and with the Port Authority Rules and Regulations pertaining thereto.

Section 14. Care, Maintenance, Rebuilding and Repair by the Lessee

(a) The Lessee shall repair, replace, rebuild and paint all or any part of the Airport which may be damaged or destroyed by the acts or omissions of the Lessee or of any Approved Sublessee or of any partner of the Lessee or by those of the officers or employees of the Lessee or of any Approved Sublessee or of any partner of the Lessee or of other persons on or at the premises with the consent of the Lessee or of any Approved Sublessee or of any partner of the Lessee (but, as to areas outside of the premises, only by the acts or omissions of the Lessee or its officers or employees or its business guests, or of an Approved Sublessee or Approved Sublessees or its or their employees, officers, or its or their business guests).

(b) The Lessee shall, throughout the term of this Lease, assume the entire responsibility for, shall perform and shall relieve the Port Authority from all responsibility for all repair, replacement, rebuilding and maintenance whatsoever in the premises, whether such repair, replacement, rebuilding or maintenance be ordinary or extraordinary, partial or entire, inside or outside, foreseen or unforeseen, structural or otherwise, and without limiting the generality of the foregoing, the Lessee shall:

(1) Keep at all times in a clean and orderly condition and appearance, the premises and all the Lessee's fixtures, equipment and personal property which are located in any part of the premises which is open to or visible by the general public;

(2) Remove all snow and ice and perform all other activities and functions necessary or proper to make the premises available for use;

(3) Take good care of the premises and maintain the same at all times in good condition, except for reasonable wear and tear which does not adversely affect the efficient or the proper utilization thereof; including but not limited to painting (the exterior of the premises and areas visible to the general public to be painted only in colors which have been approved by the Port Authority); and make all repairs and replacements, and do all rebuilding, inside and outside, ordinary and extraordinary, partial and entire, foreseen and unforeseen, structural or otherwise, which repairs, rebuilding and replacements by the Lessee shall be in quality and class not inferior to the original in materials and workmanship; and to pay promptly the cost and expense of such repairs, replacements and maintenance;

(4) Provide and maintain all obstruction lights and similar devices on the premises, and provide and maintain all fire protection and safety equipment and all other equipment of every kind and nature required by any law, rule, ordinance, resolution or regulation of the type and nature described in Sections 10 and 11 of this Agreement. The Lessee shall enter into and keep in effect throughout the term of the Lease a contract or contracts with a central station alarm company acceptable to the Port Authority to provide continuous and automatic surveillance of the fire protection system on the premises. The Lessee shall insure that all fire alarm signals with respect to the premises shall also be transmitted to the Airport's police emergency alarm board or to such other location on the Airport as the General Manager of the Airport may direct.

The Lessee's obligations hereunder shall in no way create any obligation whatsoever on the part of the Port Authority;

(5) Take such anti-erosion measures and maintain the landscaping at all times in good condition, including but not limited to periodic replanting, as the Port Authority may require, and perform and maintain such other landscaping with respect to all portions of the premises not paved or built upon, as the Port Authority may reasonably require;

(6) Be responsible for the maintenance and repair of all utility service lines, including but not limited to, service lines for the supply of water, electric power and telephone conduits and lines, sanitary sewers and storm sewers, located upon the premises or located adjacent to the premises and serving the premises exclusively.

(7) Be responsible for appropriate lighting of all ramp and apron areas and for the maintenance and repair of all access roadways, taxiways and ramp and apron areas located upon the premises or located adjacent to the premises and used exclusively by those operating at or occupying the premises.

(8) Repair any damage to the paving or other surface of the premises caused by any oil, gasoline, grease, lubricants or other flammable liquids and substances having a corrosive or detrimental effect thereon.

(c) If the performance of any of the foregoing repair, maintenance, replacement, repainting or rebuilding obligations of the Lessee requires work to be performed near an active taxiway or where safety of operations is involved, the Lessee agrees that it will at its own expense, post guards at such locations to insure the safety of the work performed thereat.

(d) In the event the Lessee fails to commence so to maintain, clean, repair, replace, lamp, relamp, rebuild, paint repaint or to restore as required by this Agreement within a period of twenty (20) days after notice from the Port Authority so to do in the event that the said notice specifies that the required work to be accomplished by the Lessee includes maintenance or repair other than preventive maintenance, or within a period of one hundred eighty (180) days if the said notice specifies that the work to be accomplished by the Lessee involves preventive maintenance only, or fails diligently to continue to completion the cleaning, maintenance, repair, replacement, lamping and relamping, rebuilding, painting, repainting or restoration of all of the premises required to be repaired, replaced, rebuilt, painted, repainted or restored by

the Lessee under the terms of this Agreement, the Port Authority may, at its option, and in addition to any other remedies which may be available to it, clean, maintain, repair, replace, lamp or relamp, rebuild, paint, repaint or restore all or any part of the premises included in the said notice, and the cost thereof shall be payable by the Lessee upon demand.

Section 15. Insurance

The Lessee shall, during the term of this Agreement, insure and keep insured to the extent of the full replacement value thereof, all buildings, structures, improvements, installations, facilities and fixtures now or in the future located on the premises against all risks of physical loss or damage (including, but not limited to flood and earthquake risks) if available, and if not available, then against such hazards and risks as may now or in the future be included under the Standard Form of Fire Insurance Policy of the State of New York and also against damage or loss by windstorm, cyclone, tornado, hail, explosion, riot, flood, earthquake, civil commotion, aircraft, vehicles and smoke, under the Standard Form of Fire Insurance Policy of New York and the form of extended coverage endorsement prescribed as of the effective date of the said insurance by the Rating Organization having jurisdiction, and boiler and machinery hazards and risks in a separate insurance policy or policies or as an additional coverage endorsement to the aforesaid policies in the form as may now or in the future be prescribed as of the effective date of said insurance by the Rating Organization having jurisdiction and/or the Superintendent of Insurance of the State of New York and the Lessee shall furthermore provide additional insurance with respect to the premises covering any other peril of loss or damage that the Port Authority may at any time during the term of this Agreement cover by carrier or self-insurance covered by appropriate reserves at other locations at the Airport upon written notice to the Lessee to such effect, provided that such insurance for this peril is available within the commercial insurance marketplace at the time of the Port Authority's request.

The aforesaid insurance coverage and renewals thereof shall insure the Port Authority, the Lessee and the City of New York, as their interests may appear, and shall provide that the loss, if any shall be adjusted with and payable to the Port Authority.

In the event the premises or any part thereof shall be damaged by any casualty against which insurance is carried pursuant to this Section 15, the Lessee shall promptly furnish to

the Port Authority such information and data as may be necessary to enable the Port Authority to adjust the loss.

The policies or certificates representing insurance covered by this Section shall be delivered by the Lessee to the Port Authority at least thirty (30) days prior to the commencement date of the term of the letting hereunder and each policy or certificate delivered shall bear the endorsement of or be accompanied by evidence of payment of the premium thereon, and also, a valid provision obligating the insurance company to furnish the Port Authority and the City of New York thirty (30) days' advance notice of the cancellation, termination, change or modification of the insurance evidenced by said policy or certificate. Renewal policies or certificates shall be delivered to the Port Authority at least thirty (30) days before the expiration of the insurance which such policies are to renew.

Regardless, however, of the persons whose interests are insured, the proceeds of all policies covered by this Section 15 shall be applied as provided in Section 16; and the word "insurance" and all other references to insurance in said Section 16 shall be construed to refer to the insurance which is the subject matter of this Section 15, and to refer to such insurance only.

The insurance covered by this Section 15 shall be written by companies approved by the Port Authority, the Port Authority covenanting and agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If the Port Authority at any time so requests, the Lessee shall make available to the Port Authority at a location in the Port of New York District, during normal business hours, the original or a certified copy of the entirety of each of the said policies and shall, upon request, deliver to the Port Authority a certified copy of such portions of said policies pertaining to the coverage hereunder as the Port Authority shall request.

As to the insurance covered by the above provisions, the Lessee expressly agrees that the Port Authority shall have the right at any time and from time to time to pay directly to the insurance company the premium or premiums on such insurance, with notice to the Lessee of the same given concurrently or within a reasonable period of time thereafter, and the Lessee hereby

further agrees to reimburse to the Port Authority the amounts of any and all such premium payments made by the Port Authority promptly and no later than thirty (30) days from the date of the Port Authority's submission to the Lessee of a bill or bills for said amounts; further, and to effectuate the foregoing, the Lessee agrees that each policy of insurance shall, without limiting any other term or provision hereof, contain a valid provision obligating the insurance company (i) to submit duplicate copies to the Port Authority of all premium notices, including without limitation notices of non-payment of premium, said insurance company sends to or is required to send to the Lessee (ii) to accept payment of any such premium directly from the Port Authority in the event the Port Authority elects to make such payment, upon failure of the Lessee to make any such premium payment, prior to its termination or cancellation of such insurance for non-payment of premium; it being understood and agreed that neither the foregoing, nor any payment made by or not made by the Port Authority nor any notice given by the Port Authority hereunder shall or shall be deemed to release or relieve the Lessee from any of the terms, covenants, provisions and conditions under this Agreement or under the Lessee's insurance policy nor to constitute or create any obligation on the part of the Port Authority to the Lessee or the insurance company to make such payment or any other or further payment or payments nor to constitute or create any claim or right in the Lessee or any other person to have any such payment or any other or further payment or payments made by the Port Authority.

Section 16. Damage to or Destruction of the Premises

(a) Removal Of Debris. If the premises, or any part thereof shall be damaged by fire, the elements, the public enemy or other casualty, the Lessee shall promptly remove all debris resulting from such damage from the premises, and to the extent, if any, that the removal of debris under such circumstances is covered by insurance as provided in Section 15 hereof, the proceeds thereof shall be made available by the Port Authority to and be used by the Lessee for such purpose.

(b) Minor Damage. If the premises, or any part thereof, shall be damaged by fire, the elements, the public enemy or other casualty but not rendered untenantable or unusable for a period of ninety (90) days, the premises shall be repaired with due diligence in accordance with the plans and specifications for the premises as they existed prior to such damage by and at the expense of the Lessee and if such damage is covered by insurance as provided in Section 15 hereof, the proceeds thereof shall be made available by the Port Authority to and be used by the Lessee for such repairs.

(c) Major Damage to or Destruction of the Premises. If the premises, or any part thereof shall be destroyed or so damaged by fire, the elements, the public enemy of other casualty as to be untenantable or unusable for ninety (90) days, or if within ninety (90) days after such damage or destruction the Lessee notifies the Port Authority in writing that in its opinion said premises will be untenantable or unusable for ninety (90) days then: The Lessee shall proceed with due diligence to make the necessary repairs or replacements to restore such premises in accordance with the plans and specifications for the premises as the same existed prior to such damage or destruction; or with the approval in writing of the Port Authority make such other repairs, replacements or changes as may be desired by the Lessee. If such destruction was covered by insurance as provided in Section 15 hereof, the proceeds thereof shall be made available by the Port Authority to and used by the Lessee for such restoration.

(d) The obligation of the Lessee to repair or replace shall be limited to the amount of the insurance proceeds provided the Lessee has carried insurance to the extent and in accordance with Section 15 hereof. Any excess of the proceeds of insurance over the costs of the restoration shall be retained by the Port Authority.

(e) The parties hereby stipulate that neither the provisions of Section 227 of the Real Property Law of New York nor those of any other similar statute shall extend or apply to this Agreement.

Section 17. Assumption of Maintenance and Repair of the Premises by the Port Authority

Subdivision I. Defined Terms in this Section.

The following terms shall have the meanings stated in this Subdivision I for the purposes of this Section:

(a) "Assumable Maintenance and Repair" shall mean the obligation of the Lessee to clean, maintain, perform janitorial services and perform structural and non-structural improvements, repairs and rebuilding as such obligations are set forth in:

(i) paragraphs (a) and (b) of Section 14 hereof; and

(ii) Section 10 hereof insofar as laws, ordinances and governmental rules, regulations, orders, requirements and

directions require structural and non-structural improvements, alterations or repairs of the premises; and

(b) The "Cost of Assumable Maintenance and Repair" shall, for each calendar year, consist of the sum of the Operation and Maintenance Cost and the Annual Capital Cost which shall both be determined as follows:

(i) The Port Authority will determine the total of all costs incurred or accrued during each calendar year in connection with the Assumable Maintenance and Repair in accordance with normal Port Authority accounting practice and as follows:

The Port Authority will apportion Assumable Maintenance and Repair performed between "Operation and Maintenance" and "Capital Work". The cost of Operation and Maintenance is hereinafter called the "Operation and Maintenance Cost" and the cost of the Capital Work is hereinafter called the "Capital Cost".

(ii) Operation and Maintenance Cost for each calendar year shall consist of the following expenditures for, in connection with, or related to Operation and Maintenance:

(1) On-the-job payroll costs of employees and supervisory personnel (including Airport supervisors, foremen and clerks) including, but not limited to, contributions to any retirement system or the cost of or participation in any pension plans or the like, social security, old age, survivor's, disability and unemployment insurance and other insurance costs, sick leave pay, holiday, vacation, authorized absence and severance pay, other employee fringe benefits and any other payments made or costs incurred whether pursuant to law or by Port Authority policy to or with respect to said employees and personnel;

(2) The cost (including rental charges) of materials, equipment, supplies and utilities (including but not limited to, electricity, water and phone);

(3) Payment to contractors and any other third persons, firms or corporations for work performed or services rendered;

(4) The cost of any performance bond or bonds;

(5) The cost of insurance;

(6) Any other direct costs as charged under the Port Authority's normal accounting practice;

(7) Twenty-five percent (25%) of the sum of all of the foregoing items (1) through (6).

(iii) A. Capital Cost for each calendar year shall consist of the following expenditures, for, in connection with, or related to Capital Work;

(1) On-the-job payroll costs of employees and supervisory personnel (including Airport supervisors, foremen and clerks) including but not limited to, contributions to any retirement system or the cost of or participation in any pension plans or the like, social security, old age, survivor's, disability and unemployment insurance and other insurance costs, sick leave pay, holiday, vacation, authorized absence and severance pay, other employee fringe benefits and any other payments made or costs incurred whether pursuant to law or by Port Authority policy to or with respect to said employees and personnel;

(2) The cost (including rental charges) of materials, supplies, equipment and utilities (including but not limited to electricity, water and phone):

(3) Payment to contractors and any other third persons, firms or corporations for work performed or services rendered;

(4) The cost of any performance bond or bonds;

(5) The cost of any insurance;

(6) Payments to independent consultants, architects and engineers engaged or retained by the Port Authority;

(7) Any other direct costs as charged under the Port Authority's normal accounting practice;

(8) Financial Expense on the foregoing computed in accordance with Port Authority accounting practice;

(9) Ten percent (10%) of the sum of all the foregoing items (1) through (8);

B. "Annual Capital Cost" shall mean the total of all annual amounts based upon the amortization of the Capital Cost for each calendar year over the shorter of the weighted average period of the useful life of the Capital Work for each calendar year, or the remaining term of this Agreement as determined by the Port Authority. Each annual amount shall be determined on the basis of an equal annual payment method. The rate used in determining the Annual Capital Cost for all of the annual amounts shall be for each successive calendar year an annual percentage rate equal to the sum of (i) the average of all the weekly indices of the Bond Buyer Revenue Bond Index as reported in the publication "The Bond Buyer" for the 52-week period in the immediately preceding calendar year and (ii) three (3) percentage points. For purposes of example and illustration only, The Bond Buyer Revenue Bond Index for the week ending January 15, 1988 was 8.31% as set forth in the table entitled "Bond Buyer Indices" on page 30 of The Bond Buyer, Vol. 283 No. 230, New York, N.Y., dated January 15, 1988. In the event that The Bond Buyer or its weekly Bond Buyer Revenue Bond Index shall be discontinued prior to the commencement date of the term of the letting a comparable substitute for such Index shall be mutually agreed upon in writing by the Lessee and the Port Authority within thirty (30) days after discontinuance. In the event that the Port Authority and the Lessee shall fail to agree upon such a substitute within the time hereinabove specified then upon notice of either party such dispute shall be disposed of by arbitration in accordance with the then existing rules of the American Arbitration Association or any successor association. One half of the cost of said arbitration shall be borne by the Port Authority and the other half of said cost shall be borne by the Lessee.

Subdivision II. Commencement of Performance of Assumable Maintenance and Repair

(a) The "Assumable Maintenance and Repair Effective Date" shall be the date, from time to time, determined as follows:

(i) The Port Authority may at any time and from time to time during the term of this Agreement advise the Lessee, by notice, of one or more deficiencies in the performance by the Lessee of the Assumable Maintenance and Repair, or in any portion, or portions, thereof. Such notice shall specify the aforesaid deficiencies in reasonable detail. In such notice the Port Authority shall also advise the Lessee of what reasonable period of time shall be afforded the Lessee to cure such deficiencies and the Port Authority shall advise the Lessee

therein when and where its representatives may meet with representatives of the Port Authority to discuss the foregoing. The Port Authority will consider the response, if any, of representatives of the Lessee, as given at the aforesaid meeting or during such period for a further response from the Lessee, as the Port Authority may, in its sole discretion, afford the Lessee. The Port Authority may, after the occurrence of the above, advise the Lessee, by notice, that it has elected not, at that time, to assume the performance of the Assumable Maintenance and Repair. The Port Authority, in its sole discretion, may condition such an election on such terms as it chooses to include in the notice, including the taking of certain remedial or other actions by the Lessee to the continuing satisfaction of the Port Authority. The fact that the Port Authority may previously have given a notice under this subparagraph but has subsequently elected on one or more occasions not to assume the performance of the Assumable Maintenance and Repair or having on one or more occasions assumed the Assumable Maintenance and Repair and thereafter returned the said obligations to the Lessee pursuant to the provisions hereof, shall not be deemed to limit the right of the Port Authority to, at any time, give another notice of one or more deficiencies pursuant to this subparagraph or notice pursuant to subparagraph (ii) below.

(ii) The Port Authority may at any time and from time to time during the term of this Agreement, but only after the issuance of a notice described above and giving the opportunity to cure as provided above, advise the Lessee, by notice, that commencing on a date to be specified in such notice, which shall be not less than ninety (90) days after the giving thereof, the Port Authority will perform the Assumable Maintenance and Repair. Such date as the same may be established from time to time shall be the "Assumable Maintenance and Repair Effective Date".

Subdivision III. Performance of the Assumable Maintenance and Repair

(a) The Port Authority shall perform the Assumable Maintenance and Repair from and after the Assumable Maintenance and Repair Effective Date with the Cost of Assumable Maintenance and Repair to be paid by the Lessee as provided in Subdivision IV below.

(b) The Lessee and the Port Authority each acknowledge and agree that the rights and obligations of the Port Authority and the Lessee hereunder are limited to the performance of all of the Assumable Maintenance and Repair by the Port Authority and not of particular portions thereof.

(c) The Lessee shall give its full cooperation to the Port Authority so as to better enable the Port Authority and its contractors to perform the Assumable Maintenance and Repair and the Port Authority and its employees, agents and contractors shall have the right to enter the premises at all reasonable times to perform the Assumable Maintenance and Repair.

Subdivision IV. Payment for the Assumable Maintenance and Repair

The Cost of the Assumable Maintenance and Repair shall be payable by the Lessee from and after the Assumable Maintenance and Repair Effective Date as follows:

(a) The Port Authority shall establish monthly interim billing rates. Such billing rates shall be based upon determinations by the Port Authority of its estimate of the Cost of the Assumable Maintenance and Repair for the calendar year or; for the portion of the calendar year in which the Assumable Maintenance and Repair Effective Date, if less than a calendar year, shall occur or for the portion of the calendar year during which the term of this Agreement shall expire, if less than a calendar year. Such determinations shall be based upon the prior calendar year's experience, if any, and upon other such reasonable basis as the Port Authority shall select. The Port Authority may prospectively revise its billing rates during any calendar year. The Lessee shall pay current billings as they are received.

(b) As soon as practicable after the expiration of each calendar year, the Port Authority shall determine the actual Cost of the Assumable Maintenance and Repair for the preceding calendar year and shall determine the amounts payable by the Lessee. In the event the Assumable Maintenance and Repair Date does not fall on the first day of a calendar year or in the event the term of this Agreement expires on a day other than the last day of a calendar year the Annual Capital Cost for said calendar year shall be prorated based on the number of days during said calendar year during which the Port Authority provides the Assumable Maintenance and Repair. Corrected billings based upon such determination shall thereupon be rendered by the Port Authority to the Lessee and if any monies are due to the Port Authority they shall be promptly paid by the Lessee and if any monies are due to the Lessee they shall be credited to it.

Subdivision V. Limitation of Port Authority Obligations and No Waiver of Rights of Port Authority

(a) The right and obligation of the Port Authority to perform the Assumable Maintenance and Repair shall not release, waive or affect the obligations of the Lessee with respect thereto set forth in any provision of this Agreement, nor limit, waive or affect any rights of termination with respect thereto, including but not limited to, the right of the Port Authority to terminate this Agreement, whether before or after the occurrence of the Assumable Maintenance and Repair Effective Date pursuant to Section 29 of this Agreement.

(b) The Port Authority shall not be obligated to the Lessee to furnish the Assumable Maintenance and Repair at any time while the Lessee shall be in default under this Agreement.

(c) No failure, delay or interruption in performing the Assumable Maintenance and Repair by the Port Authority shall be or be construed to be an eviction of the Lessee or grounds for the diminution or abatement of rentals, fees, or other charges, or (unless resulting from the negligence or wilful failure of the Port Authority) shall be grounds for termination of this Agreement by the Lessee pursuant to Section 52 hereof or for any claims by the Lessee for damages, consequential or otherwise.

(d) The Port Authority shall be under no obligation to perform the Assumable Maintenance and Repair if and to the extent that during any period such performance shall be prohibited, limited or rationed by any federal, state or municipal law, rule, regulation, requirement, order or direction and if the Port Authority deems it in the public interest to comply therewith, even though such law, rule, regulation, requirement, order or direction may not be mandatory on the Port Authority as a public agency. Furthermore, the obligation of the Port Authority to perform the Assumable Maintenance and Repair shall be deemed limited and modified during any period that repair or rebuilding of the premises is required pursuant to Section 14 or Section 16 hereof.

Subdivision VI. Return of the Assumable Maintenance and Repair to the Lessee

At any time and from time to time after the Port Authority may have exercised its rights under Subdivision II (a) (ii)) to perform the Assumable Maintenance and Repair the Port Authority shall have the right, upon notice to the Lessee to return the obligation to perform the Assumable Maintenance and Repair to the Lessee commencing on a date to be specified in such notice which date shall be not less than thirty (30) nor more than ninety (90) days from the giving of such notice. Such date shall be "the Return Date of the Assumable Maintenance and

Repair". From and after the Return Date of the Assumable Maintenance and Repair the Lessee shall perform the Assumable Maintenance pursuant to and in accordance with all the terms and provisions of the Lease including, but not limited to, this Section 17.

From and after the Return Date of the Assumable Maintenance and Repair the Lessee shall continue to pay the cost of Assumable Maintenance and Repair, it being understood, that nothing herein shall release or be deemed to release the Lessee from the payment to the Port Authority of the cost of Assumable Maintenance and Repair including that portion thereof consisting of the Annual Capital Cost in accordance with Subdivision IV hereof arising prior to the Return Date of the Assumable Maintenance and Repair; nor shall anything herein require the Port Authority to make any calculation or determination with respect to the cost of Assumable Maintenance and Repair prior to the time specified therefor in Subdivision IV hereof.

Section 18. Joint Periodic Condition Survey

In addition to and without limiting Sections 10 through 17 and Sections 21, 22, 24, 36 and 87 hereof or any other term, provision, covenant or condition of this Agreement, the Lessee and the Port Authority hereby agree that, in addition to any other inspection of the premises which may be made under any other Section of this Agreement or otherwise, a Condition Survey (as hereinafter defined) of the premises shall be conducted by the Contractor (as hereinafter defined) at each of the time periods specified below subject to and in accordance with the following terms and conditions:

(a) As used herein the following terms shall have the following meanings:

(1) "Condition Survey" shall mean an inspection by the Contractor of the premises, including without limitation the then current state of cleaning, maintenance, janitorial services, painting, structural and nonstructural conditions, surface and subsurface conditions, environmental conditions, lighting of building areas, ramp and apron areas, and the condition of utilities and utility systems, fire-fighting and fire protection equipment and systems, communications and communications systems, antipollution systems and devices, fuel facilities and systems, and the Lessee's fixtures, equipment and personal property, and also including the items mentioned or covered by Sections 10 through 17, 21, 24, 36 and 87 hereof;

(2) "Contract" and "Condition Survey Contract" shall mean and refer to a contract awarded to a contractor, or entered into between the Port Authority and a contractor, for the performance by such contractor of a Condition Survey at any of the applicable times as specified in subparagraph (b) hereof;

(3) "Contractor" shall mean and refer to the contractor to whom the Contract is awarded by the Port Authority, or with whom the Port Authority enters into a Contract, for a Condition Survey which contractor shall be a reputable engineering firm, licensed or authorized to do business in the State of New York;

(4) "Costs of the Condition Survey" shall mean and include with respect to each Condition Survey all sums paid and expenses incurred by the Port Authority, including without limitation all interest, costs, damages and penalties, in accordance with the provisions of Section 22 hereof, and including without limitation, with respect to each Contract, all amounts paid or to be paid to the Contractor under the terms of its Contract for, relating to or in connection with Condition Survey work to be performed under the Contract;

(5) "Contract Condition Survey Report" and "Report" shall mean the report prepared by the Contractor under its Contract after its completion of the Condition Survey work under its Contract including without limitation any and all recommendations for repair, maintenance, rebuilding and cleaning of all items or areas covered by the Condition Survey;

(6) "Report Date" shall mean the date of the Port Authority's written notice to the Lessee by which the Port Authority delivers to the Lessee the Report prepared by the Contractor after its completion of the Condition Survey under its Contract including without limitation any and all recommendations for repair, maintenance, rebuilding and cleaning of items or areas covered by the Condition Survey; as such Date is set forth in said written notice signed by the Director of the Aviation Department of the Port Authority.

(b) No earlier than sixty (60) days preceding the expiration of each period consisting of five (5) consecutive years occurring during the term of this Lease, beginning with the first such five-year period which commences on the D.B.O. (as defined in Section 4 I.(a)(3) hereof), and no earlier than sixty

(60) days preceding the last day of the month which constitutes the twelfth month preceding the expiration date of the term of the letting under this Agreement, the Port Authority may advise the Lessee of a proposed contract including the name of the proposed contractor who will perform a Condition Survey, as defined above. Within thirty (30) days after the Port Authority's notice to the Lessee, the Lessee shall advise the Port Authority in writing of its concurrence or objection to the proposed contract. In the event the Lessee fails to respond during the said time period said nonresponse shall be deemed a concurrence and the Port Authority shall proceed with the said contract for purposes of performing a Condition Survey. In the event the Lessee notifies the Port Authority of its objections to the proposed contract or contractor the parties hereby agree to consult with each other in good faith to resolve such dispute. If such resolution is not reached within a reasonable period of time not to exceed thirty (30) days, then the Port Authority, if it so elects, shall make a determination as to the issue or issues in dispute. The parties hereby agree that the Port Authority's determination of said issues, including the Contract and the Contractor shall be final.

(c) It is hereby expressly understood and agreed that the selection of each Contractor for the purposes of a Condition Survey and including the award of any contract to such contractor shall be subject to and consistent with the Port Authority's policies and practices for the selection and award of similar contracts and the Port Authority shall have as full a right to require the use of competitive bidding and award, or other basis of award, for any such contract as if the work on such contract were being performed solely for the Port Authority; and further that the Contract shall contain terms and conditions which are standard to Port Authority contracts or consistent with such standard provisions.

(d) (1) With respect to each Condition Survey, all Costs of the Condition Survey shall be shared equally between the Port Authority and the Lessee. Accordingly, the Lessee hereby agrees to pay to the Port Authority fifty percent (50%) of the Costs of the Condition Survey with respect to each Condition Survey as follows:

The Lessee shall pay to or reimburse the Port Authority for the Costs of the Condition Survey as follows: The Port Authority shall after the completion of the Condition Survey work under a Contract and, if it elects, also from time to time during the course of the performance of the Condition Survey work under such Contract, submit to the Lessee a certificate or certificates setting forth the Costs of the Condition Survey at the date of

each such certificate. Within thirty (30) days after the delivery of each such certificate, the Lessee shall pay to the Port Authority an amount representing fifty percent (50%) of said Costs of the Condition Survey as such amount is set forth in said certificate. Upon its final determination of the Costs of the Condition Survey, the Port Authority shall submit to the Lessee a certificate marked "Final" setting forth the final determination of the Costs of the Condition Survey with respect to each Contract, and the Lessee shall and hereby agrees to pay to the Port Authority within thirty (30) days of such certificate an amount representing fifty percent (50%) of said Costs of the Condition Survey as such amount is set forth in said certificate; provided, however, that neither the foregoing nor any certificate delivered by the Port Authority, nor any payment made by the Lessee shall waive, affect, or impair any right of the Port Authority of review and audit with respect to the Costs of the Condition Survey and with respect to each Contract and provided, further, however, that in the event any such review or audit by the Port Authority requires an adjustment of the Costs of the Condition Survey the Lessee shall be promptly credited with or shall pay to the Port Authority all amounts required by such adjustment.

(2) Any and all amounts required to be paid by the Lessee hereunder may be added to any installment of rent thereafter due hereunder and each and every part of the same shall be and become additional rent, recoverable by the Port Authority in the same manner and with like remedies as if it were part of the rent as set forth in Section 4 hereof.

(e) The Lessee hereby agrees to and shall commence within ninety (90) days after the Report Date all items and all action required or recommended to be taken as set forth in each Contract Condition Survey Report and the written notice of the Port Authority delivering said Report, unless the Port Authority expressly advises the Lessee to the contrary, and shall diligently continue the same to completion provided, however, that fire safety, life safety, security and other emergency response systems shall be promptly commenced.

(f) The Lessee hereby agrees that the Contractor shall have all rights of entry to the premises during all reasonable times as appropriate or required to perform or complete the Condition Survey and the Report under the applicable Contract.

(g) It is expressly understood and agreed that neither the provisions hereof nor the right of the Port Authority to have the Lessee perform and complete the work required by the Report nor any such performance by the Lessee, nor the obligation of the

Lessee to so perform and complete such work, nor any failure of the parties to select a contractor for the purposes hereunder, nor any failure of any Contractor to perform and complete a Contract, nor any failure by the Lessee or the Port Authority to pay the Costs of the Condition Survey with respect to any Contract, or any portion thereof, shall or shall be deemed to release, waive, affect, restrict or impair any of the obligations duties, responsibilities or liabilities of the Lessee under any term, provision, covenant or condition of this Agreement nor to limit, waive, affect, restrict or impair any right or remedy of the Port Authority, or any right or rights of termination of the Port Authority with respect thereto, including but not limited to the right of the Port Authority to terminate this Agreement whether before or after the Report Date or any of the rights of the Port Authority under and as set forth in Sections 14 (d) 17, 22 and 24 hereof. Without limiting the foregoing, it is expressly understood and agreed that the Lessee shall not postpone or delay any action, maintenance, rebuilding or repair or other item or thing required to be taken by the Lessee under any other section of this Agreement on the basis of the provisions of this Section.

(h) Notwithstanding anything to the contrary, the Port Authority shall have the right, exercisable in its sole and complete discretion, to exclude from the scope of a Condition Survey with respect to any Contract those items covered by Section 17 hereof for or during such period or periods, if any, when the Port Authority has elected to exercise its rights under Section 17 hereof to perform the Assumable Maintenance and Repair.

Section 19. Indemnity and Liability Insurance

(a) The Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees and representatives, from and against (and shall reimburse the Port Authority for the Port Authority's costs and expenses including legal expenses incurred in connection with the defense of) all claims and demands of third persons including, but not limited to, claims and demands for death or personal injuries, or for property damages arising out of a breach or default of any term or provision of this Agreement by the Lessee or any partner of the Lessee or out of the use or occupancy of the premises by the Lessee or any partner of the Lessee, or by others with its consent (including but not limited to Approved Sublessees), or out of any other acts or omissions of the Lessee or any partner of the Lessee, or the officers and employees, guests, invitees and business visitors of the Lessee or of any partner of the Lessee or of any Approved Sublessee on the premises or arising

out of the acts or omissions of the Lessee or any partner of the Lessee or of any Approved Sublessee or the officers and employees of the Lessee or of any partner of the Lessee or of any Approved Sublessee elsewhere at the Airport (excepting only claims and demands arising from the sole negligence of the Port Authority), including claims and demands of the City of New York, from which the Port Authority derives its rights in the Airport, for indemnification, arising by operation of law or through agreement of the Port Authority with the said City.

(b) If so directed, the Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority.

(c) In addition to the obligations set forth in paragraph (a) of this Section and all other insurance required under this Agreement, the Lessee prior to any use or occupancy of the premises or any portions thereof (other than solely for purposes of the construction work) and thereafter during the term of this Agreement in its own name as insured and including the Port Authority as an additional insured shall maintain and pay the premiums on a policy or policies of Comprehensive General Liability insurance, including premises-operations, products liability, liquor liability, completed operations, and covering bodily injury, including death, and property damage liability, broadened to include or equivalent separate policies covering aircraft liability, none of the foregoing to contain care, custody or control exclusions, and providing for coverage in the limits set forth below, and Comprehensive Automobile Liability Insurance covering owned, non-owned and hired vehicles and providing for coverage in the limits set forth below. As to the said Comprehensive General Liability Insurance the Lessee may, in lieu of the foregoing requirement with respect to care, custody and control exclusions, elect, in its own name as insured and including the Port Authority as an additional insured as its interest may appear, to maintain and pay the premiums on a Baggage Legal Liability, a Cargo Legal Liability and a Real Property Liability policy or policies in the limits set forth below.

The said Comprehensive General Liability insurance policy shall have a limit of not less than $100,000,000 combined

single limit per occurrence for bodily injury and property damage liability. The said Comprehensive Automobile Liability insurance shall have a limit of not less than $25,000,000 combined single limit per accident for bodily injury and property damage liability.

The minimum limits as to the aforesaid Baggage Legal Liability, Cargo Legal Liability and Real Property Legal Liability policy and policies shall be as follows:

Baggage Legal Liability	$10,000,000
Cargo Legal Liability	$10,000,000
Real Property Legal Liability (Fire Legal Liability)	$10,000,000

Without limiting the provisions hereof, in the event the Lessee maintains the foregoing insurance in limits greater than aforesaid, the Port Authority shall be included therein as an additional insured to the full extent of all such insurance in accordance with the all the terms and provisions hereof.

All of the said policy or policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority and shall also provide or contain an endorsement providing that the protections afforded the Port Authority thereunder and with respect to any claim or action against the Port Authority by the Lessee shall be the same as the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person as if the Port Authority were the named insured thereunder but such endorsement shall not limit, vary, change, or affect the protection afforded the Port Authority thereunder as an additional insured. The said policy or policies of insurance shall also provide or contain a contractual liability endorsement covering the obligations assumed by the Lessee under paragraph (a) hereof.

Notwithstanding the foregoing, it is specifically understood and agreed that the Port Authority shall have the right upon notice to the Lessee given from time to time and at any time to require the Lessee to increase any or all of the foregoing limits to reasonably commercial amounts and the Lessee shall promptly comply therewith and shall promptly submit a certificate or certificates evidencing the same to the Port Authority.

(d) Without limiting the provisions hereof, in the event the Lessee maintains the foregoing insurance in limits greater than aforesaid, the Port Authority shall be included therein as an additional insured to the full extent of all such insurance in accordance with all the terms and provisions hereof.

(e) As to the insurance covered by the provisions of Section 2 (d) 11, hereof, a certified copy of the policies or a certificate or certificates or binders, evidencing the existence thereof, or binders, shall be delivered by the Lessee to the Port Authority at least thirty (30) days prior to the commencement date of the letting; as to the insurance required by the provisions of this Section 19 such delivery shall be made by the Lessee at least thirty (30) days prior to any use (other than solely for purposes of the construction work under Section 2 hereof) of any portions of the premises. Each policy, certificate or binder delivered as aforesaid shall bear the endorsement of or be accompanied by evidence of payment of the premium thereon. In the event a binder is delivered, it shall be replaced within thirty (30) days by a certified copy of the policy or a certificate. Each such copy or certificate shall contain a valid provision or endorsement that the policy may not be cancelled, terminated, changed or modified without giving thirty (30) days' written advance notice thereof to the Port Authority. Each such copy or certificate shall contain an additional endorsement providing that the insurance carrier shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority. Any renewal policy shall be delivered to the Port Authority at least thirty (30) days prior to the expiration of each expiring policy, except for any policy expiring after the date of expiration of the term of this Agreement. The aforesaid insurance shall be written by a company or companies approved by the Port Authority, the Port Authority agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to the form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If the Port Authority at any time so requests, the Lessee shall make available to the Port Authority at a location in the Port of New York District, during normal business hours, the original or a certified copy of the entirety

of each of the said policies and shall, upon request, deliver to the Port Authority a certified copy of such portions of said policies pertaining to the coverage hereunder as the Port Authority shall request.

Section 20. Signs

(a) Except with the prior written approval of the Port Authority, the Lessee shall not erect, maintain or display any signs or any advertising at or on the exterior parts of the premises or in the premises so as to be visible from outside the premises or at or on any other portion of the Airport outside the premises. Interior signs affecting public safety and security shall be in accordance with established Port Authority standards.

(b) Upon the expiration or termination of the letting, the Lessee shall remove, obliterate or paint out, as the Port Authority may direct, any and all signs and advertising on the premises or elsewhere on the Airport and in connection therewith shall restore the portion of the premises and the Airport affected by such signs or advertising to the same condition as existing prior to the installation of such signs and advertising. In the event of a failure on the part of the Lessee so to remove, obliterate or paint out each and every such sign or advertising and so to restore the premises and the Airport, the Port Authority may perform the necessary work and the Lessee shall pay the cost thereof to the Port Authority on demand.

Section 21. Obstruction Lights

The Lessee shall furnish such obstruction lights as the Port Authority shall direct, of the type and design approved by the Port Authority, and shall install said lights in the locations on the premises designated by the Port Authority and shall maintain them in first class operating condition at all times. The Lessee shall furnish and install the bulbs and furnish the electricity necessary for the operation of said lights, and shall operate the same in accordance with the directions of the Port Authority. The Port Authority hereby directs that all said obstruction lights shall, until further notice be operated daily for a period commencing thirty (30) minutes before sunset and ending thirty (30) minutes after sunrise (as sunset and sunrise may vary from day to day throughout the year) and for such other periods as may be directed or requested by the control tower at the Airport.

Section 22. Additional Rent and Charges

If the Port Authority is required or elects to pay the sum or sums or incurs any obligations or expense by reason of the failure, neglect or refusal of the Lessee to perform or fulfill any one or more of the conditions, covenants or agreements contained in this Agreement or as a result of an act or omission of the Lessee contrary to the said conditions, covenants and agreements, the Lessee agrees to pay the sum or sums so paid or the expense so incurred including all the interest, costs, damages and penalties, and the same may be added to any installment of rent thereafter due hereunder, and each every part of the same shall be and become additional rent, recoverable by the Port Authority in the same manner and with like remedies as if it were originally a part of the rent as set forth in Section 4.

Section 23. Late Charges

If the Lessee should fail to pay any amount required to be paid by the Lessee under this Agreement when due to the Port Authority, including without limitation any payment of basic rental or other rental or Handling Percentage Fees or Subletting Percentage Fees or other fees or any payment of utility or other charges or if any such amount is found to be due as the result of an audit, then, in such event, the Port Authority may impose (by statement, bill or otherwise) a late charge with respect to each such unpaid amount for each late charge period (hereinbelow described) during the entirety of which such amount remains unpaid, each such late charge not to exceed an amount equal to eight tenths of one percent of such unpaid amount for each late charge period. There shall be twenty-four late charge periods on a calendar year basis; each late charge period shall be for a period of at least fifteen (15) calendar days except one late charge period each calendar year may be for a period of less than fifteen (but not less than thirteen) calendar days. Without limiting the generality of the foregoing, late charge periods in the case of amounts found to have been owing to the Port Authority as the result of Port Authority audit findings shall consist of each late charge period following the date the unpaid amount should have been paid under this Agreement. Each late charge shall be payable immediately upon demand made at any time therefor by the Port Authority. No acceptance by the Port Authority of payment of any unpaid amount or of any unpaid late charge amount shall be deemed a waiver of the right of the Port Authority of payment of any late charge or late charges payable under the provisions of this Section with respect to such unpaid amount. Each late charge shall be and become additional rent, recoverable by the Port Authority in the same manner and with

like remedies as if it were originally a part of the rental. Nothing in this Section is intended to, or shall be deemed to, affect, alter, modify or diminish in any way (i) any rights of the Port Authority under this Agreement, including without limitation the Port Authority's rights to terminate set forth in Section 29 of this Agreement or (ii) any obligations of the Lessee under this Agreement. In the event that any late charge imposed pursuant to this Section shall exceed a legal maximum such late charges payable under this Agreement shall be payable instead at such legal maximum.

Section 24. Rights of Entry Reserved

(a) The Port Authority, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the premises for the purpose of inspecting the same, for observing the performance by the Lessee of its obligations under this Agreement, and for the doing of any act or thing which the Port Authority may be obligated or have the right to do under this Agreement.

(b) Without limiting the generality of the foregoing, the Port Authority, by its officers, employees, agents, representatives, and contractors, and furnishers of utilities and other services, shall have the right, for its own benefit, for the benefit of the Lessee, or for the benefit of others than the Lessee at the Airport, to maintain existing and future utility, mechanical, electrical and other systems and to enter upon the premises at all reasonable times to make such repairs, replacements or alterations as may, in the opinion of the Port Authority, be deemed necessary or advisable and, from time to time, to construct or install over, in or under the premises new systems or parts thereof, and to use the premises for access to other parts of the Airport otherwise not conveniently accessible; provided, however, that in the exercise of such rights of access, repair, alteration or new construction the Port Authority shall not unreasonably interfere with the use and occupancy of the premises by the Lessee.

(c) Further, without limiting the generality of this Section, the Port Authority, by its officers, employees, agents, representatives and contractors and furnishers of service shall have the right, for its own benefit, for the benefit of the Lessee, or for the benefit of others than the Lessee at the Airport to maintain the portions of the Distribution Portion of the Underground Fuel Distribution System, as defined in Section 85 hereof, located under or on the premises and to enter upon the premises at all times to make such repairs, replacements or alterations to the Distribution Portion of the Underground Fuel

Distribution System as may, in the opinion of the Port Authority, be deemed necessary or desirable and, from time to time to construct or install over, in or under the premises additions or extensions to said Distribution Portion of the Underground Fuel Distribution System; provided, however, that in the exercise of such rights of access, repair, alteration or new construction the Port Authority shall not unreasonably interfere with the use and occupancy of the premises by the Lessee pursuant to the provisions of this Agreement.

Neither the Distribution Portion of the said Underground Fuel Distribution System nor any part thereof shall be or be deemed to be a part of the premises under the Lease.

(d) In the event that any property of the Lessee shall obstruct the access of the Port Authority, its employees, agents or contractors to any of the existing or future utility, mechanical, electrical and other systems and thus shall interfere with the inspection, maintenance or repair of any such system, the Lessee shall move such property, as directed by the Port Authority, in order that access may be had to the system or part thereof for its inspection, maintenance or repair, and, if the Lessee shall fail to so move such property after direction from the Port Authority to do so, the Port Authority may move it and the Lessee hereby agrees to pay the cost of such moving upon demand.

(e) Nothing in this Section shall or shall be construed to impose upon the Port Authority any obligations so to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure so to do. The Lessee is and shall be in exclusive control and possession of the premises and the Port Authority shall not in any event be liable for any injury or damage to any property or to any person happening on or about the premises nor for any injury or damage to the premises or to any property of the Lessee or of any other person located in or thereon (other than those occasioned by the affirmative acts of the Port Authority, its employees, agents and representatives).

(f) At any time and from time to time during ordinary business hours within the six (6) months next preceding the expiration of the letting, the Port Authority, for and by its agents and employees, whether or not accompanied by prospective lessees, occupiers or users of the premises, shall have the right to enter thereon for the purpose of exhibiting and viewing all parts of the same.

(g) If, during the last month of the letting, the Lessee shall have removed all or substantially all its property from the premises, the Port Authority may immediately enter and alter, renovate and redecorate the premises.

(h) The exercise of any or all of the foregoing rights by the Port Authority or others shall not be or be construed to be an eviction of the Lessee and shall not be made the grounds for any abatement of rental nor any claim or demand for damages, consequential or otherwise.

Section 25. Condemnation

(a) Definitions

As used in this Section the phrase, "temporary interest," when used with reference to real property, shall mean an interest in such real property entitling the owner of such interest to the possession of such property (whether or not such interest includes or is coextensive with an interest of the Lessee therein under this Agreement), for an indefinite term or for a term terminable at will or at sufferance or for a term measured by a war or an emergency or other contingency or for a fixed term expiring prior to the expiration date of this Lease; and the phrase "permanent interest", when used with reference to real property, shall mean an interest in such real property entitling the owner of such interest to possession thereof, other than a temporary interest as above defined, including among others a fee simple and an interest for a term of years expiring on or after the expiration date of this Agreement.

As used in this Section with reference to any premises or facilities leased to the Lessee for its exclusive use or with reference to the Public Landing Area, the phrase "a material part" shall mean such a part of the said premises or said Public Landing Area that the Lessee cannot continue to operate the premises for the purposes set forth or mentioned in Section 5 hereof without using such part.

(b) Condemnation or Taking of a Permanent Interest in All or any part of the premises or All or a Material Part of the Public Landing Area.

Upon the acquisition by condemnation or the exercise of the power of eminent domain by any body having a superior power of eminent domain of a permanent interest in all or any part of the premises or of a permanent interest in all or any part of the Public Landing Area (any such acquisition under this Section 25 hereinafter referred to as a "taking"), the Port Authority shall

purchase from the Lessee, and the Lessee shall sell to the Port Authority, the Lessee's leasehold interest (excluding any personal property whatsoever) in the premises except that in the event of a taking of less than all of the said premises, the Port Authority shall purchase and the Lessee shall sell only so much of the Lessee's leasehold interest in the premises as are taken. The sole and entire consideration to be paid by the Port Authority to the Lessee shall be an amount equal to the Unamortized Capital Investment (as defined in Section 85 hereof), if any, of the Lessee in the premises or, in the event of a taking of less than all of the said premises, an amount equal to the Unamortized Capital Investment (as defined in Section 85 hereof), if any, of the Lessee in so much of the premises as are taken. However, the Port Authority shall purchase and the Lessee shall sell only if the consideration paid by the Port Authority therefor will constitute "unamortized Port Authority funds other than bond proceeds or Federal or State grants expended for capital improvements at the municipal air terminals," within the meaning of said phrase as used in Section 23, I, D of the Basic Lease or if an amount not less than such consideration can otherwise be retained by the Port Authority (and not be required to be paid to the City of New York) out of the damages or award in respect to such taking without violation of any obligation of the Port Authority to the City of New York under the Basic Lease. Such purchase and sale shall take effect as of the date upon which such body having superior power of eminent domain obtains possession of any such permanent interest in the demised premises or in the Public Landing Area, as the case may be, and in that event, the Lessee (except with respect to its personal property), shall not have any claim or right to claim or be entitled to any portion of the amount which may be awarded as damages or paid as a result of such taking, and all rights to damages, if any, of the Lessee (except for damages to its personal property) by reason thereof are hereby assigned to the Port Authority.

If however, the amount to be paid by the Port Authority (the Unamortized Capital Investment, as defined in Section 85 hereof, if any, of the Lessee in the premises) for such leasehold interest will not constitute "unamortized Port Authority funds other than bond proceeds or Federal or State grants, expended for capital improvements at the municipal air terminals," within the meaning of said phrase as used in Section 23, I, D of the Basic Lease or if an amount not less than such consideration cannot otherwise be retained by the Port Authority (and not be required to be paid to the City of New York) out of the damages or award in respect to such taking without violation of any obligation of the Port Authority to the City of New York under the Basic Lease, then the aforesaid agreement to purchase and sell said leasehold interest shall be null and void; and in any such event, the

Lessee shall have the right to appear and file its claim for damages in the condemnation or eminent domain proceedings, to participate in any and all hearings, trials and appeals therein, and to receive such amount as it may lawfully be entitled to receive as damages or payment as a result of such taking, because of its leasehold interest in the premises, up to but not in excess of an amount equal to the Unamortized Capital Investment (as defined in Section 85 hereof), if any, of the Lessee in the premises. The Port Authority and the Lessee hereby agree that as full and final settlement of any sum that may be due as rent or otherwise for the balance of the term of this Lease, the Lessee will pay to the Port Authority the excess, if any, which the Lessee may be entitled to receive over the foregoing sum. If there be no excess, any sum that may be due as rent or otherwise for the balance of the term of this Lease shall abate.

In the event of the taking of all of the premises and if the Lessee has no Unamortized Capital Investment (as defined in Section 85 hereof) in the premises at the time of the taking, then the aforesaid agreement to purchase and sell said leasehold interest shall be null and void; and in that event, this Lease and all rights granted by this Lease to the Lessee to use or occupy the premises for its exclusive use or for its use in common with others at the Airport and all rights, privileges, duties and obligations of the parties in connection therewith or arising thereunder shall terminate as of the date of the taking, and in that event, the Lessee (except with respect to its personal property) shall not have any claim or right to claim or be entitled or paid as a result of such taking, and all rights to damages, if any, of the Lessee (except for damages to its personal property) by reason thereof are hereby assigned to the Port Authority.

In the event that the taking covers only a material part of the premises, then the Lessee and the Port Authority shall each have an option exercisable by notice given within (10) days after the effective date of such taking to terminate the letting hereunder with respect to the premises not taken, as of the date of such taking and such termination shall be effective as if the date of such taking were the original date of expiration hereof. If the Port Authority exercises this option, it shall purchase from the Lessee the Lessee's leasehold interest (excluding any personal property whatsoever) in the premises not taken for a consideration equal to the Unamortized Capital Investment (as defined in Section 85 hereof), if any, of the Lessee in the premises not taken. If the letting of the entire premises is not terminated, the settlement or abatement of rentals after the date possession is taken by the body having a superior power of eminent domain shall be in accordance with Section 4 hereof.

(c) Condemnation or Taking of a Permanent Interest in Less Than a Material Part of the Public Landing Area.

Upon the acquisition by condemnation or the exercise of the power of eminent domain by a body having a superior power of eminent domain of a permanent interest in less than a material part of the Public Landing Area, the Port Authority and the Lessee each shall have the right to appear and file claims for damages, to the extent of their respective interests, in the condemnation or eminent domain proceedings, to participate in any and all hearings, trials and appeals therein, and receive and retain such amount as they may lawfully be entitled to receive as damages or payment as a result of such taking. However, if at the time of such taking the Lessee has no Unamortized Capital Investment (as defined in Section 85 hereof) in the premises, in that event, the Lessee (except with respect to its personal property) shall not have any claim or right to claim or be entitled to any portion of the amount which may be awarded as damages or paid as a result of such taking, and all rights to damages, if any, of the Lessee (except for damages to its personal property) by reason thereof are hereby assigned to the Port Authority.

(d) Condemnation or Taking of a Temporary Interest in All or Any Part of the Premises or All or a Material Part of the Public Landing Area.

Upon the acquisition by condemnation or the exercise of the power of eminent domain by a body having a superior power of eminent domain of a temporary interest in all or any part of the premises or of a temporary interest in all or a material part of the Public Landing Area, there shall be no abatement of any rental payable by the Lessee to the Port Authority under the provisions of the Agreement but the Lessee shall have the right to claim and in the event of an award thereof shall be entitled to retain the amount which may be awarded as damages or paid as a result of the condemnation or other taking of such temporary interest, provided, that the Lessee shall be obligated to pay over to the Port Authority all such payments as may be made to the Lessee as damages or in satisfaction of such claim, after deduction of (a) reasonable expenses incurred by the Lessee in the prosecution of such claim; (b) an amount equal to the Unamortized Capital Investment (as defined in Section 85 hereof), if any, of the Lessee in the premises, or in the event of a taking of less than all of the said premises, an amount equal to such Unamortized Capital Investment in the premises as are taken, to the extent in either case that the same is to be amortized

over the period of the taking; and (c) the then present capitalized value of the Lessee's obligation for rentals thereafter payable during the period of the taking in respect to the demised premises, or, in the event of a taking of less than all of the said premises, in respect to the premises so taken.

In the event that the taking covers a material part but less than all of the premises, then the Lessee and the Port Authority shall each have an option, exercisable by notice given within ten (10) days after the effective date of such taking, to suspend the term of the letting of such of the premises as are not so taken during the period of the taking, and, in that event, the rentals for such premises shall abate for the period of the suspension. If the Port Authority exercises the option, it shall purchase from the Lessee the Lessee's leasehold interest (excluding any personal property whatsoever) in the premises not taken for the period of suspension for a consideration equal to the Unamortized Capital Investment (as defined in Section 85 hereof), if any, of the Lessee in such premises which is to be amortized over the period of such suspension.

(e) Condemnation or Taking of a Temporary Interest in Less Than a Material Part of the Public Landing Area.

Upon the acquisition by condemnation or the exercise of the power of eminent domain by a body having a superior power of eminent domain of a temporary interest in less than a material part of the Public Landing Area, the Lessee shall not have any claim or right to claim or be entitled to any portion of the amount which may be awarded as damages or paid as a result of such condemnation or taking, and all rights to damages, if any, of the Lessee, including consequential damages, by reason of such condemnation or taking, are hereby assigned to the Port Authority.

Section 26. Right of Termination - Partnership Changes/Securities Ownership

(a) The Lessee has herein represented and warranted to the Port Authority, pursuant to and as set forth in paragraph (c) below, that the Lessee is a domestic limited partnership formed and existing under the laws of the State of New York (the Revised Limited Partnership Act: Article 8-A of the Partnership Law of the State of New York) having the General Partner and the Airline Partners as defined and named in said paragraph (c). The occurrence of any one or more of the following events shall be and shall be deemed an event of termination under Section 29 of the Lease, and upon the occurrence of any such event or at any

time thereafter during the continuance thereof the Port Authority shall have the right to terminate the Lease and the letting hereunder pursuant to the provisions of said Section 29:

(1) Excepting only the General Partner and the Airline Partners of the Lessee as defined and named in paragraph (c) below, any individual, corporation, partnership or other entity in its own or any representative capacity shall have, own, obtain or hold, or have any right to have, own, obtain or hold, any partnership interest, in whole or in part, in the Lessee, whether directly from the Lessee or by agreement or consent or by transfer, sale, assignment, appointment, merger, consolidation, operation of law, or otherwise, or shall be or become or be admitted as, or have any right to be or become or to be admitted as, a partner of the Lessee, whether directly from the Lessee or by agreement or consent, or by transfer, sale or assignment of a partnership interest in whole or in part or by, appointment, merger, consolidation, operation of law, or otherwise; unless the Port Authority shall have given its prior written consent thereto; provided, however, and subject to the applicable provisions of the Airline Partner's Consent Agreement that the foregoing shall not apply to a Scheduled Aircraft Operator which becomes an airline partner as a result of a merger or consolidation with an Airline Partner or as a result of such Scheduled Aircraft Operator succeeding to the assets of such Airline Partner or the major portion of its assets related to its air transportation system where the said successor entity and the Airline Partner have complied with and satisfied the applicable provisions and conditions set forth in the Consent Agreement executed by the Lessee, the Port Authority and the Airline Partner, as an Approved Sublessee, including without limitation, the execution of an instrument in a form satisfactory to the Port Authority where said Scheduled Aircraft Operator as the successor entity assumes the obligations of the Airline Partner as if it were the original Approved Sublessee.

(2) Any individual, corporation, partnership or other entity in its own or any representative capacity shall have, own, hold or obtain or be granted a pledge, security interest, lien or other encumbrance, claim or right in or against any part or all of the partnership interest of any partner of the Lessee or of any certificate evidencing any part or all of such partnership interest; unless the Port Authority shall have given its prior written consent thereto;

(3) Any partner of the Lessee shall cease to be partner of the Lessee for any cause or reason whatsoever, and

(without limiting the foregoing) whether by removal, withdrawal, dissolution, merger, consolidation, operation of law, or otherwise, and notwithstanding that the same may or may not be pursuant to or in accordance with the Lessee's partnership agreement(s); unless the Port Authority shall have given its prior written consent thereto; provided, however, and subject to the applicable provisions of the Airline Partner's Consent Agreement that the foregoing shall not apply to an Airline Partner which ceases to be an Airline Partner as a result of a merger or consolidation with another Scheduled Aircraft Operator or a result of such Scheduled Aircraft Operator succeeding to the assets of such Airline Partner or the major portion of its assets related to its air transportation system where the said successor entity and the Airline Partner have complied with and satisfied the applicable provisions and conditions set forth in the Consent Agreement executed by the Lessee, the Port Authority and the Airline Partner, as an Approved Sublessee, including without limitation, the execution of an instrument in a form satisfactory to the Port Authority where said Scheduled Aircraft Operator as the successor entity assumes the obligations of the Airline Partner as if it were the original Approved Sublessee.

(4) (i) With respect to the General Partner as defined and named in paragraph (c) below, it is recognized that the Lessee has herein represented, pursuant to and as set forth in paragraph (c) below, that said General Partner is a privately held entity (as defined in paragraph (g) hereof). It is hereby expressly agreed that in the event the General Partner becomes or proposes to be or become a publicly owned entity (as defined in paragraph (i) below) the Lessee, promptly and no later than twenty (20) days after its filing of its prospectus or documents or forms with the Securities and Exchange Commission or any successor or substitute body ("SEC") shall submit to the Port Authority true and complete copies of such prospectus and other such documents and forms filed or to be filed with the SEC.

(ii) In the event the General Partner of the Lessee, as defined and named in paragraph (c) below shall at anytime be or become a publicly owned entity (as defined in paragraph (g) below), and any individual, corporation, partnership or other entity (other than the Airline Partners, as defined and named in paragraph (c) hereof) shall have direct or indirect beneficial ownership (as described below) of a portion of any class of outstanding voting securities of the General Partner in excess of twenty percent (20%)

thereof; unless the Port Authority shall have given its prior written consent thereto;

(iii) In the event the General Partner of the Lessee, as defined and named in paragraph (c) below at any time, as a privately held entity (as defined in paragraph (i) below) shall have any of its securities or shares or any rights or privileges thereunder held by any individual or entity other than the Airline Partners as defined and named in paragraph (c) hereof; unless the Port Authority shall have given its prior written consent thereto;

(5) Without limiting the above and in addition thereto, there shall be or occur any change in the ownership of the Lessee or of the General Partner contrary to the representations and warranties made with respect to said ownership in paragraph (c) of this Section 26.

(b) The foregoing rights of termination shall be in addition to all other rights of termination the Port Authority has under this Agreement and the failure of the Port Authority to exercise any right of termination under this Section at any time in which it may have such right shall not affect, waive or limit its right to exercise said right of termination at any subsequent time.

(c) (1) The Lessee represents and warrants to the Port Authority, knowing that the Port Authority is relying on the accuracy of such representations and warranties, that, at the time of execution of this Agreement:

(i) The Lessee is a domestic limited partnership formed and existing under and pursuant to the laws of the State of New York (the Revised Limited Partnership Act: Article 8-A of the Partnership Law of the State of New York) and that it has the following partners: one general partner, Terminal One Management, Inc., a corporation organized and existing under and pursuant to the laws of the State of New York (herein in this Agreement referred to as the "General Partner"); and four limited partners, Compagnie Nationale Air France, Japan Airlines Company, Ltd., Korean Air Lines Co. Ltd. and Deutsche Lufthansa Aktiengesellschaft (each of which is herein referred to as an "Airline Partner" and all of which are collectively referred to herein as the "Airline Partners"); and that the Airline Partners caused the incorporation of the General Partner as a corporation formed and existing under and pursuant to the laws of the State of New York as aforesaid;

(ii) With respect to the General Partner, that there have been issued and are outstanding 400 shares of the following classes owned by each of the Airline Partners as follows:

Class A -- 100 Shares - Compagnie Nationale Air France
Class B -- 100 Shares - Japan Airlines Company, Ltd.
Class C -- 100 Shares - Korean Air Lines Co., Ltd.
Class D -- 100 Shares - Deutsche Lufthansa Aktiengesellschaft

and that said voting securities constitute all of the outstanding voting securities and that all of said voting securities are held by the Airline Partners as herein set forth.

(2) By executing this Agreement, the Lessee further expressly acknowledges, covenants, represents and warrants to the Port Authority that the documents submitted to the Port Authority covering the formation of the Lessee as a limited partnership, as aforesaid, including the following "Certificate of Limited Partnership of Terminal One Group Association, L.P."; and "Certificate of Incorporation of Terminal One Management, Inc."; are true, correct, complete and final copies of the documents effectuating the formation of the Lessee as a limited partnership under and pursuant to the laws of the State of New York (the Revised Limited Partnership Act: Article 8-A of the Partnership Law of the State of New York) including the filing and publication requirements thereunder.

(d) The phrase "direct or indirect beneficial ownership" shall include without limiting the generality thereof the direct or indirect power through contract, arrangement, understanding, relationship or otherwise to dispose of or to direct the disposal of, or to vote or to direct the voting of, any voting security of a corporation.

(e) The term "voting security" shall include any stock, bond or other obligation of a corporation the holder of which has any voting rights including but not limited to the right to vote for the election of members of the board of directors of said corporation and shall include any security convertible into a voting security and any right, option or warrant to purchase a voting security.

(f) Without limiting any term, provision, covenant or condition of this Agreement, the Lessee shall promptly advise the Port Authority in writing addressed to the Port Authority's

Director of Aviation of any change in the representations and warranties made in paragraph (c) of this Section.

(g) A "publicly owned entity" shall be and mean one that has any class of securities subject to the registration requirements of the Securities Exchange Act of 1934, or any successor or substitute therefor. A "privately held entity" shall be and mean an entity which is not a publicly owned entity.

(h) The phrase "partner of the Lessee" shall mean and include any person admitted, as a general or limited partner, or both, to the limited partnership, Terminal One Group Association, L.P. the Lessee hereunder, including without limitation the General Partner and the Airline Partners named in paragraph (c) above.

(i) With respect to each Airline Partner of the Lessee as defined and named in paragraph (c) above, it is hereby understood and agreed that the Consent Agreement covering such Airline Partner shall contain or provide for additional Port Authority right or rights of revocation of such Consent Agreement on the basis of the following:

(i) Excepting only the applicable national government, any individual, corporation, partnership or other entity shall have direct or indirect beneficial ownership (as described below) of a portion of any class of outstanding voting securities of any such Airline Partner in excess of 30% thereof which shall result in a decrease in the amount of, and a change in the nature of its passenger aircraft operations at the Airport of the Airline Partner as an Approved Sublessee (as defined in Section 28 hereof); unless the Port Authority shall have given its prior written consent thereto;

(ii) There shall be an issuance, transfer, purchase or exchange of all or a portion of the securities of any such Airline Partner or of a subsidiary corporation of the Airline Partner or the creation, transfer, purchase or exchange of any rights or privileges thereunder, or the transfer, purchase or exchange of all or a portion of the assets of the Airline Partner or of a subsidiary corporation of the Airline Partner, which causes or results in a change in the relationship between the Airline Partner and a subsidiary corporation of the Airline Partner, or the Airline Partner and the holders of the securities of the Airline Partner, or the creation of another corporation for the purpose, among others, of accepting and holding securities of the Airline Partner, or which places control of the Airline

Partner in a single entity, or which effects, causes or results in a transfer or change in the entity exercising control over the Airline Partner unless the Port Authority shall have given its prior written consent thereto which shall in any such case result in a decrease in the amount of and a change in the nature of its passenger aircraft operations at the Airport of the Airline Partner as an Approved Sublessee (as defined in Section 28 hereof);

Section 27. Assignment to a Trust

In the event that the Port Authority is of the opinion that it is advisable, due to a failure by the Lessee to keep, perform, or observe any promise, covenant or agreement on its part to be kept, performed or observed hereunder after the expiration of the applicable cure period or notice period, if any, and the Port Authority is of the further opinion that it has determined, in its sole and absolute discretion, to invoke the provisions of this Section 27, the Port Authority and the Lessee agree that this Agreement, as the same may have been theretofore amended or supplemented and as then amended by a Supplement to be prepared by the Port Authority and executed by the Lessee and the Trust (described below) and delivered to the Port Authority for its execution, shall be assigned to a Trust, created as provided herein. The Trust shall be created by a Trust Indenture to be prepared by the Port Authority and executed by the Port Authority and the Lessee. The Trust would be under the voting control of the trustee designated by the Lessee, unless and until stipulated events of the type set forth as Triggering Events in Exhibit X occurred, in which event voting control would shift to the trustee designated by the Port Authority. The occurrence of such Triggering Events would be as certified by the independent trustee jointly designated by the Port Authority and the Lessee. The Port Authority agrees that it will simultaneously with the assignment of this Agreement, as the same may have been theretofore amended or supplemented, to the Trust, consent to the Trust entering into a sublease with the Trust as landlord and the Lessee, as sublessee, provided however that such sublease shall be a month-to-month periodical tenancy and the Trust Indenture shall provide for the same. If four consecutive calendar quarters shall elapse after voting control of the Trust shifted to the trustee designated by the Port Authority and (i) the Trustee designated by the Port Authority shall not have, by notice, advised the Lessee that it may no longer occupy the premises as a month-to-month periodical tenant pursuant to the aforesaid sublease and the Lessee in fact is so occupying and (ii) none of the aforesaid stipulated events shall have occurred or continued to occur or shall have again occurred, the Port Authority will, at the request of the Lessee prepare a

Supplemental Agreement to be executed by the Trust and the Lessee, and delivered to the Port Authority for its execution reassigning this Agreement to the Lessee. If the Trust becomes the assignee of this agreement as provided above, the Port Authority may at its election at any time thereafter prepare and tender to the Lessee and the Trust a Supplemental Agreement to be executed and delivered by each of them and returned to the Port Authority for its execution, reassigning this Agreement, as the same may have been theretofore amended or supplemented, to the Lessee.

Section 28. Assignment and Sublease

(a) The Lessee covenants and agrees that it will not sell, convey, transfer, mortgage, pledge or assign this Agreement or any part thereof, or any rights created thereby or the letting thereunder or any part thereof without the prior written consent of the Port Authority.

(b) The Lessee shall not sublet the premises or any part thereof, without the prior written consent of the Port Authority.

(c) As used in this Agreement, the term

(1) "Approved Sublessee" shall mean an Airline Partner as defined in Section 26 (c) hereof with whom the Lessee has entered into a sublease agreement, license agreement or other agreement for the use and occupancy of the premises by the Approved Sublessee which such agreement has been consented to by the Port Authority by the execution of a Consent Agreement among the Port Authority, the Lessee and the Approved Sublessee substantially in the form attached hereto, hereby made a part hereof and marked Exhibit CSL.

(2) The term "Approved Sublessees" shall mean the plural form of the term "Approved Sublessee" and shall include two or more of the Airline Partners with whom the Lessee has entered into a sublease agreement, license agreement or other agreement as aforesaid, and a Consent Agreement as aforesaid.

(d) (1) Subject to the terms and conditions of this Agreement, the Lessee shall have the right and the obligation and hereby covenants and agrees through the entire term of this Lease to sublease the premises (including exclusive and non-exclusive areas and preferential areas thereunder) to all of the Airline Partners as the Approved Sublessees, excepting the concession areas to be made available for consumer services pursuant to and

in accordance with Sections 59 through 68 hereof. Prior to executing any such sublease, the Lessee shall submit the form of such sublease agreement to the Port Authority for its review for consistency with the terms and provisions of this Lease. It is expressly understood and agreed (without limiting the provisions of paragraph (f) below) that any such sublease shall be conditioned upon the written approval and consent of the Port Authority which approval and consent shall in each instance be incorporated in an appropriate consent to sublease agreement in a form of a Consent Agreement (Exhibit CSL) executed by the Port Authority, the Lessee and the sublessee. It being expressly understood and agreed that it is the intention of the parties that they and each of the four Airline Partners named and defined in Section 26 hereof will be executing Consent Agreements in the form attached hereto contemporaneously with the execution of this Lease covering the subleasing of the premises and the Port Authority's consent thereto.

(2) Without limiting any term or provision of any Consent Agreement covering a sublease, as aforesaid, or any other term or provision of this Lease, as between the Lessee and the Port Authority, the Lessee hereby assumes, with respect to each Approved Sublessee, all responsibility for each such Approved Sublessee's aircraft operations at the premises or any portion thereof including but not limited to the payment of fees and charges from each such Approved Sublessee and paying the same to the Port Authority.

(e) Without limiting any term or provision of this Agreement or of any Consent Agreement, the Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees and representatives, from and against (and shall reimburse the Port Authority for the Port Authority's costs and expenses including legal expenses incurred in connection with the defense of) all claims and demands for death or personal injuries, or for property damages, arising out of the default of any Approved Sublessee or out of any use or occupancy of the premises by each such Approved Sublessee, or by others with its consent, or out of any other acts or omissions of said Approved Sublessee, its officers and employees, guests, invitees and business visitors on the premises or elsewhere at the Airport, or out of the acts or omissions of others on the premises with the consent of said Approved Sublessee, including claims and demands of the City of New York, from which the Port Authority derives its rights in the Airport, for indemnification, arising by operation of law or through agreement of the Port Authority with the said City.

The Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such suit, claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, its Commissioners, officers, agents or employees, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provision of any statutes respecting suits against the Port Authority.

(f) In addition to and without limiting the foregoing, it is expressly understood and agreed that each proposed sublease between the Lessee and an Approved Sublessee shall be further subject to the following terms and conditions:

(1) Each such sublease with an Airline Partner shall provide that the effective date thereof shall be, and that the term thereof shall commence, no later than the commencement date of the term of the letting under this Agreement as such date is set forth in Section 3(a) hereof and expire no later than the day preceding the expiration date of the term of the letting hereunder as set forth in Section 3 hereof (as the same may be extended pursuant to Sections 3A and 3B and shall provide that the subleased premises shall be used by the sublessee solely for the purposes set forth in Section 5 hereof; each such sublease shall also provide, in accordance with Sections 27 and 81 hereof, that the term of said sublease shall immediately terminate and the Sublessee shall become a holdover tenant on a week-to-week periodical tenancy in the event of a termination of the term of the Lease and the Lessee becomes a holdover tenant on a month-to-month periodical tenancy pursuant to said Sections 27 and 81.

(2) The sublease shall not be effective if on the effective date thereof (i) the Lessee shall be under notice of default under this Agreement as to which the applicable period to cure has passed; (ii) this Agreement shall not be in full force and effect; or (iii) the Port Authority shall have served a notice of termination of this Agreement. The Port Authority in its sole discretion may elect to waive the provisions of the preceding sentence;

(3) With respect to each sublease and each sublessee (other than an Airline Partner who is an Approved Sublessee and its Subsidiary Airline as defined in and in accordance with Section 4 hereof), if any, the Lessee shall

pay the Subletting Percentage Fees set forth in and in accordance with Section 4 hereof;

(4) The Port Authority shall have the right with respect to each proposed sublease to require such sublessee including without limitation an Approved Sublessee to deposit with the Port Authority under the applicable Port Authority consent agreement security in such amount and form as may be satisfactory to the Port Authority;

(5) In connection with each proposed subletting by the Lessee hereunder the Lessee shall submit to the Port Authority a copy of the proposed sublease agreement duly executed on behalf of the Lessee and the proposed sublessee and further, shall submit to the Port Authority the name of the proposed sublessee and such information and data as the Port Authority may request regarding the nature and scope of the operations to be conducted by the proposed sublessee under the proposed sublease, the financial background of the proposed sublessee and the business background of the proposed sublessee, and the persons or entities owning or controlling the proposed sublessee. Without limiting the foregoing or any other term or provision of this Agreement, with respect to each Airline Partner, the Lessee shall and hereby agrees to also submit to the Port Authority at such time, and from time to time upon request by the Port Authority, all appropriate and necessary supporting evidence requested by the Port Authority in connection with the conditions specified in paragraph (c) above including, without limitation, a certification signed by the Lessee and certification signed by an executive officer of the Airline Partner, respectively, setting forth the Lessee's and the Airline Partner's express representation and warranty to the Port Authority that the organization purported to be an Airline Partner satisfies the conditions specified in paragraph (c) above and in Section 26 hereof;

(6) The Lessee shall require each such Approved Sublessee to maintain during the term of the subletting such commercially reasonable insurance as may be required by the Port Authority including without limitation the insurance called for in the Consent Agreement;

(7) The Port Authority shall review the proposed sublease, data and information submitted by the Lessee and upon the determination by the Port Authority that:

(i) The proposed sublessee is suitable and qualified as an Approved Sublessee hereunder including; and

(ii) The terms and provisions of the proposed sublease agreement entered into between the Lessee and the proposed sublessee are consistent with and in compliance with the terms and provisions of the Lease; then, in such event, the Port Authority shall prepare and shall submit to the Lessee for execution by the Lessee and the sublessee a form of Consent Agreement substantially as set forth in Exhibit CSL hereof, and containing such other and additional terms and conditions as the Port Authority in its sole discretion may desire, under which the Port Authority will set forth its consent to the proposed sublease subject to and in accordance with the terms and conditions, set forth therein;

(8) Without in any way affecting the obligations of the Lessee under the Lease, all acts and omissions of a sublessee shall be deemed to be acts and omissions of the Lessee under the Lease and the Lessee shall also be severally responsible therefor including but not limited to the obligations of indemnification and repair;

(9) The sublease and Consent Agreement shall contain a provision prohibiting the sublessee from performing any activity or services at the Airport for which the Port Authority requires payment of fees to the Port Authority unless the sublessee pays such fees (including the obtaining of a Port Authority issued permit if so required).

(g) Without limiting the generality of any other term or provision of this Agreement including, but not limited to, the Consent Agreement, the Lessee covenants that each sublease the Lessee enters into with an Approved Sublessee and any other proposed sublessee and that the subletting thereunder:

(1) Shall be subject to and subordinate to all of the terms, covenants, conditions and provisions of this Agreement and the rights of the Port Authority hereunder;

(2) Shall not be changed, modified, discharged or extended without the prior written approval of the Port Authority except upon sixty (60) days' notice to the Port Authority.

(3) Shall terminate and expire as to the sublessee's right thereunder to use and occupy the subleased premises (excepting the sublessee's obligations which survive such termination) without notice to the sublessee, on the day preceding the date of expiration or earlier termination of this Agreement, or, except as to the Approved Sublessees, on such earlier date as the Lessee and the sublessee may agree upon, or on the effective date of any revocation of the Port Authority's consent (as provided therein);

(4) Shall provide that the sublessee shall be bound by and subject to all the terms and provisions of the Lease as to the sublessee's occupancy and use of the premises or portion thereof (as applicable) and the proposed sublessee's operations and activities on the Airport, to the same extent and with like effect as to the Port Authority as if it were the Lessee under the Lease including, but not limited to, the obligations of the Lessee under the Lease dealing with law compliance, compliance with Airport Rules and Regulations, the conduct of prohibited activities and operations, rights of entry, non-construction, and non-discrimination;

(5) Shall provide that the sublessee assure that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E and that the sublessee assure that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The sublessee shall assure that it will require that its covered suborganizations provide assurances to the sublessee that they similarly will undertake affirmative action programs and that they will require assurances from the suborganizations, as required by 14 CFR part 152, Subpart E, to the same effect;

(6) Shall provide that Port Authority written approval and consent to such sublease shall be a condition precedent to its effectiveness;

(7) Shall provide that the sublessee shall not sub-sublease all or any portion of the premises under the sublease without the prior written consent of the Port Authority.

(h) Nothing herein shall be deemed to limit the Lessee from exercising its right to terminate a sublease in accordance with the terms and provisions thereof.

(i) Any sale, assignment, transfer, sublease, mortgage, pledge, hypothecation, encumbrance or disposition of the premises or of the rents, revenues or any other income from the premises, or this Agreement, or any part thereof, or any license or other interest of the Lessee therein not made in accordance with the provisions of this Agreement shall be null and void ab initio and of no force or effect.

(j) The Lessee shall not suffer or permit any default on its part to continue with respect to any sublease which would enable an Approved Sublessee thereunder to terminate said sublease by reason thereof, and, in the event that any Approved Sublessee shall at any time assert to the Lessee that the Lessee is so in default, the Lessee shall promptly notify the Port Authority, in writing, of the assertion of such claim.

(k) If without the prior written consent of the Port Authority, the Lessee assigns, sells, conveys, transfers, mortgages, pledges or sublets in violation of paragraph (a) or (b) of this Section or if the premises are occupied by anybody other than the Lessee, the Port Authority may collect rent from any assignee, sublessee or anyone who claims a right under this Agreement or letting or who occupies the premises, and the Port Authority shall apply the net amount collected to the rental herein reserved; but no such collection shall be deemed a waiver by the Port Authority of the covenants contained in paragraph (a) and (b) of this Section or an acceptance by the Port Authority of any such assignee, sublessee, claimant or occupant as Lessee, nor a release of the Lessee by the Port Authority from the further performance by the Lessee of the covenants contained herein.

(l) Any consent granted by the Port Authority pursuant to the provisions hereof shall not be construed or deemed to release, relieve or discharge any succeeding assignee, successor or transferee of the Lessee or any other person claiming any right, title or interest in this Agreement from the requirement of obtaining the prior written consent of the Port Authority in the event it wishes to sell, convey, transfer, mortgage, pledge, sublet or assign this Agreement or any part thereof, or any rights created thereby or the letting hereunder or any part thereof; and such assignee, successor or transferee or other person claiming any right, title or interest in this Agreement shall not sell, convey, transfer, mortgage, pledge, sublet or assign this Agreement or any part thereof, or any rights created

thereby or the letting thereunder or any part thereof without such prior written consent of the Port Authority.

(m) The Lessee shall not use or permit any person to use the premises or any portion thereof for any purpose other than the purposes stated in Section 5 hereof. Except as provided in this Agreement or otherwise permitted in writing by the Port Authority, the Lessee shall not permit the premises to be used or occupied by any person other than its own and its Approved Sublessee's officers, employees, passengers, contractors and representatives.

Section 29. Termination by the Port Authority

(a) If any one or more of the following events shall occur, that is to say:

(1) The Lessee or any general partner of the Lessee (as defined in Section 26 hereof) shall become insolvent or shall take the benefit of any present or future insolvency statute, or shall make a general assignment for the benefit of creditors, or file a voluntary petition in bankruptcy or a petition or answer seeking an arrangement or its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or statute of the United States or of any state thereof, or consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property; or

(2) By order or decree of a court the Lessee or any general partner of the Lessee (as defined in Section 26 hereof) shall be adjudged a bankrupt or an order shall be made approving a petition filed by any of its creditors or by the creditors of any partner of the Lessee or by any partner of the Lessee, seeking its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any law or statute of the United States or of any state thereof provided that if any such judgment or order is stayed or vacated within sixty (60) days after the entry thereof, any notice of termination shall be and become null, void and of no effect; or

(3) By or pursuant to, or under authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, agency or officer having jurisdiction, a receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of the Lessee or of any general partner of the Lessee (as defined in Section 26 hereof), and such possession or control shall continue in effect for a period of thirty (30) days; or

(4) The Lessee shall voluntary abandon, desert or vacate the premises or discontinue its operations at the premises, or after exhausting or abandoning any right of further appeal, the Lessee shall be prevented for a period of thirty (30) days by action of any governmental agency other than the Port Authority having jurisdiction thereof, from conducting its operations at the Airport, regardless of the fault of the Lessee; or

(5) Any lien is filed against the premises because of any act or omission of the Lessee or of any partner of the Lessee (as defined in Section 26 hereof) and shall not be removed, discharged or bonded within thirty (30) days after the Lessee has received notice thereof; or

(6) Except as otherwise provided in Section 27, the letting hereunder or the interest or estate of the Lessee under this Agreement shall be transferred directly by the Lessee or shall pass to or devolve upon, by operation of law or otherwise, any other person, firm or corporation; or

(7) A petition under any part of the federal bankruptcy laws or an action under any present or future insolvency law or statute shall be filed against the Lessee or any general partner of the Lessee (as defined in Section 26 hereof) and shall not be dismissed within sixty (60) days after the filing thereof; or

(8) The Lessee shall, without the prior written approval of the Port Authority, become a constituent or possessor or merged or surviving partnership in a merger, a constituent or resulting partnership in a consolidation, or a partnership in dissolution, in termination or in liquidation; or

(9) The Lessee shall fail duly and punctually to pay the rentals or fees or to make any other payment required hereunder when due to the Port Authority and shall continue in its failure to pay rentals or fees or to make any other payment required hereunder for a period of fifteen (15) days after receipt of notice by it from the Port Authority to make such payment; or

(10) Any general partner of the Lessee (as defined in Section 26 hereof) shall, without the prior approval of the Port Authority, become a possessor or merged corporation in a merger, a constituent corporation in a consolidation, or a corporation in dissolution; or

(11) With respect to each and every Approved Sublessee (or other sublessee), the Lessee shall fail to evict, dispossess and remove such Approved Sublessee (or other sublessee) from the premises hereunder or any portion thereof and from the subleased premises and subleased areas and to recover, re-enter, regain and resume possession of said premises and areas forthwith upon the revocation by the Port Authority of its consent under the Consent Agreement entered into between the Port Authority, the Lessee and such Approved Sublessee (or other sublessee).

(12) The Lessee shall fail to keep, perform and observe each and every other promise, covenant and agreement set forth in this Agreement on its part to be kept, performed, or observed, within thirty (30) days after receipt of notice of default thereunder from the Port Authority (except where fulfillment of its obligation requires activity over a period of time, and the Lessee shall have commenced to perform whatever may be required for fulfillment within thirty (30) days after receipt of notice and continues such performance without interruption except for causes beyond its control);

then upon the occurrence of any such event or at any time thereafter during the continuance thereof, the Port Authority may upon twenty (20) days' notice terminate the rights of the Lessee hereunder and the letting, such termination to be effective upon the date specified in such notice. Such right of termination and the exercise thereof shall be and operate as a conditional limitation.

(b) No acceptance by the Port Authority of rentals, fees, charges or other payments in whole or in part for any period or periods after a default of any of the terms, covenants and conditions hereof to be performed, kept or observed by the Lessee shall be deemed a waiver of any right on the part of the Port Authority to terminate the letting.

(c) No waiver by the Port Authority of any default on the part of the Lessee in performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the Lessee shall be or be construed to be a waiver by the Port Authority of any other or subsequent default in performance of any of the said terms, covenants and conditions.

(d) The rights of termination described above shall be in addition to any other rights of termination provided in this Agreement and in addition to any rights and remedies that the Port Authority would have at law or in equity consequent upon any breach of this Agreement by the Lessee, and the exercise by the

Port Authority of any right of termination shall be without prejudice to any other such rights and remedies.

Section 30. Additional Rights of the Port Authority as to Portions of the Premises

(a) It is hereby agreed that for the purpose of this Section 30 the term "the Lessee's Commencement Basic Schedules" shall be based on the schedules of the Airline Partners that are Approved Sublessees, as described in paragraph (e) hereof and shall be and mean a "revenue seats daily average for the premises" (as said term is defined in paragraph (e) hereof) of 3,744.

(b) Commencing with calendar year 2000 and for each and every calendar year thereafter, the Port Authority may ascertain the revenue seats daily average for the premises for the preceding calendar year in accordance with the provisions of paragraph (e) hereof, which revenue seats daily average shall be the Lessee's Basic Schedules for the preceding calendar year and shall be referred to as such. Thus, for example, in the case of the first calculation which would be based on the calendar year 1999 experience, said revenue seats daily average for the premises shall be called the "Lessee's Basic Schedules for 1999".

(c) As of January 1, 2000 and as of January 1 of each succeeding calendar year (i) in the event that the Lessee's Basic Schedules for the immediately preceding calendar year for the Airport are less than sixty percent (60%) of the Lessee's Commencement Basic Schedules or (ii) in the event that because of reasons beyond the control of the Lessee or of any of the Approved Sublessees the Lessee's Basic Schedules for the immediately preceding two calendar years are less than sixty percent (60%) of the Lessee's Commencement Basic Schedules, then in either of such events and without limiting each and every other right of termination the Port Authority has under this Agreement or otherwise, the Port Authority shall have the right, upon six (6) months' written notice to the Lessee, to require the Lessee and the Lessee hereby agrees to make available accommodations (as hereinafter defined) at the premises as directed by the Port Authority in the amount and to the extent set forth in paragraph (f) hereof to Scheduled Aircraft Operators (as said term is defined in Section 85 hereof) and also including Scheduled Commuter Aircraft Operators (hereinafter in this Section 30 collectively called "the Scheduled Aircraft Operators"). The Lessee shall make such accommodations available from time to time during the entire period commencing on the effective date set forth in the aforesaid notice and ending when the Lessee's Basic Schedule for a calendar year, determined in

accordance with the foregoing shall have been sixty percent (60%) or more of the Lessee's Commencement Basic Schedule (hereinafter called "a period of underutilization"). The term "accommodations" as used in this Section 30 shall mean aircraft ramp and gate position capacity and related passenger terminal facilities including, but not limited to passenger ticketing, passenger check-in, baggage handling and flight information systems, passenger lounge and waiting areas and appropriate signage and public identification. Such accommodations may be accomplished by the Lessee by making available and providing non-exclusive use of gate positions and other related facilities to Scheduled Aircraft Operators pursuant to handling agreements (as defined in Section 85 hereof) between the Lessee and any such Scheduled Aircraft Operator (hereinafter called 'the Handled Airline'). Each such handling agreement shall be subject to the prior and continuing approval of the Port Authority and the execution among the Port Authority, the Lessee, and the Handled Airline of a form of consent agreement prepared by the Port Authority. Moreover, and without limiting the foregoing, the Lessee will at all times keep the Port Authority informed and advised and will consult with the Port Authority from time to time as to all aspects of its accommodation of Scheduled Aircraft Operators hereunder.

It is understood furthermore that the accommodation contemplated hereunder may involve the use of subleases of exclusive or preferential areas of the premises in addition to or in lieu of handling agreements. Any sublease with a Scheduled Aircraft Operator (hereinafter called a "Section 30 Sublessee Airline") will similarly be subject to the prior and continuing approval of the Port Authority and the execution of a consent agreement prepared by the Port Authority, and executed by the Port Authority, the Lessee and the Section 30 Sublessee Airline. Nothing contained herein shall in any way affect the discretion of the Port Authority in granting or withholding its consent to a handling agreement or a sublease with a Section 30 Sublessee Airline, proposed by the Lessee or directed by the Port Authority whether or not during a period of underutilization, and, without limiting Section 4 hereof, such consent may contain such terms and conditions including but not limited to such financial or other conditions which may include a fixed charge or a charge based upon a percentage of the Lessee's gross receipts arising therefrom, as the Port Authority may, at that time, elect, and all provisions of the Lease requiring the prior written consent or approval of the Port Authority and requiring the payment by the Lessee of the Handling Percentage Fees and the Subletting Percentage Fees shall in no way be waived, impaired, limited or affected.

Notwithstanding anything to the contrary contained herein the Lessee understands and agrees that the Lessee shall not perform any services and functions pursuant to any handling agreement or sublease with a Handled Airline or a Section 30 Sublessee Airline with respect to which the Port Authority has specifically withheld consent and approval in the consent agreement to such handling agreement or sublease. The Handled Airline and the Section 30 Sublessee Airline may either perform said services and functions themselves or use the services of the authorized service organization, including but not limited to in-flight caterers, aircraft fuelers, and ramp handlers performing such services or functions at the Airport. The Lessee however may make the necessary arrangements with the authorized service organization performing such services and functions at the Airport to have such services and functions performed for the Handled Airline or the Section 30 Sublessee Airline.

Without limiting Section 4 of the Lease or any other Section, term or provision of the Lease, the Lessee shall maintain in accordance with accepted accounting practice during the term of the Lease and for one (1) year thereafter and for such period until the Lessee shall receive written permission from the Port Authority to do otherwise, records and books of account recording all transactions, at through or in anywise connected with the handling agreements and subleases and shall use and maintain such systems for recording transactions under or in connection with the handling agreements and subleases all to the end that accurate and complete records of gross receipts be maintained including identification of the gross receipts of the Lessee pertaining to any particular handling agreement, sublease or other agreement, all of the foregoing to be kept at all times in the Port of New York District.

Without limiting Section 4 of the Lease or any other Section, term, or provision of the Lease, the Lessee shall permit in ordinary business hours during the term of this Agreement and for one year thereafter and during such further period as is mentioned in the preceding paragraph, the examination, inspection and audit by the officers, employees and representatives of the Port Authority of such books of account and systems mentioned above and also any records and books of account, and systems of any company which is owned or controlled by the Lessee or by any partner of the Lessee, if said company performs services, similar to those performed by the Lessee anywhere in the Port of New York District. The Lessee shall furnish to the Port Authority from time to time (but not more often than once a month) statements of the Lessee setting forth its gross receipts as required hereunder, and such further itemization, details and information

pertaining to the handling agreements and subleases as the Port Authority may from time to time request.

The Lessee agrees that all handling agreements and subleases shall be at reasonable and at not discriminatory rates, fees and charges which shall be based upon the recovery by the Lessee of a pro rata share of the Lessee's costs of (i) operation and maintenance of the premises, (ii) the services provided to the Handled Airline or the Section 30 Sublessee Airline and (iii) the Lessee's investment in the premises not otherwise included in the above provided, however, that it is understood and agreed that the following shall not be a reason for the Lessee to refuse a sublease or handling agreement or to impose any conditions or limitations on operations in connection therewith under this Section 30: (aa) possible or potential labor disharmony with a Handled Airline or sublessee, (bb) compatibility of schedules and operations between the Lessee or another user or occupant of the premises and a Handled Airline or sublessee, or (cc) competitive nature of the routes, schedules or type of air transportation service to be provided by a Handled Airline or sublessee, provided, further, however, that with respect to item (aa) above if, after notice from the Port Authority to provide accommodations to a specific Scheduled Aircraft Operator, the Lessee shall, in good faith, believe that the operations of such specific Scheduled Aircraft Operator on the premises would cause significant, immediate and unremediable labor disharmony which would seriously affect the operations of the Lessee or of any of the Approved Sublessees on the premises then, upon request by the Lessee to the Port Authority setting forth in specific detail satisfactory to the Port Authority the nature of the anticipated labor disharmony and requesting that the Lessee not be obligated under this Section to provide accommodations for such specific Scheduled Aircraft Operator, the Port Authority shall, in good faith, consider the Lessee's request and if the Port Authority finds that the labor disharmony described by the Lessee is reasonably likely to result if the Lessee were to provide accommodations to such Scheduled Aircraft Operator on the premises then the Port Authority shall notify the Lessee that the Port Authority's discretion to provide accommodations to such Scheduled Aircraft Operator is rescinded. The Lessee's obligation to provide accommodations to Scheduled Aircraft Operators shall be effective on the date set forth in a notice from the Port Authority to such effect, as aforesaid. Upon such notice the Lessee shall use its best efforts to secure an arrangement with a Scheduled Aircraft Operator as directed by the Port Authority for accommodations in the terminal and shall in good faith negotiate with any such Scheduled Aircraft Operator as the Port Authority shall direct for accommodations in the premises, all in accordance herewith.

The Port Authority shall give thirty (30) days' prior notice of its intention to give the notice set forth above and it is expressly agreed that the Port Authority shall not exercise the aforesaid right with respect to any portion or portions of the premises if and for which the Lessee has submitted to the Port Authority definite plans for the utilization of said portion or portions of the premises by the Lessee provided the Lessee in fact commences such use of said portion or portions of the premises within thirty (30) days after the submission of the said plans.

(d) The failure of the Port Authority to exercise its rights under this Section during any year in which it may have such a right, shall not affect, waive or limit its right to exercise said rights in any subsequent year.

(e) In the event the Port Authority decides to ascertain the revenue seats daily average for the premises for the preceding calendar year it shall do so as follows: based upon the ABC International Airline Guide (herein called "the Guide"), or in the event that the Guide shall not list the schedules of any Approved Sublessee then based upon the generally accepted United States aviation industry standard published airline schedule reference which shall include the published schedules of that Approved Sublessee, the Port Authority shall ascertain the total number of revenue seats that were accommodated on the aircraft equipment scheduled to have been used by each of the Approved Sublessees on its published aircraft arrivals at the Airport as set forth in the Guide during two specified calendar weeks (Sunday through Saturday), the first of which weeks is the one during which the fifteenth (15th) day of February of the prior calendar year fell and the second being the one during which the fifteenth (15th) day of August of the said prior calendar year fell, and shall total the said number of revenue seats of all of the Approved Sublessees which are hereinafter called "the total revenue seats" for the premises. In determining the total revenue seats for the premises, the total revenue seats as defined above of those Handled Airlines (as defined in Section 85 hereof), if any, of the Lessee who were Handled Airlines as of the date of such determination and sublessees of the Lessee at the premises who were sublessees on the date of such determination, with respect to the aircraft of the Handled Airlines and aircraft of the sublessees operating at the premises, shall be included.

In making said determination, the Port Authority shall use the most recent configurations as shall be supplied by the Lessee with respect to the number of revenue seats that can be

obligations of the Lessee under this Agreement, and shall in no event constitute an acceptance of surrender.

Section 32. Waiver of Redemption

The Lessee hereby waives any and all rights to recover or regain possession of the premises and all rights of redemption, granted by or under any present or future law in the event it is evicted or dispossessed for any cause, or in the event the Port Authority obtains possession of the premises in any lawful manner.

Section 33. Survival of the Obligations of the Lessee

(a) In the event that the letting shall have been terminated in accordance with a notice of termination as provided in Section 29 hereof, or the interest of the Lessee cancelled pursuant thereto, or in the event that the Port Authority has re-entered, regained or resumed possession of the premises in accordance with the provisions of Section 31 hereof, all the obligations of the Lessee under this Agreement shall survive such termination or cancellation, or re-entry, regaining or resumption of possession and shall remain in full force and effect for the full term of the letting under this Agreement, and the amount or amounts of damages or deficiency shall become due and payable to the Port Authority to the same extent, at the same time or times and in the same manner as if no termination, cancellation, re-entry, regaining or resumption of possession had taken place. The Port Authority may maintain separate actions each month to recover the damage or deficiency then due or at its option and at any time may sue to recover the full deficiency less the proper discount, for the entire unexpired term.

(b) The amount of damages for the period of time subsequent to termination or cancellation (or re-entry, regaining or resumption of possession) on account of the Lessee's rental obligations, shall be the sum of the following:

(1) On account of the Lessee's annual basic rental obligation and Deferred Basic Rental obligations, the amount of the total of all annual basic rentals and all the total amount of all installments of the Deferred Basic Rental, less the amount attributable to the installments of said annual basic rentals and of Deferred Basic Rental payable prior to the effective date of termination except that the credit to be allowed for the amount attributable to the installment payable on the first day of the month in which the termination is effective shall be prorated for the part of the month the letting remains in effect, on the basis of the actual number of days in the month; and

accommodated on the particular aircraft equipment scheduled to be used by each of the Approved Sublessees at the Airport. The total revenue seats for the premises shall then be divided by fourteen, the resulting quotient being herein called "the revenue seats daily average for the premises."

In the event the ABC International Airline Guide shall no longer be published or shall not be available then the parties agree that the Port Authority shall have the right to use any other successor or similar publication or the actual aircraft arrivals at the Airport as determined by reports to the Port Authority and records of the Lessee and the Approved Sublessees and other Scheduled Aircraft Operators, tower logs and other suitable records and information.

(f)

Percentage of the Lessee's Basic Schedules as Compared to the Lessee's Commencement Basic Schedules	Daily Turnaround Flights Which May be Required at the Premises		Preferential Gate Sublease Arrangements Which May be Required at the Premises
59%	5-6	or.	3
51%	7-8	or	4
43%	9-10	or	5
35%	11-12	or	6
27%	13-14	or	7
19%	14-16	or	8
10%	16-18	or	9
0%	18-20	or	10

Combinations of daily turnaround flights and preferential gate sublease arrangements may be required with a decrease of six (6) daily turnaround flights for each gate which is exclusively or preferentially subleased.

Section 31. Right of Re-Entry

The Port Authority shall, as an additional remedy upon the giving of a notice of termination as provided in Section 29, 30 or other Section hereof, have the right to re-enter the premises and every part thereof upon the effective date of termination without further notice of any kind, and may regain and resume possession either with or without the institution of summary or any other legal proceedings or otherwise. Such re-entry, or regaining or resumption of possession, however, shall not in any manner affect, alter or diminish any of the

(2) On account of the Lessee's Monthly Additional Rental obligation, the amount of the total of all Monthly Additional Rentals, less the amount attributable to the installments of said Monthly Additional Rentals payable prior to the effective date of termination except that the credit to be allowed for the amount attributable to the installment payable on the first day of the month in which the termination is effective shall be prorated for the part of the month the letting remains in effect, on the basis of the actual number of days in the month; and

(3) On account of the Lessee's obligations to pay the Handling Percentage Fees, an amount equal to Five Percent (5%) or such higher percentage as in effect immediately prior to the effective date of termination in accordance with Section 4 hereof (but not less than 5%) of gross receipts of the Lessee, which gross receipts would have been received by the Lessee during the balance of the term if there had been no termination or cancellation (or re-entry, regaining, or resumption or possession); and for the purpose of calculation hereunder (i) the said amount of gross receipts shall be derived by multiplying the number of days in the balance of the term originally fixed by the daily average of the Lessee's gross receipts; (ii) the daily average of the Lessee's gross receipts shall be the Lessee's total actual gross receipts during the twelve months immediately preceding said termination or cancellation (or re-entry, regaining, or resumption of possession) during which the premises were open and in operation and in which no abatement was in effect divided by 365;

(4) On account of the Lessee's obligation to pay the Subletting Percentage Fees, an amount equal to Ten Percent (10%), or such higher percentage in effect immediately prior to the effective date of termination in accordance with Section 4 hereof (but not less than 10%) of Gross Sublease Rental Charges, which Gross Sublease Rental Charges would have been received by the Lessee during the balance of the term if there had been no termination or cancellation (or re-entry, regaining, or resumption or possession); and for the purpose of calculation hereunder (i) the said amount of Gross Sublease Rental Charges shall be derived by multiplying the number of days in the balance of the term originally fixed by the daily average of the Lessee's Gross Sublease Rental Charges; (ii) the daily average of the Lessee's Gross Sublease Rental Charges shall be the Lessee's total actual Gross Sublease Rental Charges during the twelve months immediately preceding said termination or cancellation (or re-entry, regaining, or resumption of possession) during which

the premises were open and in operation and in which no abatement was in effect divided by 365;

(5) On account of the Lessee's obligations to pay the Cost of Assumable Maintenance and Repair set forth in Section 17 hereof, an amount equal to the total sum of the Capital Cost under Section 17 hereof less the amount thereof payable prior to the effective date of termination, except that the credit to be allowed for the amount attributable to the installment payable on the first day of the month in which the termination is effective shall be prorated for the part of the month the letting remains in effect or the actual number of days in such month.

(6) It is understood and agreed that the statements of damages under the preceding subdivisions (2), (3) and (4) shall not affect or be construed to affect the Port Authority's right to damages in the event of termination or cancellation (or re-entry, regaining or resumption of possession) where the Lessee has not received any actual gross receipts or Gross Sublease Rentals Charges under this Agreement. Additionally, in the event that at anytime during the twelve month period immediately preceding said termination or cancellation (or re-entry, regaining or resumption of possession) the premises shall not be subleased or shall only be partially subleased, said damages on account of the Handling Percentage Fees and on account of the Subletting Percentage Fees shall be based on amounts (including fair market rentals for areas not subleased) as if the premises were fully subleased.

(7) An amount equal to all expenses reasonably incurred by the Port Authority in connection with regaining possession and restoring and reletting the demised premises, for legal expenses, putting the premises in order including, without limitation, cleaning, decorating and restoring (on failure of the Lessee to restore), maintenance and brokerage fees.

(c) Without limiting any of the foregoing, the Port Authority may at any time bring an action to recover all the damages as set forth above not previously recovered in separate actions, or it may bring separate actions to recover the items of damages set forth in subparagraphs (1) through (7) of paragraph (b) above and separate actions periodically to recover from time to time only such portion of the damages set forth in subparagraphs (1) and (2) of paragraph (b) above as would have accrued as basic rental and Monthly Additional Rental up to the time of the action if there had been no termination or cancellation. In any such action the Lessee shall be allowed a credit against its survived damages obligations equal to the amounts which the Port Authority shall have actually received

from any tenant, licensee, permittee or other occupier of the premises or a part thereof during the period for which damages are sought, and if recovery is sought for a period subsequent to the date of suit a credit equal to the market rental value of the premises during such period (discounted to reflect the then present value thereof). If at the time of such action the Port Authority has used and occupied or relet the premises, the rental for the premises obtained through such use and occupancy or releting shall be deemed to be the market rental value of the premises or be deemed to be the basis for computing such market rental value if less than the entire premises were used or occupied or relet. In no event shall any credit allowed to the Lessee against its damages for any period exceed the then present value of the annual rental which would have been payable under this Agreement during such period if a termination or cancellation had not taken place.

(d) In addition to and without limiting the foregoing or any other right, claim or remedy of the Port Authority, in the event this Lease shall be terminated pursuant to Section 29 hereof and the Lessee shall not have completed the construction work, as defined in Section 2 hereof, or any portion thereof within the time period specified in Section 2 (d)(2) hereof, the Lessee shall and hereby agrees to pay to the Port Authority any and all amounts, costs or expenses, of any type whatsoever, paid or incurred by the Port Authority by reason of the failure of the Lessee so to complete the construction work, or any portion thereof, including all interest costs, damages, losses, and penalties, and all of the same shall also be deemed treated as survived damages hereunder in addition to the foregoing.

Section 34. Releting by the Port Authority

The Port Authority upon termination or cancellation pursuant to Section 29 hereof, or upon any re-entry, regaining or resumption of possession pursuant to Section 31 hereof, may occupy the premises or may relet the premises, and shall have the right to permit any person, firm or corporation to enter upon the premises and use the same. Such releting may be of part only of the premises or a part thereof together with other space, and for a period of time the same as or different from the balance of the term hereunder remaining, and on the terms and conditions the same as or different from those set forth in this Agreement. The Port Authority shall also, upon termination or cancellation pursuant to the said Section 29, or upon its re-entry, regaining or resumption of possession pursuant to the said Section 31, have the right to repair or to make structural or other changes in the premises including changes which alter the character of the

premises and the suitability thereof for the purpose of the Lessee under this Agreement, without affecting, altering or diminishing the obligations of the Lessee hereunder. In the event either of any reletting or of any actual use and occupancy by the Port Authority (the mere right of the Port Authority to use and occupy not being sufficient however) there shall be credited to the account of the Lessee against its survived obligations under Section 33 hereof any net amount remaining after deducting from the amount actually received from any lessee, licensee, permittee or other occupier in connection with the use of the said premises or portion thereof during the balance of the letting as the same is originally stated in this Agreement, or from the market value of the occupancy of such portion of the premises as the Port Authority may during such period actually use and occupy, all expenses, costs and disbursements incurred or paid by the Port Authority in connection therewith. No such reletting shall be or be construed to be an acceptance of a surrender.

Section 35. Remedies to be Non-Exclusive

All remedies provided in this Agreement shall be deemed cumulative and additional and not in lieu of or exclusive of each other or of any other remedy available to the Port Authority or to the Lessee at law or in equity, and the exercise of any remedy, or the existence herein of other remedies or indemnities shall not prevent the exercise of any other remedy.

Section 36. Surrender

The Lessee covenants and agrees to yield and deliver peaceably to the Port Authority possession of the premises on the date of cessation of the letting, whether such cessation be by termination, expiration or otherwise, promptly and in good condition, reasonable wear arising from the use of the premises to the extent such use is permitted elsewhere in this Agreement, excepted.

Section 37. Acceptance of Surrender of Lease

No agreement of surrender or to accept a surrender shall be valid unless and until the same shall have been reduced to writing and signed by the duly authorized representatives of the Port Authority and of the Lessee. Except as expressly provided in this Section, neither the doing of, nor any omission to do, any act or thing, by any of the officers, agents or employees of the Port Authority, shall be deemed an acceptance of a surrender of the letting or of this Agreement.

Section 38. Books and Records

(a) In addition to and without limiting any other term or provision of this Agreement, the Lessee shall keep in an office or offices in the Port of New York District, appropriate books and records showing (i) all matters with respect to the costs of the construction work, (ii) the date and hour of each take-off or departure from the Airport of each aircraft (other than all-cargo aircraft) operated by each Approved Sublessee and any and all other sublessees and the date and hour of the landing by such aircraft next preceding each take-off or departure, (iii) all matters which it is required to certify to the Port Authority pursuant to this Lease including without limitation the number of outbound passengers at the premises as described in Section 4 hereof and (iv) any other matter concerning the Lessee's operations at the Airport with respect to which the Port Authority may reasonably need information to fulfill its obligations or exercise its rights under this Lease whether or not of the type enumerated above in this Section 38 and whether or not an express obligation to keep books and records with regard thereto is expressly set forth elsewhere in this Lease. The Lessee shall not be obligated to preserve any such records for more than seven (7) years unless they are material to litigation initiated within that time, in which event they shall be preserved until the final determination of the controversy. The Port Authority shall have the right upon prior notice to inspect such books and records during regular business hours.

(b) Without limiting the foregoing, the Lessee shall maintain, and shall require each partner of the Lessee and each Approved Sublessee to maintain, for a period in accordance with accepted accounting practice, during the term of the letting hereunder and for one (1) year after the expiration or earlier termination of this Lease, and for a further period extending until the Lessee shall receive written permission from the Port Authority to do otherwise, records and books of account recording all transactions of the Lessee, and each partner of the Lessee and each Approved Sublessee at, through, or in anywise connected with in-flight meals and ramp service including without limitation all payments by the Lessee, each partner of the Lessee or each Approved Sublessee to its independent contractors which furnish in-flight meals or any portion thereof, or ramp service, to the Approved Sublessees at or in connection with the Airport, which records and books of account shall be kept at all times within the Port of New York District and the Lessee shall permit during ordinary business hours during the term of the letting, for one year thereafter, and during such further period as mentioned above, the examination and audit by officers, employees

and representatives of the Port Authority of such records and books of account.

(c) (1) If and when service segment data now or formerly supplied by the Lessee to the Department of Transportation pursuant to Economic Regulation 586 or schedule T-9 traffic data, are no longer available to the Port Authority from a government source, the Lessee will provide the following data to the Port Authority, on request, for each of the non-stop city-pair markets of each of the Approved Sublessees involving the Port District: total scheduled flights operated, seats available, revenue passengers carried and similar data for charter flights. The Lessee shall see that such data shall be provided to the Port Authority, on request, by its Approved Sublessees and Handled Airlines, other sublessees, if any. The Lessee and its Approved Sublessees, other sublessees, if any, and Handled Airlines, if any, shall furnish said data for each month of operations within thirty (30) days after the end of such month.

(2) It is the position of the Lessee that all or portions of the information it has agreed to provide to the Port Authority hereunder is of a confidential nature. The Port Authority agrees that, unless required or appropriate to do so pursuant to any legal obligations, duties or responsibilities imposed on or agreed to by the Port Authority or with which the Port Authority must comply calling for public disclosure of information or pursuant to freedom of information policy adopted or which may be adopted by its Board of Commissioners, or pursuant to compliance with law, ordinance, governmental rule, regulation or order, it will not deliberately convey the same to any private person; provided that if such information is already at that time in the public domain the foregoing agreement against disclosure shall not apply and release of such information shall not be or be deemed a violation hereunder.

Section 39. Effect of Basic Lease

(a) This Agreement and the letting hereunder shall, in any event, terminate with the termination or expiration of the Basic Lease with the City of New York which covers the premises, such termination to be effective on such date and to have the same effect as if the term of the letting had on that date expired. The rights of the Port Authority in the premises are those granted to it by the Basic Lease, and no greater rights are granted or intended to be granted to the Lessee than the Port Authority has power thereunder to grant.

(b) The Port Authority covenants that, during the term of this Agreement, the Port Authority will not take any action which would amount to or have the effect of cancelling, surrendering or terminating the Basic Lease prior to the date specified in the Basic Lease for its expiration insofar as such surrender, cancellation or termination would in any manner deprive the Lessee of any of its rights, licenses or privileges under this Agreement.

(c) Nothing herein contained shall prevent the Port Authority from entering into an agreement with The City of New York pursuant to which the Basic Lease is surrendered, cancelled or terminated provided that The City of New York, at the time of such agreement, assumes the obligations of the Port Authority under this Agreement.

Section 40. Removal of Property

All personal property (including trade fixtures) removable without material damage to the premises, which are installed by the Lessee in or on the premises leased to the Lessee pursuant to the Agreement, shall be deemed to be and remain the property of the Lessee. All such property, provided the Lessee shall install suitable replacements therefor if such personal property is necessary to operate the premises in accordance with the terms and provisions hereof in accordance with the best practices of the air transportation industry, may at the Lessee's option be removed by the Lessee from the premises at any time during the term of this Lease. Furthermore, all such property of the Lessee shall, unless otherwise agreed in writing by the parties hereto, be removed by the Lessee on or before the expiration or other termination of the term of the Lease. If the Lessee shall fail to remove its property on or before the termination or expiration of this Agreement, the Port Authority may remove such property to a public warehouse for deposit or retain the same in its own possession, and sell the same at public auction, the proceeds of which shall be applied first to the expenses of removal, storage and sale, second to any sums owed by the Lessee to the Port Authority, with any balance remaining to be paid to the Lessee; if the expenses of such removal, storage and sale shall exceed the proceeds of sale, the Lessee shall pay such excess to the Port Authority upon demand.

Section 41. Purchase of Property

The Port Authority shall have the option from time to time exercisable by notice to the Lessee effective on the expiration or earlier termination of the letting of the premises hereunder, or any part thereof, to purchase all, or such part as

the Port Authority elects, of the Lessee's personal property (including trade fixtures but excluding ground vehicles and excluding the Lessee's furniture, office supplies, maintenance tools, telecommunications equipment and personal computers) including without limiting the generality of the foregoing any system for handling baggage, any counters, and any passenger loading bridges, as and to the extent any of the foregoing are personal property, which may at the time of the giving of such notice have been installed or placed on the premises. In the event the Port Authority exercises its option to make a purchase, the Port Authority shall pay to the Lessee a sum equal to the reasonable value of the personal property (including trade fixtures) purchased. The Lessee hereby agrees that on the effective date of the purchase and sale none of the aforesaid items shall be subject to any lien, security interest or other encumbrance, and upon request of the Port Authority the Lessee will execute a bill of sale or such other document of conveyance as the Port Authority may request to transfer title to the aforesaid items to the Port Authority (including a warranty of title to the Port Authority) and the Port Authority shall pay the purchase price. Further, the Lessee shall from time to time execute such other documentation as the Port Authority may require and prepare evidencing the option of the Port Authority, as herein provided, to purchase the aforesaid personal property, including without limitation, security agreements and filings pursuant to the Uniform Commercial Code.

Section 42. Brokerage

The Lessee represents and warrants that no broker has been concerned on its behalf in the negotiation of this Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from any claim for commission or brokerage made by any and all persons, firms or corporations whatsoever for services rendered to the Lessee in connection with (i) the negotiation and execution of this Agreement, or (ii) the negotiation and execution of any subleases with the Approved Sublessees or the Consent Agreements applicable thereto; or both.

Section 43. Limitation of Rights and Privileges Granted

(a) No greater rights or privileges with respect to the use of the premises or any part thereof are granted or intended to be granted to the Lessee by this Agreement, or by any provision thereof, than the rights and privileges expressly and specifically granted hereby.

(b) The premises are let to the Lessee and the Lessee takes the same subject to all the following: (i) easements, restrictions, reservations, covenants and agreements, if any, to which the premises may be subject, and rights of the public in and to any public street; (ii) rights, if any, of any enterprise, public or private which is engaged in furnishing heating, lighting, power, telegraph, telephone, steam, or transportation services and of the City and State of New York; (iii) permits, licenses, regulations and restrictions, if any, of the United States, the City of New York or State of New York, or other governmental authority.

(c) The Lessee acknowledges that it has not relied upon any representation or statement of the Port Authority or its Commissioners, officers, employees or agents as to the condition of the premises or the suitability thereof for the operations permitted on the premises by this Agreement. Without limiting any obligation of the Lessee to commence operations hereunder at the time and in the manner stated elsewhere in this Agreement, the Lessee agrees that no portion of the premises will be used initially or at any time during the letting which is in a condition unsafe or improper for the conduct of the operations permitted hereunder so that there is possibility of injury or damage to life or property. The Lessee shall take possession of the premises in the condition they are in as of the commencement of the term of the letting hereunder except as otherwise expressly provided in Section 87 hereof.

Section 44. Notices

Except where expressly required or permitted herein to be oral, all notices, directions, requests, consents and approvals required to be given to or by either party shall be in writing, and all such notices and requests shall be personally delivered to the duly designated officer or representative of such party or delivered to the offices of such officer or representative during regular business hours, or forwarded to him or to the party at such address by registered or certified mail. The Lessee shall from time to time designate in writing an office within the Port of New York District and an officer or representative whose regular place of business is at such office upon whom notices and requests may be served. Until further notice, the Port Authority hereby designates its Executive Director, and the Lessee designates the person named on the first page hereof as their officers or representatives upon whom notices and requests may be served, and the Port Authority designates its office at One World Trade Center, New York, New York, 10048, and the Lessee designates its office at Building 14, John F. Kennedy International Airport, Jamaica, New York 11430

as their respective offices where notices and requests may be served. If mailed, the notices herein required to be served shall be deemed effective and served as of the date of the registered or certified mailing thereof. Notwithstanding the designated address of the Lessee, it is specifically understood and agreed that neither said designation nor the listing of such address on page one hereof or elsewhere shall be or be deemed to be the required Port Authority consent for the use of such office listed by the Lessee or its General Partner or a waiver of such a requirement for Port Authority consent under the lease between the Port Authority and the lessee of said Building 14 or a waiver of any other term or provision of such lease.

Section 45. Facilities Non-Discrimination

(a) Without limiting the generality of any of the provisions of the Agreement, the Lessee, for itself, its successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, sex, creed, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the premises, and the exercise of any privilege under this Agreement, (2) that in the construction of any improvements on, over, or under the premises and the furnishing of services thereon, no person on the grounds of race, color, creed, national origin, or sex shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended, and any other present or future laws, rules, regulations, orders or directions of the United States of America with respect thereto which from time to time may be applicable to the Lessee's operations at the Airport whether by reason of agreement between the Port Authority and the United States Government or otherwise.

(b) The Lessee shall include the provisions of paragraph (a) of this Section in every agreement or concession it may make pursuant to which any person or persons, other than the Lessee, operates any facility at the Airport providing services to the public and shall also include therein a provision granting the Port Authority a right to take such action as the United States may direct to enforce such provisions.

(c) The Lessee's noncompliance with the provisions of this Section shall constitute a material breach of this Agreement. In the event of the breach by the Lessee of any of the above non-discrimination provisions the Port Authority may take any appropriate action to enforce compliance; or in the event such non-compliance shall continue for a period of twenty (20) days after receipt of written notice from the Port Authority, the Port Authority shall have the right to terminate this Agreement and the letting hereunder with the same force and effect as a termination under the Section of this Agreement providing for termination for default by the Lessee in the performance or observance of any other term or provision of this Agreement, or may pursue such other remedies as may be provided by law; and as to any or all of the foregoing, the Port Authority may take such action as the United States may direct.

(d) The Lessee shall indemnify and hold harmless the Port Authority from any claims and demands of third persons including the United States of America resulting from the Lessee's noncompliance with any of the provisions of this Section and the Lessee shall reimburse the Port Authority for any loss or expense incurred by reason of such noncompliance.

(e) Nothing contained in this Section shall grant or shall be deemed to grant to the Lessee the right to transfer or assign this Agreement, to make any agreement or concession of the type mentioned in paragraph (b) hereof, or any right to perform any construction on the premises.

Section 46. Affirmative Action

In addition to and without limiting the provisions of Section 45 and Schedule E hereof or any other term or provision of this Agreement, the Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

Section 47. The Lessee's Ongoing Affirmative Action Equal Opportunity Commitment

(a) In addition to and without limiting any other term or provision of this Agreement, the Lessee shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status and shall undertake or continue existing programs of affirmative action to ensure that minority group persons and women are afforded equal employment opportunity without discrimination. Such programs shall include, but not be limited to, recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff, termination, rates of pay or other forms of compensation, and selections for training or retraining, including apprenticeship and on-the-job training.

(b) In addition to and without limiting the foregoing, and without limiting the provisions of Sections 45 and 46 and Schedule E hereof, it is hereby agreed that the Lessee in connection with its continuing operation, maintenance and repair of the premises, or any portion thereof, and in connection with every award or agreement for concessions or consumer services at the Airport, shall throughout the term of the letting hereunder commit itself to and use, and shall insure that each of the Approved Sublessees commits itself to and uses, good faith efforts to implement an extensive program of Affirmative Action, including specific affirmative action steps to be taken by the Lessee and the Approved Sublessees, to ensure maximum opportunities for employment and contracting by minorities and women. In meeting the said commitment the Lessee agrees to submit its said extensive Affirmative Action program, including the specific affirmative action steps to be taken by the Lessee and the Approved Sublessees to meet its aforesaid commitment, within eighteen (18) months prior to the Date of Beneficial Occupancy (as defined in Section 4 hereof) to the Port Authority for its review and approval. The Lessee shall incorporate in its said program such revisions and changes which the Port Authority initially or from time to time may reasonably require. The Lessee throughout the term of the letting hereunder shall document its efforts in implementing the said program, shall keep the Port Authority fully advised of the Lessee's progress in implementing the said program and shall supply to the Port Authority such information, data and documentation with respect thereto as the Port Authority may from time to time and at any time request, including but not limited to annual reports.

(c) (1) "Minority" as used herein shall be as defined in paragraph II(c) of Part I of Schedule E.

(2) "Minority Business Enterprise" (MBE) as used herein shall have the meaning as defined in the first paragraph of Part II of Schedule E.

(3) "Women-owned Business Enterprise" (WBE) as used herein shall have the meaning as defined in the first paragraph of Part II of Schedule E.

(4) Good faith efforts to include meaningful participation by MBEs and WBEs shall include at least the following:

(i) Dividing the work to be subcontracted into smaller portions where feasible.

(ii) Actively and affirmatively soliciting bids for subcontracts from MBEs and WBEs, including circulation of solicitations to minority and female contractor associations. The Lessee shall maintain records detailing the efforts made to provide for meaningful MBE and WBE participation as called for in paragraph (b) above, including the names and addresses of all MBEs and WBEs contacted and, if any such MBE or WBE is not selected as a joint venturer or subcontractor, the reason for such decision.

(iii) Making plans and specifications for prospective work available to MBEs and WBEs in sufficient time for review.

(iv) Utilizing the list of eligible MBEs and WBEs maintained by the Port Authority or seeking minorities and women from other sources for the purpose of soliciting bids for subcontractors.

(v) Encouraging the formation of joint ventures, partnerships or other similar arrangements among subcontractors, where appropriate, to insure that the Lessee will meet its obligations hereunder.

(vi) Insuring that provision is made to provide progress payments to MBEs and WBEs on a timely basis.

(vii) Submitting quarterly reports to the Port Authority (Office of Business and Job Opportunity) detailing its compliance with the provisions hereof.

(d) The Lessee's non-compliance with the provisions of this Section shall constitute a material breach of this Agreement. In the event of the breach by the Lessee of any of the above provisions the Port Authority may take any appropriate action to enforce compliance; or in the event such non-compliance shall continue for a period of twenty (20) days after receipt of written notice from the Port Authority, the Port Authority shall have the right to terminate this Agreement and the letting hereunder with the same force and effect as a termination under the Section of this Agreement providing for termination for default by the Lessee in the performance or observance of any other term or provision of this Agreement, or may pursue such other remedies as may be provided by law.

(e) In the implementation of this Section, the Port Authority may consider compliance by the Lessee with the provisions of any federal, state or local law concerning affirmative action equal employment opportunity which are at least equal to the requirements of this Section, as effectuating the provisions of this Section. If the Port Authority determines that by virtue of such compliance with the provisions of any such federal, state or local law that the provisions hereof duplicate or conflict with such law the Port Authority may waive the applicability of the provisions of this Section to the extent that such duplication or conflict exists.

(f) Nothing herein provided shall be construed as a limitation upon the application of any laws which establish different standards of compliance or upon the application of requirements for the hiring of local or other area residents.

(g) Nothing in this Section 47 shall grant or be deemed to grant to the Lessee the right to make any agreement or award for concessions or consumer services at the Airport.

Section 48. Other Construction by the Lessee

(a) The Lessee shall not erect any structures, make any improvements or do any construction on the premises or alter, modify, or make additions, improvements or repairs to or replacements of any structure existing at the commencement of the term of the letting hereunder or built at any time during the letting, or install any fixture (other than trade fixtures, removable without material damage to the premises, any such damage to be immediately repaired by the Lessee) without the prior written approval of the Port Authority and in the event any construction, improvement, alteration, modification, repair, replacement or addition is made without such approval, then upon reasonable notice so to do, the Lessee will remove the same, or

at the option of the Port Authority cause the same to be changed to the satisfaction of the Port Authority. In case of any failure on the part of the Lessee to comply with such notice, the Port Authority may effect the removal or change and the Lessee shall pay the cost thereof to the Port Authority.

(b) Without limiting the generality of the foregoing paragraph the Lessee acknowledges and agrees that any Notes and associated reference lines set forth on Exhibit A to the Lease shall not constitute or be deemed to constitute or imply that approval of the Port Authority will be granted to any proposed construction by the Lessee nor shall the same grant or be deemed to grant any right or permission to the Lessee now or in the future to erect any structures, make any improvements or do any other construction work in the premises, including but not limited to repairs to or replacements of, any structure now existing or built at any time during the letting or install any fixtures on the premises, including but not limited to paving, and that the provisions of the foregoing paragraph of this Section shall be read and construed as if there were no Notes and associated reference lines on Exhibit A and that any which were placed on such Exhibit are solely and exclusively for the benefit of the Port Authority.

(c) Notwithstanding the obligation of maintenance imposed upon the Lessee by the provisions of Section 14 hereof, the Lessee shall not make any repairs or replacements (except emergency repairs or replacements) unless and until it has first obtained an approved Port Authority Alteration Application for such repairs or replacements which shall then be performed in full accordance with the terms of said Alteration Application.

Section 49. Place of Payments

All payments required of the Lessee by this Agreement shall be made to the Port Authority, P.O. Box 17309, Newark, New Jersey 07194, or to such other address, office or location as may be substituted therefor by the Port Authority by notice to the Lessee from time to time.

Section 50. Construction and Application of Terms

(a) The section and paragraph headings, if any, in this Agreement, are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of any provision hereof.

(b) The terms, provisions and obligations contained in the Exhibits and Schedules attached hereto, whether there set out

in full or as amendments of, or supplements to provisions elsewhere in the Agreement stated, shall have the same force and effect as if herein set forth in full.

Section 51. Non-liability of Individuals

No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or of any supplement, modification or amendment to this Agreement or because of any breach or alleged breach thereof, or because of its or their execution or attempted execution.

Section 52. Termination by the Lessee

(a) If any one or more of the following events shall occur:

(1) If the Airline Partners of the Lessee who are Approved Sublessees shall be prevented from operating their air transportation system to and from the Airport by reason of their inability to use a substantial part or all of the runways and taxiways, as hereinafter defined:

(i) for a period of longer than thirty (30) consecutive days, resulting from any condition of the Airport not due to the fault of the said Approved Sublessees (or any of them); or

(ii) for a period of longer than ninety (90) consecutive days, resulting from a permanent injunction issued by any court of competent jurisdiction; or

(iii) for a period of longer than ninety (90) consecutive days, resulting from any order, rule or regulation of the Federal Aviation Administration, or other governmental agency having jurisdiction over the operations of the said Approved Sublessees with which the said Approved Sublessees are unable to comply at reasonable cost or expense; or

(2) The Port Authority shall fail to perform any of its obligations under this Lease within twenty (20) days after receipt of notice of default thereunder from the Lessee (except where fulfillment of its obligation requires activity over a period of time and the Port Authority shall commence to perform whatever may be required for fulfillment within twenty (20) days after the receipt of notice and continues such performance without interruption, except for causes beyond its control);

then upon the occurrence of any such event or at any time thereafter during the continuance of the condition, the Lessee may by twenty (20) days' notice terminate the letting, such termination to be effective upon the date set forth in such notice and to have the same effect as if the term of the letting had on that date expired. No waiver by the Lessee of any default on the part of the Port Authority in performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the Port Authority shall be or be construed to be a waiver by the Lessee of any other or subsequent default in performance of any of the said terms, covenants and conditions.

(b) The payment of rentals by the Lessee for the period or periods after the Lessee shall have a right to terminate under this Section but before any such default of the Port Authority has been cured, shall not be or be construed to be a waiver by the Lessee of any such right of termination.

(c) The rights of termination described above shall be in addition to any other rights of termination provided in this Agreement and in addition to any rights and remedies that the Lessee would have at law or in equity consequent upon any breach of this Agreement by the Port Authority, and the exercise by the Lessee of any right of termination shall be without prejudice to any other such rights and remedies.

Section 53. Effect of Termination by the Lessee

(a) If the Lessee terminates the letting pursuant to the provisions of Section 52 (a) (1) then the Port Authority may at its option, pay to the Lessee the Unamortized Capital Investment (as defined in Section 85 hereof), if any, of the Lessee in the premises. Such option shall be evidenced by notice in writing to the Lessee by the Port Authority within sixty (60) days after the Lessee has given notice of termination. The failure of the Port Authority to exercise the said option will impose no obligation upon it to relet the premises.

(b) If the Lessee terminates the letting pursuant to the provisions of Section 52 (a) (2) then the Port Authority may, at its option, pay to the Lessee the Unamortized Capital Investment (as defined in Section 85 hereof), if any, of the Lessee in the premises. Such option shall be evidenced by notice in writing to the Lessee by the Port Authority within sixty (60) days after the Lessee has given notice of termination. If the Port Authority fails to exercise such option, then the Port Authority shall use its best efforts to relet the premises.

(c) If the Port Authority relets the premises prior to the date upon which this Lease would have expired but for such termination, then the net rent paid by the new tenant to the Port Authority (after deducting any costs or expenses incurred by the Port Authority in securing said new tenant and in complying with the terms of the lease to such tenant, including but not limited to costs of alteration and decoration of such premises, in the event of termination pursuant to the provisions of Section 52 (a) (1), and after deducting any costs or expenses incurred by the Port Authority for the maintenance of said premises or for services furnished to the new tenant and after deducting the amounts which would have been payable as rent by the Lessee but for such termination) shall be paid over by the Port Authority to the Lessee until said amounts paid over equal the Unamortized Capital Investment (as defined in Section 85 hereof) of the Lessee in the premises as of the date of termination. The obligation of the Port Authority to pay over to the Lessee any net rent received from such new tenant shall endure only while such new tenant continues to pay rent and occupy such premises, and only while the Unamortized Capital Investment (as defined in Section 85 hereof) of the Lessee in such premises is unamortized, and in no event is such obligation to pay over to endure beyond the date upon which this Lease would have expired but for such termination.

Section 54. Abatement

If the Port Authority shall, for safety or other reasons, prohibit the use of the Public Landing Area at the Airport or of any substantial part thereof for foreign or domestic scheduled air transport operations for a period covering more than sixty (60) consecutive days and the Lessee shall thereby be prevented from conducting those operations at the Airport enumerated in Section 5 hereof, then upon the occurrence of such event, the Lessee at its option shall be entitled to abatement of basic rental during such period of prohibition and prevention. In the event that the Lessee shall exercise such option the Lessee shall be deemed to have released and discharged the Port Authority of and from all claims and rights which the Lessee may have hereunder arising out of or consequent upon such closing and the subsequent interrupted use of such Public Landing Area or part thereof during the period of prohibition.

Section 55. Services to the Lessee

(a) The Port Authority shall sell, furnish and supply to the Lessee for use on the premises and the Lessee agrees to take from the Port Authority and pay for electricity of the same voltage, phase and cycle as supplied to the premises by the

public utility in the vicinity, but limited, however, to serve a maximum of 4,000 KVA installed transformer capacity, at the same charge which would be made by such public utility for the same quantity under the same conditions and in the same service classification but in no event less than an amount that would reimburse the Port Authority for its costs of obtaining and supplying electricity to the Lessee hereunder; charges shall be payable by the Lessee when billed and the quantity of electricity consumed shall be measured by the meter or meters installed for the purpose; provided, however, that if for any reason, any meter or meters fail to record the consumption of electricity, the consumption during the period such meter or meters are out of service will be considered to be the same as the consumption for a like period either immediately before or after the interruption as elected by the Port Authority. The Port Authority shall not discontinue the supply of electricity except upon fifteen (15) days' notice to the Lessee and unless a supply of electricity of the same voltage, phase and cycle (subject to the KVA limitation aforesaid) shall be available from another supplier and upon any such discontinuance the Lessee shall be at liberty to contract or otherwise arrange for the supply of such current after the expiration of said fifteen (15) days from any other person, firm or corporation. The Port Authority shall install the appropriate meters.

(b) The Port Authority agrees to sell, furnish and supply to the Lessee for use on the premises cold water (of the character furnished by the City of New York) in reasonable quantities through existing pipes, mains and fittings and the Lessee agrees to take such water from the Port Authority and to pay the Port Authority therefor an amount equal to that which would be charged by the municipality or other supplier of the same (whether or not representing a charge for water or other services measured by water consumption) for the same quantity, used under the same conditions and in the same service classification plus the cost to the Port Authority of supplying such water which shall not be less than ten percent (10%) nor in excess of fifty percent (50%) of the amount charged, but in no event less than an amount that would reimburse the Port Authority for its costs of obtaining and supplying water to the Lessee hereunder. The charge therefor shall be payable by the Lessee when billed and the quantity of water consumed shall be measured by the meter or meters installed for the purpose; provided, however, that if for any reason, any meter or meters fail to record the consumption of water, the consumption during the period such meter or meters are out of service will be considered to be the same as the consumption for a like period immediately before or after the interruption, as elected by the Port Authority. The Port Authority shall install the appropriate

meters. In the event meters are not installed to measure the consumption of water under high pressure, the quantity of such water used by the Lessee will be based upon equitable estimates of consumption, which estimates shall be deemed binding on the Lessee.

(c) The Lessee shall pay to the Port Authority such of the existing and future charges for sewerage services furnished by the City of New York as are presently or may hereafter be imposed or assessed against the Port Authority in respect of the Lessee's premises or the use and occupancy thereof. In the event that the City or the State of New York is now furnishing services with or without charge therefor, which are beneficial to the Lessee in the use and occupancy of the premises, and shall hereafter impose charges or increase existing charges for such services, the Lessee agrees to pay to the Port Authority such of the charges or the increase in charges as may be imposed or assessed against the Port Authority in respect of the Lessee's premises or the use and occupancy thereof.

(d) If and in the event the Port Authority shall provide extermination service for the enclosed areas of the premises, the Lessee agrees to utilize the same and to pay its pro rata share of the reasonable cost thereof upon demand. This paragraph does not impose any obligation on the Port Authority to furnish such service.

(e) The Port Authority shall not be obligated to perform or furnish any other services whatsoever in connection with the premises or any services at any time while the Lessee shall be in default hereunder after the period, if any, herein granted to cure such default shall have expired.

(f) The Port Authority shall be under no obligation to supply services if and to the extent and during any period that the supplying of any such service or the use of any component necessary therefor shall be prohibited or rationed by any federal, state or municipal law, rule, regulation, requirement, order or direction and if the Port Authority deems it in the public interest to comply therewith, even though such law, rule, regulation, requirement, order or direction may not be mandatory on the Port Authority as a public agency.

(g) No failure, delay or interruption in supplying agreed services (whether or not a separate charge is made therefor) shall be or be construed to be an eviction of the Lessee or grounds for any diminution or abatement of rental, or (unless resulting from the negligence or wilful failure of the

Port Authority) shall be grounds for any claim by the Lessee for damages, consequential or otherwise.

Section 56. The Central Heating and Refrigeration Facility

(a) The Port Authority heretofore designed, constructed and installed at the Airport certain installations consisting of an "L" shaped one story building, two fuel storage spheres, an eleven cell cooling tower array, sixteen absorption refrigeration units, six high temperature hot water generators, a closed loop distribution system including underground lines, meters, heat exchangers and appropriate and related lines, pipes, mains, motors, pumps, ducts, fixtures, transformers, cables, manholes, wires, conduits, machinery, devices, equipment, structures and facilities and such utility, mechanical, pump, sewer, telephone, water, electrical, fire alarm, fire protection, gas and other systems, all as are appropriate or necessary for the manufacture, production and distribution of high temperature hot water and chilled water. The Port Authority thereafter embarked on a program for the expansion and rehabilitation of the foregoing which program consisted generally of the design, construction and installation of an expansion of the existing building, two additional new cells to the existing cooling tower cell array and a complete upgrading of the existing cells, the installation of a centrifugal refrigeration unit, the construction of new and the replacement of existing high temperature hot water lines and chilled water lines with lines of greater capacity, the enlargement of the fire alarm and telephone systems, the extension of the pump system, together with such appropriate meters, heat exchangers, lines, pipes, mains, motors, pumps, devices, fixtures, transformers, cables, manholes, wires, conduits, machinery, devices, equipment, structures, and facilities as were necessary or appropriate, as well as necessary and appropriate changes to the utility, mechanical, sewer, telephone, water, electrical, fire alarm, fire protection, gas and other systems now part of the Facility, all of the foregoing being sometimes herein collectively in this Section and for the purposes of this Section only called "The Central Heating and Refrigeration Facility" or the "Facility".

(b) The Port Authority has entered into agreements consisting of an Energy Purchase Agreement, dated as of April 28, 1993, of a Construction and Operations Agreement dated as of April 28, 1993, and an Agreement of Lease, dated as of April 28, 1993, (hereinafter as the same may be supplemented, amended and extended from time to time collectively and individually called the "Cogeneration Agreement") with KIAC Partners, a New York General Partnership (hereinafter called "KIAC"), for the construction, installation and operation of a cogeneration

facility at the Airport which will include portions of the Central Heating and Refrigeration Facility, as set forth above, now operated at the Airport, which cogeneration facility will, from and after the date of its "Commercial Operation" as such term is defined in the Cogeneration Agreement, produce electricity, hot water and chilled water, as the terms hot water and chilled water are defined below, and which cogeneration facility is hereinafter called the "Cogeneration Facility". Effective May 4, 1993, and while the construction of the Cogeneration Facility proceeds, KIAC will operate the Facility on behalf of the Port Authority to produce hot water and chilled water, as such terms are defined below, and the following shall be and continue in effect with respect to the sale, furnishing and supply of hot water and chilled water by the Port Authority to the Lessee.

(c) The Port Authority agrees to sell, furnish and supply to the Lessee in reasonable quantities for use on the premises, high temperature hot water (hereinafter called "hot water") by a closed loop system to be converted for heating use, for kitchen service, for snow melting and for heating aircraft, and chilled water (hereinafter called "chilled water") for air conditioning (excluding use for air conditioning aircraft, said exclusion not to imply any broadening of permitted uses), and the Lessee agrees to take such hot water and chilled water from the Port Authority and to pay the Port Authority therefor at the times and in the manner hereinafter provided. The Lessee shall pay to the Port Authority for hot water its pro rata share of the Annual Hot Water Facility Cost as hereinafter defined and the Lessee shall pay to the Port Authority for chilled water its pro rata share of the Annual Chilled Water Facility Cost as hereinafter defined. The Lessee's pro rata share of the Annual Hot Water Facility Cost shall be determined by multiplying the Annual Hot Water Facility Cost for each calendar year by a fraction, the numerator of which shall be the total number of BTUs of heat drawn from the hot water lines serving the premises during said calendar year, and the denominator of which shall be the Annual Total Hot Water Reading as hereinafter defined for said calendar year. The Lessee's pro rata share of the Annual Chilled Water Facility Cost shall be determined by multiplying the Annual Chilled Water Facility Cost for each calendar year by a fraction, the numerator of which shall be the total number of BTUs absorbed by the chilled water lines serving the premises during said calendar year, and the denominator of which shall be the Annual Total Chilled Water Reading as hereinafter defined for said calendar year.

(d) (i) The Annual Total Facility Cost for the portion of the calendar year commencing on May 4, 1993, and ending on December 31, 1993 shall consist of the sum of the following:

(1) The amount of interest payable by the Port Authority to KIAC pursuant to the Cogeneration Agreement and determined at the rate or rates provided for in the Cogeneration Agreement on a principal amount of Eight Million Two Hundred Fifty Thousand Dollars and No Cents ($8,250,000.00);

(2) The amount of interest payable by the Port Authority from and after June 15, 1992, to KIAC pursuant to the Cogeneration Agreement for expenditures for capital improvements that are useable and useful and that have the potential to provide both an immediate benefit to the operation of the Facility prior to Commercial Operation and would provide a continuing and significant benefit to the operation of the Cogeneration Facility after Commercial Operation;

(3) The Annual Facility Operating and Maintenance Charge as defined in paragraph (g) hereof appropriately prorated.

(ii) The Annual Total Facility Cost for the calendar year commencing on January 1, 1994, and ending on December 31, 1994, shall consist of the sum of the following:

(1) The amount of interest payable by the Port Authority to KIAC pursuant to the Cogeneration Agreement and determined at the rate or rates provided for in the Cogeneration Agreement on (A) a principal amount of Eight Million Two Hundred Fifty Thousand Dollars and No Cents ($8,250,000.00) for the portion of such calendar year commencing on January 1, 1994 and ending on May 3, 1994, plus (B) a principal amount of Four Million Six Hundred Twenty-five Thousand Dollars and No Cents ($4,625,000.00) for the portion of such calendar year commencing on May 4, 1994, and ending on December 31, 1994;

(2) The amount of interest payable by the Port Authority to KIAC pursuant to the Cogeneration Agreement for expenditures for capital improvements that are useable and useful and that have the potential to provide both an immediate benefit to the operation of the Facility prior to Commercial Operation and would provide a continuing and significant benefit to the operation of the Cogeneration Facility after Commercial Operation;

(3) The Annual Facility Operating and Maintenance Charge as defined in paragraph (g) hereof.

(iii) The Annual Total Facility Cost for the calendar year commencing on January 1, 1995, and ending on December 31, 1995, shall consist of the sum of the following:

(1) The amount of interest payable by the Port Authority to KIAC pursuant to the Cogeneration Agreement and determined at the rate or rates provided for in the Cogeneration Agreement on (A) a principal amount of Four Million Six Hundred Twenty-five Thousand Dollars and No Cents ($4,625,000.00) for the portion of such calendar year commencing on January 1, 1995, and ending on May 3, 1995, plus (B) a principal amount of One Million Dollars and No Cents ($1,000,000.00) for the portion of such calendar year commencing on May 4, 1995, and ending on December 31, 1995;

(2) The amount of interest payable by the Port Authority to KIAC pursuant to the Cogeneration Agreement for expenditures for capital improvements that are useable and useful and that have the potential to provide both an immediate benefit to the operation of the Facility prior to Commercial Operation and would provide a continuing and significant benefit to the operation of the Cogeneration Facility after Commercial Operation;

(3) The Annual Facility Operating and Maintenance Charge as defined in paragraph (g) hereof.

(iv) The Annual Total Facility Cost for each calendar year commencing on and after January 1, 1996, shall consist of the sum of the following:

(1) The amount of interest payable by the Port Authority to KIAC pursuant to the Cogeneration Agreement and determined at the rate or rates provided for in the Cogeneration Agreement on a principal amount of One Million Dollars and No Cents ($1,000,000.00);

(2) The amount of interest payable by the Port Authority to KIAC pursuant to the Cogeneration Agreement for expenditures for capital improvements that are useable and useful and that have the potential to provide both an immediate benefit to the operation of the Facility prior to Commercial Operation and would provide a continuing and significant benefit to the operation of the Cogeneration Facility after Commercial Operation;

(3) The Annual Facility Operating and Maintenance Charge as defined in paragraph (g) hereof.

(e) (1) The Annual Hot Water Facility Cost shall be 27.8% of the Annual Total Facility Cost.

(2) The Annual Chilled Water Facility Cost shall be 72.2% of the Annual Total Facility Cost.

(f) (i) The total amount of BTUs of heat drawn during each calendar year from the hot water lines emanating from the Facility as measured by the meters installed at all the terminals, facilities, structures and buildings at the Airport, but only within the Central Terminal Area as defined in Section 78 hereof, including the premises but excluding Buildings 181, 182 and 184, receiving such hot water from the Facility shall be ascertained for each calendar year and is hereinafter called the "Annual Total Hot Water Reading" and the total amount of BTUs absorbed during each calendar year by the chilled water lines emanating from the Facility as measured by the meters installed at all the terminals, facilities, structures and buildings at the Airport, but only within the Central Terminal Area as defined in Section 78 hereof, including the premises but excluding Buildings 181, 182 and 184, receiving such chilled water from the Facility shall be ascertained for each calendar year and is hereinafter called the "Annual Total Chilled Water Reading". The Port Authority has installed or will install and maintain all appropriate meters and heat exchangers including those in the premises.

(ii) If any meter or meters fail to record the amount of consumption, the amount of consumption during the period such meter or meters are out of service will be considered to be the same as the consumption for a like period either immediately before or after the interruption, as elected by the Port Authority. In making meter readings and ascertaining consumption for each calendar year, in addition to all readings to be taken during the calendar year, readings shall be taken as soon as practicable to the beginning of each calendar year or at the end of each calendar year.

(g) The service of the Port Authority in furnishing, supplying, activating, cleaning, testing, providing, maintaining, repairing, servicing and operating the Facility and the hot water and chilled water emanating therefrom is hereinafter called the "Facility Service". The Cogeneration Agreement provides that KIAC shall furnish most aspects of the Facility Service to the Port Authority. The Annual Facility Operating and Maintenance Charge shall mean the cost to the Port Authority of the Facility Service for each calendar year. Without limiting the generality of the provisions of this

paragraph the said cost to the Port Authority shall include, but not be limited to, the Port Authority's payments to KIAC for the provision of the Facility Service. Said cost shall be determined in accordance with the Port Authority's normal accounting practice and shall consist of the following:

(i) The cost of all fuel, water, electricity and any other utilities and components used, consumed or employed. The cost of water shall include the cost to the Port Authority of sewage and other services based upon water charges or consumption. In the event furthermore that the City or State of New York is now furnishing services with or without charge therefor which in any way affect the Facility Service, and shall hereinafter impose charges or increase existing charges for such services, the said charges or increase in charges as may be imposed or assessed against the Port Authority shall be deemed a part of the cost under this item (i);

(ii) On-the-job payroll costs of employees and supervisory personnel (including Facility supervisors, foremen and clerks) working in the Facility Service, including but not limited to contributions to any retirement system or the cost of or participation in any pension plans or the like, social security, old age, survivors, disability and unemployment insurance and other insurance costs, sick leave pay, holiday, vacation, authorized absence and severance pay, other employee fringe benefits and any other payments made or costs incurred whether pursuant to law or by Port Authority policy to or with respect to said employees and personnel;

(iii) The cost (including rental charges) of materials, equipment, machinery and supplies used and the cost of maintaining, cleaning, repairing and servicing the same;

(iv) (1) Payments to contractors and any other third persons, firms or corporations for the performance of services;

(2) Payments to KIAC by the Port Authority under the Cogeneration Agreement in connection with the Facility Service;

(v) Payments of premiums (or to the extent of self-insurance an amount equivalent to what the premiums would have been) for insurance on the Facility and the Facility Service, including without limitation thereto, fire and extended coverage, workmen's compensation and comprehensive general liability;

(vi) Any other direct costs as charged under the Port Authority's normal accounting practice;

(vii) Fifteen percent (15%) of the sum of all of the foregoing items (i) through (vi).

(viii) (1) There shall be deducted from item (vii) hereof an amount as hereinafter defined and herein called the "utility credit".

(2) The utility credit shall mean the amount of $350,000.00, or fifteen percent (15%) of the sum of the "electricity credit", the "gas credit" and the "fuel oil credit" all as hereinafter defined, whichever is less.

(3) The electricity credit shall be an amount determined by dividing the amount paid by the Port Authority for the fuel adjustment factor portion of electricity covered by item (i) hereof by the total number of kilowatt hours (KWH) of electricity covered by said item (i) hereof, and subtracting from the quotient obtained thereby the amount of $0.00544 per KWH, and multiplying the resulting difference or $0.01710 per KWH, whichever is less, by the total KWH of electricity covered by item (i) hereof.

(4) The gas credit shall be an amount determined by dividing the amount paid by the Port Authority for illuminating gas covered by item (i) hereof by the total number of thousands of cubic feet (MCF) of illuminating gas covered by said item (i) hereof, and subtracting from the quotient obtained thereby the amount of $1.012 per MCF, and multiplying the resulting difference or $1.242 per MCF, whichever is less, by the total MCF of illuminating gas covered by item (i) hereof.

(5) The fuel oil credit shall be an amount determined by dividing the amount paid by the Port Authority for fuel oil covered by item (i) hereof by the total number of gallons of fuel oil covered by said item (i) hereof, and subtracting from the quotient obtained thereby the amount of $0.1409 per gallon, and multiplying the resulting difference or $0.2421 per gallon, whichever is less, by the total gallons of fuel oil covered by item (i) hereof.

(h) The Port Authority shall not be obligated to the Lessee to furnish the services covered by paragraph (c) hereof at any time while the Lessee shall be in default hereunder after the period, if any, herein granted to cure such default shall have expired. The Port Authority shall be under no obligation to provide said services, if and to the extent and during any period

that the supplying of such services or the use of any component necessary therefore shall be prohibited or rationed by any federal, state or municipal, law, rule, regulation, requirement, order or direction and if the Port Authority deems it in the public interest to comply therewith, even though such law, rule, regulation, requirement, order or direction may not be mandatory on the Port Authority as a public agency, nor shall the Port Authority be under any obligation to provide such services if and to the extent and during any period that the same are curtailed or stopped because of the need to repair, replace, rebuild or alter the Facility. The services covered by paragraph (c) with respect to the construction work shall commence as of the time the Lessee performs the necessary portion of the said construction work pertaining thereto and has received the certificate of the Port Authority pertaining to the said construction work pursuant to Section 2 (j) hereof.

(i) No failure, delay or interruption in supplying said services shall be or be construed to be an eviction of the Lessee or grounds for the diminution or abatement of rentals, fees or other charges, or (unless resulting from the negligence or wilful failure of the Port Authority) shall be grounds for any claims by the Lessee for damages, consequential or otherwise.

(j) The amounts payable to the Port Authority pursuant to paragraph (c) hereof are for each calendar year, but in the event the term of this Agreement expires on a day other than the last day of a calendar year, then in each such event the amounts payable to the Port Authority pursuant to paragraph (c) hereof shall, for the year during which each such event occurs, be for such portion of said year during which the Port Authority provides hot water and chilled water pursuant to paragraph (c) hereof. In determining said amounts, the Annual Total Facility Cost, the Annual Hot Water Facility Cost, the Annual Chilled Water Facility Cost, the Annual Total Hot Water Reading, the Annual Total Chilled Water Reading and the readings of BTUs of heat drawn and of BTUs absorbed in the premises shall be computed, determined and ascertained for each calendar year (or portion thereof in the event mentioned in the first sentence hereof) of the term of this Agreement. Notwithstanding the foregoing and for current monthly or other periodic billing purposes as shall from time to time be selected by the Port Authority, the Port Authority shall establish for each calendar year estimated interim rates for hot water based upon BTUs of heat drawn from the hot water lines emanating from the Facility and estimated interim rates for chilled water based upon BTUs absorbed by the chilled water lines emanating from the Facility. Such estimated rates shall be based upon the Annual Chilled Water Facility Cost, the Annual Hot Water Facility Cost, the Annual

Total Hot Water Reading and the Annual Total Chilled Water Reading for the previous calendar year and upon estimated changes in the same or upon such other reasonable basis as the Port Authority may determine. The Lessee shall pay current billings as they are received. Said billings shall be based upon the interim rates and upon the total number of BTUs of heat drawn from the hot water lines serving the premises and the total number of BTUs absorbed by the chilled water lines serving the premises. Said readings shall be measured by the meters serving the premises as described in paragraph (f) hereof. The provisions of subparagraph (ii) of said paragraph (f) shall apply and pertain as well for current billing purposes.

(k) As soon as practicable after the expiration of each calendar year, the Port Authority shall determine the Annual Hot Water Facility Cost and the Annual Chilled Water Facility Cost for the preceding calendar year and shall determine the amounts payable by the Lessee in accordance with the provisions of paragraph (c) hereof. Corrected billings based upon such determination shall thereupon be rendered by the Port Authority to the Lessee and if any monies are due to the Port Authority they shall be promptly paid by the Lessee and if any monies are due to the Lessee they shall be promptly credited to it. In the event the term of this Agreement expires or is sooner terminated on a date other than the last day of a calendar year, the Port Authority shall have no obligation to immediately make the computations as hereinabove provided which would determine the amounts payable by the Lessee in accordance with paragraph (c) hereof for the period during said year when this Agreement was in effect. Said computation shall be made subsequent to the end of the calendar year as hereinabove provided, and if any monies are due to the Port Authority they shall be paid by the Lessee promptly and if any monies are due to the Lessee they shall be promptly paid to it by the Port Authority less such amounts, if any, then owing and due to the Port Authority from the Lessee.

(l) Notwithstanding anything contained in this Section, the Port Authority's obligation to provide hot water and chilled water to the premises shall be limited by the safe and efficient operating capacity of the Facility.

(m) The Lessee, as part of the construction work required under Section 2 of this Agreement, shall install all machinery, equipment and facilities required to be installed in the premises in order to utilize said high temperature hot water and chilled water and shall, as part of the construction work required under Section 2 of this Agreement, tie into the Facility at the mechanical equipment rooms on the premises constructed by the Lessee on the premises as part of the construction work

required under Section 2 of this Agreement. The Lessee hereby agrees that the Port Authority and KIAC and the contractors or suppliers of either of them shall have the right to enter upon the premises to install, operate and maintain facilities to bring hot water and chilled water to the rooms.

(n) The Port Authority shall keep in an office or offices within the Port of New York District such books, records and accounts as may be necessary or appropriate to record the items and transactions affecting the computation of payments to be made by the Lessee under this Section. The Lessee or its designated representative shall have the right to examine the books and records of the Port Authority during regular business hours in connection with or in respect to any cost incurred, charged, allocated or prorated to the construction, operation or maintenance of the Central Heating and Refrigeration Facility to the extent that such affect the computation of such payments by the Lessee, it being understood that the Lessee shall have no right to inspect such parts thereof as pertain to any cost or expense which is part of the cost of administration and overhead which is covered by item (vii) of paragraph (g) of this Section.

(o) In the event of the termination of the Cogeneration Agreement, if the facilities at the Airport therefor are, in the opinion of the Port Authority, economically operable, the Port Authority, itself or pursuant to agreement with a contractor or permittee, shall supply hot water and chilled water to the premises and the Lessee shall take and pay therefor with the Annual Facility Operating and Maintenance Charge therefor to be the amount that would reimburse the Port Authority for its capital and operating costs in connection therewith determined in accordance with the Port Authority's normal accounting practice.

Section 56A. Cogeneration Facility

Effective on a date to be stated in a notice from the Port Authority to the Lessee, the foregoing provisions of Section 56 of this Agreement shall be deemed deleted therefrom (this deletion not to affect or limit the obligation of the Lessee to pay all sums due and unpaid under the said superseded Section 56 prior to the aforesaid effective date) and the following shall be deemed inserted in lieu thereof:

"Section 56. Hot Water and Chilled Water Requirements

(a) (i) The Port Authority has entered into agreements consisting of an Energy Purchase Agreement, dated as of April 28, 1993, a Construction and Operations Agreement, dated as of April 28, 1993, and an Agreement of Lease, dated as of April 28, 1993,

(hereinafter as the same may be supplemented, amended and extended from time to time collectively and individually called the "Cogeneration Agreement") with KIAC Partners, a New York General Partnership (hereinafter called "KIAC"), for the construction, installation and operation of a cogeneration facility at the Airport which will include portions of the Central Heating and Refrigeration Facility previously operated by the Port Authority at the Airport and which cogeneration facility will produce electricity, hot water (hereinafter called "Hot Water") and chilled water (hereinafter called "Chilled Water") and which cogeneration facility is hereinafter called the "Cogeneration Facility". The Cogeneration Facility shall include a thermal distribution system (the "TDS") including distribution lines extending to the premises as provided in paragraph (f) below.

(ii) The Lessee acknowledges that it has received a copy of the Cogeneration Agreement and agrees that the supply by KIAC of Hot Water and Chilled Water to the premises is subject to all of the terms and provisions of the Cogeneration Agreement. The Lessee agrees that the Port Authority may grant waivers, consents and approvals to KIAC from time to time and the Port Authority and KIAC may supplement, amend or extend the Cogeneration Agreement, except to the extent provided in paragraph (i) below, from time to time and that the Lessee shall be subject to any such waivers, consents and approvals and supplements, amendments, and extensions as part of the Cogeneration Agreement. Copies of any such supplements, amendments and extensions will be made available to the Lessee upon request by the Lessee therefor.

(b) (i) The Cogeneration Agreement provides, among other things, that the Port Authority will purchase from KIAC for resale to the Lessee, and the Lessee hereby agrees that it will accept and purchase from the Port Authority from and after the date stated in a notice from the Port Authority (the "Cogeneration Effective Date"), subject to all of the terms and conditions of the Cogeneration Agreement, for use on the premises, to the extent the same is delivered by KIAC to the Port Authority and by the Port Authority to the Lessee, all of the Lessee's requirements at the premises for Hot Water and Chilled Water (excluding requirements exclusively for aircraft and loading bridges leading to aircraft); and the Lessee hereby agrees to pay the Port Authority therefor as follows:

(1) The Lessee acknowledges and agrees that the charge to the Lessee by the Port Authority for the Lessee's consumption of Hot Water and Chilled Water at the premises and Chilled Water makeup water and chemical treatment of makeup water

(due to system leakage at the premises or otherwise) shall be the sum of (A) the amount payable by the Port Authority to KIAC therefor pursuant to the Cogeneration Agreement, plus (B) Five Percent (5%) of the foregoing and plus (C) all applicable taxes.

(2) The Lessee acknowledges that pursuant to the Cogeneration Agreement KIAC will furnish the Port Authority with measurements of the Lessee's consumption of (A) Hot Water based upon energy drawn by the Lessee from KIAC's Hot Water distribution lines, (B) Chilled Water based upon the energy absorbed from the Lessee by KIAC's Chilled Water distribution lines and (C) Chilled Water makeup water and chemical treatment of makeup water consumed on the premises, and the Lessee agrees that the provisions of the Cogeneration Agreement with respect to the accuracy of such measurements, the redetermination of such measurements in the event of inaccurate registration by metering devices, and the use of estimates in the event of the failure of such metering devices shall all be applicable to the Lessee under this Agreement as though set forth in full herein.

(3) The Lessee acknowledges that the Cogeneration Agreement provides that KIAC shall provide estimated bills to the Port Authority for consumption of Hot Water and Chilled Water on a monthly basis commencing approximately ten (10) days after the Cogeneration Effective Date for the first calendar month or portion thereof and on or about the tenth day of the month for each calendar month thereafter. KIAC is then to render a final bill with respect to each estimated bill approximately ten (10) days after the conclusion of the said month together with the estimated bill for the then current month.

(4) Notwithstanding such arrangement between KIAC and the Port Authority, the Port Authority shall, with respect to each calendar year or fraction thereof, establish estimated unit rates, subject to change from time to time by the Port Authority, for the consumption on the premises of Hot Water and Chilled Water and shall render an estimated bill to the Lessee for the Lessee's consumption at such estimated rates monthly on the last day of the calendar month following each full or partial calendar month during the term hereof after the Cogeneration Effective Date which bill shall be payable on receipt.

(5) As soon as practicable after the expiration of each calendar year, the Port Authority shall determine the amounts payable by the Lessee in accordance with the provisions of subparagraphs (1), (2) and (3) of this paragraph (b). A corrected billing based upon such determination shall thereupon be rendered by the Port Authority to the Lessee and if any monies are due to the Port Authority they shall be promptly paid by the

Lessee and if any monies are due to the Lessee they shall be credited to it. In the event the term of this Agreement expires or is sooner terminated on a date other than the last day of a calendar year, the Port Authority shall have no obligation to immediately make the computations as hereinabove provided which would determine the amounts payable by the Lessee in accordance with subparagraphs (1), (2) and (3) of this paragraph (b) for the period during said year when this Agreement was in effect. In the event this Agreement expires on a day other than the last day of a calendar month and the actual consumption of and charges to the Lessee for such portion of the calendar month are not available, the charge to the Lessee shall be equitably prorated. Said computations shall be made subsequent to the end of the calendar year as hereinabove provided, and if any monies are due to the Port Authority they shall be paid by the Lessee and if any monies are due to the Lessee they shall be paid to it by the Port Authority less such amounts, if any, then due and owing to the Port Authority from the Lessee.

(6) The Port Authority shall render a bill to the Lessee from time to time for the Lessee's Chilled Water distribution gallonage which shall be payable upon receipt. The charge therefor shall be based on KIAC's charge to the Port Authority for makeup water and chemical treatment of makeup water and shall be determined in accordance with subparagraphs (1) and (2) of this paragraph (b).

(7) In the event that the Lessee disputes any item of an estimated or final bill, the Lessee shall promptly pay the bill in full and the Port Authority shall make any necessary adjustments only after resolution of such dispute.

(ii) The Lessee agrees that in order that KIAC or any successor thereto may maintain the status of the Cogeneration Facility as a "qualifying cogeneration facility" under applicable Federal laws, rules and regulations ("QF Status") including the Public Utility Regulatory Policies Act of 1978 as the same may be amended and any successor statute thereto, the Lessee shall, at all times it is operating the premises for the purposes permitted in this Agreement, purchase from the Port Authority and use on an annual basis a minimum amount of thermal energy contained in Hot Water and Chilled Water produced by use of steam from the Cogeneration Facility equivalent to the lesser of (1) an amount that, together with all thermal energy contained in Hot Water and Chilled Water purchased and used by the Port Authority and all other lessees of premises in the Central Terminal Area, is sufficient to maintain the QF status of the Cogeneration Facility and (2) the product of (x) 167,379 mmBTUs of thermal energy, which is one-third of the use of thermal energy contained in Hot

Water and Chilled Water in the Central Terminal Area of the Port Authority and the lessees of premises in the Central Terminal Area in the year ended December 31, 1989, and (y) a fraction, the numerator of which is the amount of the Lessee's use of thermal energy contained in Hot Water and Chilled Water at the premises in the most recent complete calendar year preceding the applicable date of determination and the denominator of which is the amount of all use in the Central Terminal Area of thermal energy contained in Hot Water and Chilled Water in such calendar year.

(iii) It is agreed that during or subsequent to the expiration of this Agreement no charge to or payment by the Lessee with respect to Hot Water, Chilled Water or Chilled Water distribution gallonage shall be included in, affect, or change in any way the calculation and determination of Port Authority costs or charges under any other agreement between the Lessee and the Port Authority at the Airport and any such Port Authority cost or charge shall be calculated and determined as if no charge to or payment by the Lessee with respect to Hot Water or Chilled Water had been incurred.

(c) THE LESSEE HEREBY WAIVES AND RELINQUISHES for itself, its successors and assigns any right it may have, and further agrees that it, its successors and assigns shall have no right, to manufacture or produce, to cause to be manufactured or produced, or to purchase or receive from any third party, Hot Water or Chilled Water for use on the premises or to use any other manner of air cooling or air heating at the premises except to purchase, receive and use Hot Water and Chilled Water from the Port Authority pursuant to this Agreement.

(d) There shall be no obligation to the Lessee by either KIAC or the Port Authority to furnish the goods and services covered by this Section at any time (i) while any component necessary therefor shall be prohibited or rationed by any federal, state or municipal, law, rule, regulation, requirement, order or direction or while the Port Authority deems it in the public interest to comply therewith even though such law, rule, regulation, requirement, order or direction may not be mandatory on the Port Authority as a public agency, (ii) while the same are curtailed or stopped because of the need to repair, replace, rebuild or alter the Cogeneration Facility, (iii) during the continuance of any event of Force Majeure, as such term is defined in the Cogeneration Agreement or (iv) that the Lessee shall be in default under this Agreement after the period, if any, herein granted to cure such default shall have expired. No failure, delay or interruption in supplying said goods and services shall be or be construed to be an eviction of the Lessee

or grounds for the diminution or abatement of rentals, fees or other charges, nor shall any such failure, delay or interruption be grounds for any claim by the Lessee for damages, consequential or otherwise, against the Port Authority or KIAC.

(e) Without limiting any other provision of this Section, any supply of Hot Water or Chilled Water to the premises from the Cogeneration Facility shall be limited by the safe and efficient operating capacity of the Cogeneration Facility as determined by KIAC and as approved by the Port Authority.

(f) (i) The Lessee has installed or shall install all machinery, equipment and facilities required to be installed in the premises in order to utilize Hot Water and Chilled Water to be distributed and has tied into or shall tie into the TDS at the heat exchangers, heretofore installed by the Port Authority or to be installed by KIAC, in the mechanical equipment rooms constructed by the Lessee on the premises.

(ii) The Lessee hereby agrees that the Port Authority, KIAC and the contractors or suppliers of either of them each shall have the right to enter upon the premises to install, operate and maintain any part of the Cogeneration Facility located thereon including but not limited to the aforesaid TDS and heat exchangers.

(g) In the event the Cogeneration Agreement is terminated and the facilities for the production of Hot Water and Chilled Water at the Airport exist and are, in the opinion of the Port Authority, economically operable, the Port Authority itself or pursuant to agreement with a contractor or permittee shall supply Hot Water and Chilled Water to the premises and the Lessee shall take and pay therefor at the same charge to the Lessee which would be applicable as if the Cogeneration Agreement had been in full force and effect, provided, however, that notwithstanding any other provision of this Section, the charge therefor to the Lessee shall in no event be less than an amount that would reimburse the Port Authority for its capital and operating costs in connection therewith determined in accordance with the Port Authority's normal accounting practice. In addition, the Port Authority may, in its discretion, make or consent to arrangements on one or more occasions with a third party or parties to succeed to KIAC's operation of all or any part of the Cogeneration Facility and the Lessee shall continue to be obligated to purchase Hot Water and Chilled Water from the Port Authority pursuant to this Agreement, at the rates provided for in the Cogeneration Agreement.

(h) Neither the Port Authority nor KIAC shall have any liability to the Lessee for any facilities installed by the Lessee on the premises in connection with the use of Hot Water and Chilled Water hereunder or for any investment made in connection with the use of Hot Water and Chilled Water.

(i) The Port Authority shall have the right to grant waivers, consents and approvals with respect to the Cogeneration Agreement and to enter into amendments, supplements or extensions of the Cogeneration Agreement with KIAC or any similar agreement with any successor operator of the Cogeneration Facility or other provider of Hot Water and Chilled Water at the Airport provided, however, that the Port Authority will not enter into any amendment, supplement or extension of the Cogeneration Agreement which will result in a change in the formula used to calculate the Hot Water and Chilled Water rates payable by the Lessee which change results in an increase in the rates payable by the Lessee pursuant to such formula (the Lessee hereby acknowledging that such formula may, according to its terms, provide for such rates to be adjusted from time to time) without the consent of the lessees (including the Port Authority as and to the extent that the Port Authority uses Hot Water and Chilled Water) of premises that purchased and used at least Fifty-one percent (51%) of the aggregate Hot Water and Chilled Water purchased and used in the Central Terminal Area during the last full calendar year preceding the effective date of such amendment, supplement or extension."

Section 57. Relationship of the Parties

(a) This Agreement does not constitute the Lessee as the agent or representative of the Port Authority for any purpose whatsoever. Neither a partnership nor any joint adventure is hereby created, notwithstanding the fact that certain payments to the Port Authority pursuant to Section 4 hereof are to be determined on the basis of a percentage of Lessee's gross receipts and notwithstanding the fact certain other payments to the Port Authority pursuant to Section 4 hereof may be determined on the basis of a percentage of sublease revenues to the Lessee.

(b) Neither the mention of, description of or reference to any partner of the Lessee or to any other person, including without limitation any Approved Sublessee or other sublessee shall grant or be deemed to grant to such person any rights or remedies hereunder or otherwise.

Section 58. Obligor Agreements of Airline Partners as Joint and "Step-up" Obligors

(a) The Lessee represents that, as aforesaid in paragraph (c) of Section 26 hereof, the Lessee is a limited partnership with the General Partner and the Airline Partners named in Section 26 (c) hereof. The Lessee shall procure and at all times during the term of this Agreement maintain in full force and effect Obligor Agreements executed by each Airline Partner wherein and whereby each Airline Partner as an obligor obligates itself to assure to the Port Authority on a joint and "step-up" basis (as more fully described in its Consent Agreement) with the other Airline Partners that the Lessee will duly and punctually pay all rentals and other monetary obligations which it has or shall have under the Lease, and that the Lessee will faithfully and fully perform, fulfill and observe everything on its part to be performed, fulfilled and observed under this Agreement of Lease and any amendments or supplements hereto, or both, as the parties in their discretion may execute. Such Obligor Agreement of each Airline Partner shall be set forth in the Consent Agreement which each Airline Partner executes as an Approved Sublessee the form of which (including the provisions of such Obligor Agreement) is attached hereto, hereby made a part hereof and marked "Exhibit CSL".

(b) Said Obligor Agreement of each Airline Partner as the same is attached hereto shall be executed by each Airline Partner contemporaneously with the Lessee's execution of this Agreement. It is hereby expressly understood and agreed, in addition to and without limiting or impairing any other term or provision of this Agreement, that (i) in the event there is a change in relationship of the Lessee and any Airline Partner, as said relationship is more fully described in paragraph (c) of Section 26 hereof, or (ii) in the event any Airline Partner shall become a possessor or merged corporation in a merger or a constituent corporation in a consolidation or a corporation in dissolution, then in such event, and in addition to and without limiting any term or provision of this Agreement or any other right or remedy of the Port Authority hereunder or otherwise, the Port Authority may require the Lessee to add, deposit or substitute other forms of security and/or additional security (collectively the "Additional Security") and the Lessee shall, and hereby agrees to, promptly comply with each such requirement. Neither the foregoing, nor the exercise, or failure to exercise, of any rights by the Port Authority pursuant thereto nor any submission by the Lessee of Additional Security to the Port Authority shall or shall be deemed to release or relieve any of the aforesaid Airline Partners from its Obligor Agreement submitted pursuant to this Section 58. In addition to the

following, and without limiting or impairing the same or any other term or provision of this Agreement or any right or remedy of the Port Authority, in the event there is a new partner of the Lessee other than the General Partner and the Airline Partners named in Section 26 hereof, then the Lessee shall and hereby agrees to procure any maintain in full force and effect an "Obligor Agreement" from such new partner substantially in the form set forth in Exhibit CSL with respect to said new partner of the Lessee and subject to the foregoing terms and conditions.

(c) The foregoing, however, shall not limit or impair any right or remedy of the Port Authority under Sections 26 , 28, or 29 hereof or the terms or conditions of any consent which may be given under said Section 26 by the Port Authority.

Section 59. Consumer Services

(a) The Lessee acknowledges that various portions of the premises will be utilized for consumer services and said portions which receive the concurrence of the Lessee and the Port Authority, as hereinafter provided, are herein referred to as "the concession areas". Without limiting the provisions of Section 47 hereof, the Lessee shall develop a comprehensive plan for consumer services, including but not limited to the locations of future concession areas, the amount of services to be provided of the types hereinafter set forth in Sections 60, 61, 62, 63, 64, 65 and 66 hereof, and the types and amounts of any consumer services proposed under Section 67, and the Lessee agrees that it will at all times throughout the term of the Lease keep said comprehensive plan updated and that said updated plan shall be submitted to and be subject to the continuing approval of the Port Authority. The Port Authority shall furnish to the Lessee guidelines to be utilized by the Lessee with respect to all matters affecting consumer services in the concession areas including the aforesaid Lessee's comprehensive plan.

(b) After approval by the Port Authority of the Lessee's comprehensive plan for consumer services the Lessee shall enter into negotiations or go out for bid, as the circumstances dictate, with respect to the selection of proposed new operators and new agreements with the same. At all times during the negotiation and award procedure the Lessee shall consult with the Port Authority as to all aspects of the proposed arrangements including but not limited to the proposed operators and the financial terms thereof. As hereinafter provided the Lessee will be entering into a direct contract with each new operator but said operator must also enter into an appropriate agreement with the Port Authority. The Lessee shall not finalize negotiations with any operator and shall not execute any

agreement with any proposed operator until it has received notification from the Port Authority that said arrangement is acceptable to the Port Authority and until said operator has indicated that it is prepared to enter into the appropriate contractual agreement with the Port Authority. The foregoing procedure will be followed throughout the term of the Lease. It is expressly understood and agreed that the provisions of this Section shall not limit or be deemed to limit the provisions of Section 47 hereof and the Lessee's on-going affirmative action commitment with respect to the consumer services awards and agreements provided for herein. Without limiting any of the foregoing or any other term or provision of this Agreement, the Lessee understands and agrees that the Lessee's comprehensive plan for consumer services shall comply with the Disadvantaged Business Enterprises requirements of the Federal Aviation Administration and also the requirements of the Port Authority with respect to making contract opportunities available to Disadvantaged Business Enterprises.

Section 60. Restaurant and Bar

The Lessee may select and thereafter enter into an agreement with one or more qualified restaurant operators (each such restaurant operator being hereinafter referred to in this Section as "the Restaurant Operator") authorizing the Restaurant Operator to operate in the premises facilities for the sale of food, alcoholic and non-alcoholic beverages and similar items for consumption in the premises (hereinafter as to each Restaurant Operator called "the Restaurant Service") provided, however, that prior to any such selection and prior to the entering by the Lessee into any such agreement with the Restaurant Operator, said Restaurant Operator shall obtain a permit from the Port Authority authorizing such Restaurant Operator to operate the Restaurant Service in a portion of the premises hereunder. Prior to the issuance of any such permit, the proposed Restaurant Operator may be required to submit to the Port Authority evidence satisfactory to the Port Authority of its qualifications, the scope of its proposed operations and the standards of service it will provide. Any such permit will provide that the Restaurant Operator will conduct its operations at the premises in a first-class manner in accordance with the best practices in the industry and shall comply with maximum Port Authority standards with respect to service, health, sanitary and safety measures. The permit will not be revoked without cause by the Port Authority without the prior consent of the Lessee. In the event of any inconsistencies between the terms of the permit and the terms of the agreement between the Lessee and the Restaurant Operator, the terms of the permit shall control and prevail. Without limiting the foregoing, it is agreed that prior to the issuance of the permit

the Port Authority shall make a copy of the same available to the Lessee and that upon the execution of the permit by the proposed Restaurant Operator the same shall be consented to in writing by the Lessee.

The agreement between the Lessee and the Restaurant Operator shall cover the arrangements for the space to be used in the Restaurant Service within the premises including the amount, type and location of the space. The Lessee will bring to the perimeter of the space to be occupied by the Restaurant Operator pipes, wires and conduits for the supply of electricity, gas and water, together with the necessary steam and waste lines for use in connection with the Restaurant Service and shall provide said utilities to the Restaurant Operator. Said agreement will also provide that the Restaurant Operator will furnish and install at its own expense all necessary fixtures, furniture and personal property required in connection with the Restaurant Service and that the Restaurant Operator may be required to perform all work necessary or required to finish off the space, including the finishing of the floors and ceilings from the structural slab and the walls from the rough partitions.

The agreement between the Restaurant Operator and the Port Authority will contain appropriate provisions permitting cancellation of such agreement on short notice in the event the service of the Restaurant Operator is unsatisfactory to the Lessee. In the event of such cancellation the Lessee agrees to reimburse the Restaurant Operator for its unamortized investment in the fixtures, equipment, furniture and personal property furnished in connection with the operation, and the unamortized cost of the work performed in finishing off the space and title to such fixtures, equipment, furniture and personal property shall thereupon vest in the Lessee; provided, however, where such agreement is cancelled expressly on the basis of the failure of the Restaurant Operator to keep, perform or observe any of the terms and provisions of said agreement on its part to be kept, performed or observed or on the basis of one or more event or events of default as specified in said agreement such provision for Lessee reimbursement is not to obtain or apply.

The agreement between the Lessee and the Restaurant Operator shall not call for any fixed rental or fee but shall provide that the Restaurant Operator shall pay a percentage fee based upon the gross receipts of the Restaurant Operator from the sale of food, alcoholic and non-alcoholic beverages, which fee shall be subject to the prior written approval of the Port Authority and shall be incorporated into the permit to be issued by the Port Authority. There shall be no other payments by the Restaurant Operator to the Lessee except for appropriate payments

for any utilities which may be furnished to the Restaurant Operator by the Lessee, it being understood, however, that the foregoing shall not preclude the Lessee from furnishing services to the Restaurant Operator, such as janitorial and garbage removal services, and from receiving payments from the Restaurant Operator for such services provided the same are covered by appropriate written agreements duly entered into between the Lessee and the Restaurant Operator including the charges therefor, and that the Lessee hereby agrees to provide the Port Authority with any and all agreements covering any such services promptly and upon the receipt of a request therefor from the Port Authority. It is hereby understood and agreed that 80% of the percentage fee payable by the Restaurant Operator shall be paid by the Restaurant Operator to the Lessee and 20% of the percentage fee payable by the Restaurant Operator shall be paid by the Restaurant Operator to the Port Authority. Both the agreement between the Lessee and the Restaurant Operator and the permit to be issued by the Port Authority shall have provisions covering the fee in accordance with this Section and, without limiting the generality of any other provision of this Section, the permit shall control as to the manner, conditions and terms of payment.

Section 61. Vending Machines, Public Telephones, Advertising Displays

If requested by the Lessee the Port Authority, by itself or through contractors, lessees, or permittees, shall install and maintain in the premises vending machines, public telephones, and advertising displays, at such locations and to such extent as requested by the Lessee. The Lessee shall provide the necessary wires and conduits for the supply of electricity for such machines and displays.

The Port Authority shall require its contractors, lessees, or permittees to pay a fee, which may be a percentage fee subject to a minimum amount, based upon the gross receipts received from such vending machines, public telephones, and advertising displays or a fixed fee.

The Port Authority shall pay the Lessee an annual fee equivalent to 80% of the fee collected by the Port Authority from its contractors, lessees, or permittees aforementioned. The fees payable hereunder shall be paid in the same manner, under the conditions and at the times, provided in Section 69 hereof.

Section 62. Insurance Covering Air Transportation

The Port Authority may enter into contracts or agreements with qualified insurance vendors requiring such vendors to sell or arrange for the sale, at the premises, of insurance covering air transportation, of such types and coverages as may be required by the Lessee.

The contract between the insurance vendor and the Port Authority shall provide that such vendor shall pay a basic rental for the space occupied by such vendor in the premises in connection with the sale of such insurance. The basic rental will be based upon the cost to the Lessee of providing such space to the vendor. In determining the cost to the Lessee there shall be considered the construction cost of the premises, and an appropriate allocation of the cost of providing and maintaining public areas within the premises. For the purpose of determining the aforesaid costs the premises shall be considered as a single entity and a single rental rate shall be established for all areas of the premises based thereon. The amount of the basic rental to be paid by the vendor shall be agreed upon between the Port Authority and the Lessee, when the costs aforementioned are determined or can be reasonably estimated provided, however, in no event shall such basic rental be computed at a rate in excess of the Consumer Service Maximum Basic Rental Rate as defined in Section 85 hereof.

The contract shall further provide that the vendor shall pay an amount equal to a percentage of the vendor's gross premiums from the sale of such insurance, less the amount of any basic rental paid by the vendor.

It is hereby understood and agreed that all of the basic rental and 50% of the percentage fee payable by the insurance vendor shall be paid by the insurance vendor to the Lessee and 50% of the percentage fee payable by the insurance vendor shall be paid by the insurance vendor to the Port Authority. The rental and fees payable hereunder shall be paid in the manner, under the conditions, and at the times provided in Section 69 hereof.

The contract with the insurance vendor will provide that: (a) if the Lessee so requests, the vendor shall provide a general information service to the public; and (b) the vendor shall not be required to provide a counter for the sale of insurance if, in its opinion, there will be insufficient patronage to support such a counter; and (c) the vendor shall not be required to continue to provide at any designated location vending machines for the sale of insurance when the gross

premiums from any such machines at any such location is less than $200 per month, provided, however, if twenty-four (24) hour counter coverage is not provided there shall be at least one machine in the premises; and (d) the provisions of insurance policies and the minimum coverage offered shall be acceptable to the Lessee.

The location of insurance counters and insurance vending machines shall be determined by the Lessee. The vendor will furnish and install at its expense all necessary fixtures, machines, counters and equipment required in connection with its operation. The Lessee shall provide the necessary wires and conduits for the supply of electricity for use in connection with the vendor's operation. The Lessee shall not require unreasonably frequent moves of insurance counters and insurance vending machines hereunder.

Section 63. Newsstands

(a) The Lessee may select and thereafter enter into an agreement or agreements with a qualified newsstand operator or operators authorizing such operators to operate newsstands in the premises for the sale at retail of such of the following items as may be approved by the Port Authority: newspapers, magazines, cigarettes, cigars and other tobacco supplies, candy, chewing gum, playing cards and paperbound books, small novelty gift items, and such other items as may be approved by the Port Authority from time to time, provided, however, that prior to any selection and prior to the entering by the Lessee into any such agreement with any such newsstand operator, each such newsstand operator obtains a permit from the Port Authority authorizing said newsstand operator to operate the newsstand in a portion of the premises hereunder. Prior to the issuance of any such permit, the proposed newsstand operator may be required to submit to the Port Authority evidence satisfactory to the Port Authority of its qualifications, the scope of its proposed operations and the standards of service it will provide. Any such permit will provide that the newsstand operator will conduct its operations at the premises in a first-class manner in accordance with the best practices in the industry and shall comply with maximum Port Authority standards with respect to service, health, sanitary and safety measures. The permit will not be revoked without cause by the Port Authority without the prior consent of the Lessee. In the event of any inconsistencies between the terms of the permit and the terms of the agreement between the Lessee and the newsstand operator, the terms of the permit shall control and be prevailing. Without limiting the foregoing, it is agreed that prior to the issuance of the permit the Port Authority shall make a copy of the same available to the Lessee and that upon the

execution of the permit by the proposed newsstand operator the same shall be subscribed to by the Lessee. The Port Authority shall require such operator or operators to sell at retail from its or their locations, such other items or furnish such other services as may be approved by the Port Authority and as are requested by the Lessee.

(b) The agreement between the newsstand operator or operators and the Port Authority shall provide that each such operator shall pay to the Lessee a basic rental for the space occupied by such operator in the premises in connection with the operation of the newsstand. The basic rental will be based upon the cost to the Lessee of providing such space to the operator. In determining the cost to the Lessee there shall be considered the construction cost of the premises and an appropriate allocation of the cost of providing and maintaining public areas within the premises. For the purpose of determining the aforesaid costs the premises shall be considered as a single entity and a single basic rental rate shall be established for all areas of the premises based thereon. The amount of the basic rental to be paid by the operator shall be agreed upon between the Port Authority and the Lessee, when the costs aforementioned are determined or can be reasonably estimated, provided, however, in no event shall such basic rental be computed at a rate in excess of the Consumer Service Maximum Basic Rental Rate as defined in Section 85 hereof. The Lessee shall furnish without additional charge, a reasonable amount of storage space for the use of the newsstand operator.

(c) The agreement with the newsstand operator or operators shall further provide that the operator will pay to the Port Authority a percentage fee of the gross receipts derived by the newsstand operator from all sales made by the newsstand operator less the amount of the basic rental paid by the newsstand operator to the Lessee, the amount of said percentage fee payable to the Port Authority up to the amount of the basic rental being herein called "the basic rental equivalent".

(d) The agreement with the newsstand operator shall provide furthermore that the newsstand operator shall pay directly to the Port Authority and to the Lessee the excess, if any, of the percentage fee remaining after the newsstand operator has paid to the Port Authority the basic rental equivalent, said excess to be divided equally between the Lessee and the Port Authority. Both the agreement between the Lessee and the newsstand operator and the permit to be issued by the Port Authority shall have provisions covering the percentage fee in accordance with this Section and without limiting the generality

of any other provision of this Section, the permit shall control as to the manner, conditions and terms of payment.

(e) The agreement with the newsstand operator or operators will further provide that the newsstand operator will be permitted to sell at retail only such merchandise as is normally sold at newsstands in operation at Port Authority Airports together with such other merchandise as may be requested by the Lessee, if authorized by the Port Authority. The contract shall further provide that no merchandise objectionable to the Lessee or the Port Authority shall be sold.

(f) The location of newsstands for the use of the newsstand operators shall be determined by the Lessee subject to the approval of the Port Authority and in accordance with the Lessee's comprehensive plan. The said agreement between the newsstand operator and the Lessee shall provide that the newsstand operator will furnish and install at its expense all necessary trade fixtures, stands, counters and equipment required in connection with its operation. The Lessee shall perform all construction work necessary to accommodate such installations including the necessary wires and conduits for the supply of electricity and shall supply the same including the supply of electricity for use in connection with the operation of the newsstand or newsstands at no cost to the newsstand operator or to the Port Authority. In addition to other rights of termination or revocation that may be contained in said agreement between the newsstand operator and the Lessee, the said agreement may contain appropriate provisions permitting cancellation of the agreement by the Lessee on short notice in the event the newsstand service provided by the newsstand operator is unsatisfactory to the Lessee. In the event of such termination or revocation, the Lessee agrees to reimburse the newsstand operator for its unamortized investment in the fixtures, equipment, stands, counters and equipment furnished in connection with the operation, and the unamortized cost of the construction work performed to accommodate such installations, and title to such fixtures, stands, counters and equipment furnished in connection with the newsstand operation shall thereupon vest in the Lessee; provided, however, that where such agreement is cancelled expressly on the basis of the failure of the newsstand Operator to keep, perform and observe the terms and provisions of said agreement on its part to be kept, performed or observed or on the basis of one or more event or events of default as specified in said agreement, such provision for Lessee reimbursement is not to obtain or apply.

Section 64. Duty-Free Shop

(a) The Lessee may select and thereafter enter into an agreement with qualified persons, firms or corporations (each such person, firm or corporation is hereinafter referred to as a "Duty-Free Shop Operator") authorizing such Duty-Free Shop Operator to operate a shop in the premises for the sale at retail of in-bond liquors, in-bond cigarettes, cigars and other in-bond tobacco products, and other in-bond items, (hereinafter called "the Duty-Free Shop"), provided, however, that prior to any such selection and prior to the entering by the Lessee into any such agreement with any such Duty-Free Shop Operator, each such Duty-Free Shop Operator obtains a permit from the Port Authority authorizing such Duty-Free Shop Operator to operate its Duty-Free Shop in a portion of the premises hereunder. Prior to the issuance of any such permit, each proposed Duty-Free Shop Operator may be required to submit to the Port Authority evidence satisfactory to the Port Authority of its qualifications, the scope of its proposed operations and the standards of service it will provide. Any such permit will provide that the Duty-Free Shop Operator will conduct its operations at the premises in a first-class manner in accordance with the best practices in the industry and shall comply with maximum Port Authority standards with respect to service, health, sanitary and safety measures. The permit will not be revoked without cause by the Port Authority without the prior consent of the Lessee. In the event of any inconsistencies between the terms of the permit and the terms of the agreement between the Lessee and the Duty-Free Shop Operator, the terms of the permit shall control and be prevailing. Without limiting the foregoing, it is agreed that prior to the issuance of the permit the Port Authority shall make a copy of the same available to the Lessee and that upon the execution of the permit by the proposed Duty-Free Shop Operator the same shall be subscribed to by the Lessee.

(b) The Lessee agrees and each agreement between the Lessee and each Duty-Free Shop Operator shall provide that the Lessee will furnish to such Duty-Free Shop Operator sufficient and suitable space for conducting and carrying on its aforesaid operation. The Lessee agrees that it shall perform all work necessary or required to finish off the space, including the finishing of the floors and ceilings from the structural slab and the walls from the rough partitions, the decor and color scheme to be subject to the approval of the Port Authority. In addition, the Lessee shall construct as to each Duty Free Shop Operator in the portion of the premises approved by the Port Authority a storage area for the storage of the aforesaid in-bond items to be sold by each such Duty-Free Shop Operator (said storage area as to each Duty Free Shop Operator being herein

called "the Duty-Free Distribution Center"). The Lessee shall proceed diligently to construct and install those portion of pipes wires and conduits in the manner and to the locations as shall be shown in detail on the Lessee's plans and specifications to be submitted to and approved by the Port Authority for the supply of such utilities and services including without limitation thereto those portions of the electrical, heating and air-conditioning equipment required by each Duty-Free Shop Operator in its operations in its Duty-Free Shop and its Duty-Free Distribution Center. The Lessee shall supply said utilities and services to each Duty-Free Shop Operator without charge to such Duty-Free Shop Operator or the Port Authority.

(c) Each agreement between the Lessee and each Duty-Free Shop Operator shall not call for any fixed rental or fee but shall provide that such Duty-Free Shop Operator shall pay a percentage fee subject to appropriate minimum amounts based upon the gross receipts of such Duty-Free Shop Operator from the sale of in-bond liquors, in-bond cigarettes, cigars and other in-bond tobacco products and other in-bond items, which fee shall be subject to the prior written approval of the Port Authority and shall be incorporated into each permit to be issued by the Port Authority. There shall be no other payments by the Duty-Free Shop Operator to the Lessee except other than as provided herein. It is hereby understood and agreed that 50% of the percentage fee payable by the Duty-Free Shop Operator shall be paid by the Duty-Free Shop Operator to the Lessee and 50% of the percentage fee payable by the Duty-Free Shop Operator shall be paid by the Duty-Free Shop Operator to the Port Authority. Both the agreement between the Lessee and each Duty-Free Shop Operator and the permit to be issued by the Port Authority to each Duty-Free Shop Operator shall have provisions covering the fee in accordance with this Section and, without limiting the generality of any other provision of this Section, the permit shall control as to the manner, conditions and terms of payment.

(d) The agreement between each Duty-Free Shop Operator and the Lessee will provide that such Duty-Free Shop Operator will furnish at its expense all necessary trade fixtures, equipment furniture and personal property required in connection with the efficient and satisfactory operation of its Duty-Free Shop and its Duty-Free Distribution Center. The decor and color scheme of the facilities to be operated by each Duty-Free Shop Operator and the location of fixtures therein shall be subject to the prior and continuing approval of the Port Authority. In addition to other rights of termination or revocation that may be contained in said agreement between each Duty-Free Shop Operator and the Lessee, said agreement may contain appropriate provisions permitting cancellation of the agreement by the Lessee on short

notice in the event such Duty-Free Shop provided by the Duty-Free Shop Operator is unsatisfactory to the Lessee.

Section 65. Foreign Currency Exchange

(a) The Lessee may select and thereafter enter into agreements with qualified persons, firms or corporations (which persons, firms or corporations are hereinafter referred to as "the Currency Exchange Operator") authorizing the Currency Exchange Operator to operate an establishment in the premises for the exchange, purchase and sale of domestic and foreign currencies (hereinafter called "the Foreign Currency Exchange Service") provided, however, that prior to any such selection and prior to the entering by the Lessee into any such agreement with the Currency Exchange Operator, said Currency Exchange Operator obtains a permit from the Port Authority authorizing such Currency Exchange Operator to operate the Foreign Currency Exchange Service in a portion of the premises hereunder. Prior to the issuance of any such permit, the proposed Currency Exchange Operator may be required to submit to the Port Authority evidence satisfactory to the Port Authority of its qualifications, the scope of its proposed operations and the standards of service it will provide. Any such permit will provide that the Currency Exchange Operator will conduct its operations at the premises in a first-class manner in accordance with the best practices in the industry and shall comply with maximum Port Authority standards with respect to service. The permit will not be revoked without cause by the Port Authority without the prior consent of the Lessee. In the event of any inconsistencies between the terms of the permit and the terms of the agreement between the Lessee and the Currency Exchange Operator, the terms of the permit shall control and be prevailing. Without limiting the foregoing, it is agreed that prior to the issuance of the permit the Port Authority shall make a copy of the same available to the Lessee and that upon the execution of the permit by the proposed Currency Exchange Operator the same shall be subscribed to by the Lessee.

(b) The Lessee agrees and the agreement between the Lessee and the Currency Exchange Operator shall provide that the Lessee will furnish to the Currency Exchange Operator sufficient and suitable space for conducting and carrying on its aforesaid operation. The Lessee agrees that it shall perform all work necessary or required to finish off the space, including the finishing of the floors and ceilings from the structural slab and the walls from the rough partitions, the decor and color scheme to be subject to the approval of the Port Authority. The Lessee shall supply said utilities and services to the Currency Exchange

Operator without charge to the Currency Exchange Operator or the Port Authority.

(c) The agreement between the Lessee and the Currency Exchange Operator shall not call for any fixed rental or fee but shall provide that the Currency Exchange Operator shall pay a percentage fee based upon the gross receipts of the Currency Exchange Operator, which fee shall be subject to the prior written approval of the Port Authority and shall be incorporated into the permit to be issued by the Port Authority. There shall be no other payments by the Currency Exchange Operator to the Lessee except other than as provided herein. It is hereby understood and agreed that 50% of the percentage fee payable by the Currency Exchange Operator shall be paid by the Currency Exchange Operator to the Lessee and 50% of the percentage fee payable by the Currency Exchange Operator shall be paid by the Currency Exchange Operator to the Port Authority. Both the agreement between the Lessee and the Currency Exchange Operator and the permit to be issued by the Port Authority shall have provisions covering the fee in accordance with this Section and, without limiting the generality of any other provision of this Section, the permit shall control as to the manner, conditions and terms of payment.

(d) The agreement between the Currency Exchange Operator and the Lessee will provide that the Currency Exchange Operator will furnish at its expense all necessary trade fixtures, equipment furniture and personal property required in connection with the efficient and satisfactory operation of the Foreign Currency Exchange Service. The decor and color scheme of the facilities to be operated by the Currency Exchange Operator and the location of fixtures therein shall be subject to the prior and continuing approval of the Port Authority. In addition to other rights of termination or revocation that may be contained in said agreement between the Currency Exchange Operator and the Lessee, said agreement may contain appropriate provisions permitting cancellation of the agreement by the Lessee on short notice in the event the Foreign Currency Exchange Service provided by the Currency Exchange Operator is unsatisfactory to the Lessee.

Section 66. Retail Banking

(a) The Lessee may select and thereafter enter into agreements with qualified persons, firms or corporations (which persons, firms or corporations are hereinafter referred to as "the Retail Bank Operator") authorizing such Retail Bank Operator to operate a service consisting of the maintaining of accounts, receipt and disbursement of funds and including automatic teller

machine service and foreign currency exchange, sale and purchase (hereinafter called "the Retail Banking Service") in the premises, provided, however, that prior to any such selection and prior to the entering by the Lessee into any such agreement with the Retail Bank Operator, said Retail Bank Operator obtains a permit from the Port Authority authorizing such Retail Bank Operator to operate the Retail Banking Service in a portion of the premises hereunder. Prior to the issuance of any such permit, the proposed Retail Bank Operator may be required to submit to the Port Authority evidence satisfactory to the Port Authority of its qualifications, the scope of its proposed operations and the standards of service it will provide. Any such permit will provide that the Retail Bank Operator will conduct its operations at the premises in a first-class manner in accordance with the best practices in the industry and shall comply with maximum Port Authority standards with respect to service. The permit will not be revoked without cause by the Port Authority without the prior consent of the Lessee. In the event of any inconsistencies between the terms of the permit and the terms of the agreement between the Lessee and the Retail Bank Operator, the terms of the permit shall control and be prevailing. Without limiting the foregoing, it is agreed that prior to the issuance of the permit the Port Authority shall make a copy of the same available to the Lessee and that upon the execution of the permit by the proposed Retail Bank Operator the same shall be subscribed to by the Lessee.

(b) The Lessee agrees and the agreement between the Lessee and the Retail Bank Operator shall provide that the Lessee will furnish to the Retail Bank Operator sufficient and suitable space for conducting and carrying on its aforesaid operation. The Lessee agrees that it shall perform all work necessary or required to finish off the space, including the finishing of the floors and ceilings from the structural slab and the walls from the rough partitions, the decor and color scheme to be subject to the approval of the Port Authority. The Lessee shall supply said utilities and services to the Retail Bank Operator without charge to the Retail Bank Operator or the Port Authority.

(c) The agreement between the Lessee and the Retail Bank Operator shall provide that the Retail Bank Operator shall pay a basic fixed rental for the space occupied by such operator, which rental shall be subject to the prior written approval of the Port Authority and shall be incorporated into the permit to be issued by the Port Authority. There shall be no other payments by the Retail Bank Operator to the Lessee except as provided herein. It is hereby understood and agreed that 50% of the rental payable by the Retail Bank Operator shall be paid by the Retail Bank Operator to the Lessee and 50% of the rental

payable by the Retail Bank Operator shall be paid by the Retail Bank Operator to the Port Authority. Both the agreement between the Lessee and the Retail Bank Operator and the agreement to be issued by the Port Authority shall have provisions covering the rental in accordance with this Section and, without limiting the generality of any other provision of this Section, the agreement shall control as to the manner, conditions and terms of payment.

(d) The agreement between the Retail Bank Operator and the Lessee will provide that the Retail Bank Operator will furnish at its expense all necessary trade fixtures, equipment furniture and personal property required in connection with the efficient and satisfactory operation of the Retail Banking Service. The decor and color scheme of the facilities to be operated by the Retail Bank Operator and the location of fixtures therein shall be subject to the prior and continuing approval of the Port Authority.

Section 67. Other Consumer Services

(a) If the Lessee desires that additional consumer services be provided in the premises for the sale of other items or the furnishing of other services the Lessee shall either (i) request that the Port Authority secure qualified tenants, permittees or licensees (hereinafter referred to as the "Additional Operator" or "Operator"), to furnish such consumer services and the Port Authority shall endeavor to secure such Additional Operator and to enter into contracts or agreements with such Additional Operator requiring it to furnish the item or services to the extent required by the Lessee, or (ii) notify the Port Authority in writing that the Lessee is seeking such Additional Operator (including the proposed contractual arrangements, if any, between the Lessee and the proposed Additional Operator), satisfactory to the Port Authority and subject to its approval, provided that the Lessee complies with all the terms and provisions of Section 59 hereof, including without limitation its prior submittal to the Port Authority of an updated comprehensive plan for consumer services covering such proposed Additional Operator in accordance with and subject to said Section 59, and in compliance with the provisions covering the selection of the Additional Operator as described in Section 59 (b) hereof and also subject to Sections 47, 68 and 69 hereof.

(b) Each such Additional Operator must enter into an appropriate contractual arrangement with the Port Authority, as described in Section 59 (b) hereof, including without limitation an appropriate Port Authority permit authorizing such Additional Operator to operate the consumer services at the premises. Prior to the issuance of any such permit such Additional Operator may

be required to submit to the Port Authority evidence satisfactory to the Port Authority of its qualifications, the scope of its proposed operations and the standard of service it will provide. Any such permit will provide that such Additional Operator will conduct its operations thereunder in a first class manner in accordance with the best practices in the industry and shall comply with the maximum Port Authority standards with respect to service, health, sanitary and safety measures. The Permit will not be revoked without cause, without the prior consent of the Lessee.

(c) (1) The contractual arrangement between the Operator and the Port Authority shall provide that such Operator shall pay to the Port Authority a basic rental for the space occupied by such Operator in the premises in connection with the furnishing of the consumer services. The basic rental will be based upon the cost to the Lessee of providing such space to the Operator. In determining the cost to the Lessee there shall be considered the construction cost of the premises and the cost of operation and maintenance of the premises. The amount of the basic rental to be paid by the Operator shall be agreed upon between the Port Authority and the Lessee.

(2) The contractual arrangement shall further provide that such Operator shall also pay a percentage fee based upon the gross receipts of such Operator from the operation of such consumer service, less the amount of any basic rental paid by the Operator.

(3) The Port Authority shall pay to the Lessee the amount of the basic rental. If the percentage fee actually paid to the Port Authority exceeds the amount of the basic rental, the Port Authority shall retain the percentage fee up to the amount of the basic rental. The excess, if any, remaining shall be divided equally between the Port Authority and the Lessee. The rental and fees payable hereunder shall be paid in the same manner, under the conditions, and at the times provided in Section 69 hereof.

(4) Notwithstanding the foregoing provisions of subparagraphs (1), (2) and (3) above, the contractual arrangement between the Port Authority and the Operator may provide that the Operator will pay to the Port Authority a basic minimum rental plus a percentage of gross receipts (with or without an annual exemption amount) to be shared equally between the Port Authority and the Lessee and will also pay to the Lessee an equal amount as such basic minimum rental, with such payments of the basic minimum rental and percentage fee to be made by the Operator directly to the Port Authority and directly to the Lessee; the

basic minimum rental not to exceed the Consumer Service Maximum Basic Rental Rate as defined in Section 85 hereof.

(d) The Operator will furnish and install at its expense all necessary fixtures, stands, counters and equipment required in connection with its operation and all construction work necessary to accommodate such installations.

(e) The Port Authority's approval of any proposed Additional Operator may include limitations as to the scope of the activities of Additional Operator in the light of the availability of similar services in the Central Terminal Area.

(f) The Lessee understands and agrees that it may not itself nor will the Port Authority install or cause to be installed coin-operated lockers on the premises.

Section 68. Subletting of the Premises for Consumer Services.

Irrespective of whether the Persons selected in accordance with this Agreement to furnish the Consumer Services set forth in Sections 60, 61, 62, 63, 64, 65, 66 and 67 hereof have contracts with or are contractors or permittees of the Port Authority, the Lessee may require that such Persons enter into separate agreements or subleases with the Lessee as a condition precedent to the occupancy of space within and the operation of such establishments upon the Lessee's premises, provided, however, that all such Persons must have first obtained a permit from the Port Authority authorizing them to operate such establishments. The terms and provisions of the said agreements or subleases shall not be inconsistent with the terms of this Agreement except that the same may provide for cancellation by the Lessee on short notice in the event the services furnished by such Persons are unsatisfactory to the Lessee.

Prior to the issuance of any of the aforementioned permits, such Persons may be required to submit to the Port Authority evidence satisfactory to the Port Authority of their qualifications, the scope of their proposed operations and the standards of service they will provide. Any such permits will provide that such Persons will conduct their operations thereunder in a first class manner in accordance with the best practices in the industry and shall comply with the maximum Port Authority standards with respect to service, health, sanitary and safety measures. Such Persons shall be required to pay to the Port Authority a fee but such fee shall not in any event exceed the fees or charges that would be retained by the Port Authority if their respective establishments were operated by regular Operators of the Port Authority.

Section 69. Obligations in Connection with Consumer Services Agreements

The Port Authority shall administer all contracts and agreements with its tenants, licensees or permittees furnishing consumer services at the premises. All such contracts and agreements shall contain provisions, among others, providing that such tenant, licensee or permittee shall:

(a) Take all reasonable measures in every proper manner to maintain, develop and increase the business conducted by it at the premises;

(b) Not divert or cause or allow to be diverted any business from the premises;

(c) Maintain in accordance with accepted accounting practice, records and books of account recording all transactions at, through or in anywise connected with the premises, which records and books of account shall be kept at all times within the Port of New York District and permit, in ordinary business hours during such time, the examination and audit by the officers, employees and representatives of the Port Authority of such records and books of account;

(d) Permit in ordinary business hours the inspection by the officers, employees and representatives of the Port Authority or the Lessee of any equipment used by the tenant, licensee or permittee, including but not limited to cash registers and recording tapes;

(e) Furnish on or before the twentieth day of each month following the commencement date of the operation a sworn statement of gross receipts arising out of the operations of the tenant, licensee or permittee, for the preceding month;

(f) Install and use such cash registers, sales slips, invoicing machines and any other equipment or devices for recording orders taken or services rendered as may be appropriate to the business and necessary or desirable to keep accurate records of gross receipts;

(g) Furnish good, prompt and efficient service, adequate to meet all demands therefor at the premises; furnish said service on a fair, equal and nondiscriminatory basis to all users thereof; and charge fair, reasonable and nondiscriminatory prices for all items and/or services which it is permitted to sell and/or render; and

(h) Promptly observe, comply with and execute the provisions of any and all present and future governmental laws, rules, regulations, requirements, orders and directions which may pertain and apply to its operations or the use and occupancy of the premises.

The Port Authority does not guarantee the payments of rentals and fees required to be paid by the tenant, licensee, permittee or operator pursuant to the provisions of Sections 60, 61, 62, 63, 64, 65, 66 and 67 hereof and shall have no obligation to the Lessee to make any payments to the Lessee until the fees or rentals are actually collected from the tenant, licensee, permittee or operator. The Port Authority will advise the Lessee of all accounts remaining delinquent for more than sixty (60) days and will consult with the Lessee as to the appropriate steps to effect collection. A default by the Port Authority in observing the provisions of the preceding sentence shall not result in the imposition of any liability on the Port Authority with respect to the Lessee.

Section 70. Club Rooms

In the event the Lessee provides any rooms or space for the special handling of or the furnishing of special services to any of passengers, guests or invitees of Approved Sublessees of the Lessee it shall furnish such rooms or space at its expense and without cost to the Port Authority. The Lessee agrees that any food, alcoholic or non-alcoholic beverages and similar items sold or furnished to the passengers, guests or invitees of said Approved Sublessees in any such rooms or space shall, where a charge or other money payment for such item or items is imposed on or collected from such passengers, guests or invitees, be obtained by the Lessee from an Operator who has been authorized by the Port Authority to operate establishments for the sale of food, alcoholic and non-alcoholic beverages and similar items for consumption in passenger terminal facilities at the Airport; provided that as to any such item (i) which is a specialty item of the Approved Sublessee's home country and not otherwise ordinarily available from a Port Authority permittee at the Airport and (ii) which is supplied to said passengers, guests or invitees in such club rooms and at no charge by the Lessee, the Approved Sublessee (s) or the operator, no fee shall apply to such item. All monies paid or payable to the Operator for such sales shall be included in the gross receipts of the Operator. In the event the Lessee wishes to use its own personnel for serving food, alcoholic or non-alcoholic beverages and similar items it may do so; provided that where a charge or other money payment for such item or items is imposed on or collected from

such passengers, guests or invitees the food, alcoholic and non-alcoholic beverages are obtained by the Lessee from an Operator authorized by the Port Authority and provided that monies paid therefor, in that event, shall be included in the gross receipts of the Operator. If the Lessee uses its own personnel for serving food, alcoholic or non-alcoholic beverages and similar items, the Lessee will pay a fee to the Port Authority as shall be specified by the Port Authority which will not be greater than the fee that would be retained by the Port Authority if the food, alcoholic or non-alcoholic beverages and similar items were served by the Operator.

Section 71. Ground Transportation Services

(a) The Lessee shall make available within the premises at reasonable rental rates, such counter spaces and at such locations as may be determined by the Port Authority and the Lessee for use by limousine, bus, car rental, taxi and other ground transportation operators at the Airport, all of the foregoing being hereinafter called "the ground transportation operators". The Lessee shall enter into an agreement only with ground transportation operators designated or approved by the Port Authority, covering the occupancy of said counter space, which agreement may provide for the payment of a basic rental (but no other rental, charge or fee of any kind) to the Lessee for the counter space, provided that such basic rental shall represent a fair and reasonable rental for the counter space. The Port Authority shall have the right to, in its agreement with any ground transportation operator, impose obligations on the ground transportation operator with respect to its operations at the counter space, including but not limited to the dissemination of information applicable to said service, and may charge such fees payable to the Port Authority as it may determine.

(b) (1) In lieu of the provisions of paragraph (a) of this Section obligating the Lessee to make available counter spaces and wall telephone installations with respect to limousine, bus and other ground transportation operators at the Airport (but not including car rental operators as to which the provisions of paragraph (a) shall be and continue in full force and effect) the Lessee shall provide to the Port Authority or its contractor, without charge, such counter space at such location as may be specified by the Port Authority within the premises as may reasonably be required for use as a consolidated ground transportation reservation and information counter (hereinafter called "the Consolidated Counter") to be operated by the Port Authority or its contractors.

(2) The Lessee agrees to provide access to and from the public ways outside the premises to the Port Authority, its employees and its contractors and the ground transportation patrons and other users of the Consolidated Counter; to permit use of such portions of the public pedestrian circulation areas of the premises as may reasonably be required for the operation of the counter and the accommodation of the users thereof; and to permit the installation of such telephone and other communication lines, cables and conduits on and across the premises as may be required for the operation of the Consolidated Counter. The Lessee acknowledges and agrees that the Consolidated Counter shall at all times be a part of the premises under the Lease and subject to all the terms and provisions thereof including, but not limited to indemnity, the payment of rentals, repair and maintenance. The Lessee shall, at its sole cost and expense, supply all utilities necessary for the operation of the Consolidated Counter including but not limited to heat, light, ventilation, air conditioning and electricity on a 24 hour 7 day a week basis. The Lessee shall not be required to provide telephone service to the Consolidated Counter hereunder.

(3) The Port Authority shall have the right at any time, without cause, on 180 days notice to the Lessee to terminate and discontinue the operation of the Consolidated Counter and from and after the effective date stated in said notice the operation of the Consolidated Counter shall terminate and cease and the provisions of this paragraph (b) shall be null, void and of no further force and effect and the provisions of paragraph (a) of the Lease and the Lessee's obligations as set forth therein with respect to limousine, bus, car rental and other ground transportation operators shall be deemed reinstated and in full force and effect.

Section 72. Observation Deck

In the event the Lessee provides an Observation Deck in connection with the Lessee's operations under the Lease or the operations of Approved Sublessees at the premises and such Deck is open to the public generally the Lessee shall charge a fee for admission upon such Observation Deck. Such fee shall be established by the Port Authority which shall be uniform throughout the Airport. The Lessee shall pay to the Port Authority a percentage fee equal to 30% of the gross receipts received by the Lessee from the operation of the Observation Deck.

Section 73. Force Majeure

Neither the Port Authority nor the Lessee shall be deemed to be in violation of this Agreement if it is prevented from performing any of its obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, shortages of material, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, tides, riots, rebellion, sabotage or any other circumstances for which it is not responsible and which are not within its control; provided, however, that this provision shall not apply to failures by the Lessee to pay the rentals specified in Section 4 and shall not apply to any other charges or money payments; and, provided, further, that this provision shall not prevent either party from exercising its right of termination under Sections 26, 29, 52, 79 and 81 hereof, and shall not prevent the Lessee from exercising its right to an abatement of basic rental under Sections 4 and 54 hereof.

Section 74. Federal Inspection

The Lessee has advised the Port Authority that it intends to make available to the United States a portion or portions of the premises for the inspection of the passengers of Approved Sublessees and their baggage by the United States for United States customs, immigration, public health and other governmental purposes, if the United States will accept and use the same. The Port Authority shall have no obligation or responsibility of any kind with respect to the foregoing or the arrangements that must be made by the Lessee with the United States and any agencies thereof having jurisdiction.

Section 75. Rotary Wing and Tilt-Rotor Operations

The Lessee hereby acknowledges that the Lease does not grant to it any right and the Lessee does not have any right to use or permit the use of any portion of the premises for the landing or taking off of helicopters, rotary wing, tilt-rotor or other similar aircraft. In the event that the Port Authority determines that approval for such use will be given at any time hereafter, the same shall be granted only in accordance with such terms and conditions, including but not limited to fees, charges and rights of user, as the Port Authority may set forth in a supplement to the Lease, which is duly executed by the Lessee and the Port Authority.

Section 76. Ground Transportation

(a) The Lessee may arrange for the transportation to and from the Airport of employees of Approved Sublessees and their baggage (and such employees and baggage only) either directly or by contract with a surface carrier or carriers (hereinafter called "the Employee Surface Carrier or Carriers") of its choice, provided, that such Employee Surface Carrier or Carriers are at all times Ground Carrier Permittees of the Port Authority as defined in paragraph (b) hereof and provided, further, that ten percent (10%) or such lesser percentage as may be set pursuant to paragraph (e) hereof of the gross receipts received from the ground transportation of employees and their baggage by the Employee Surface Carrier providing such service, or by the Lessee (or by the Approved Sublessees), including all advertising and any other revenues of any type arising out of or in connection with said service (excluding only local, state and federal transportation taxes which are separately stated to and paid by the passengers and are directly payable to the taxing authority by the Lessee or by the Employee Surface Carrier) shall be paid to the Port Authority. No fee shall be paid by the Lessee to the Port Authority in connection with the ground transportation of employees and their baggage if the Lessee operates the service itself and if the Lessee makes no charge to its employees and their baggage therefor (or if, in accordance with its Consent Agreement, such service is operated by an Approved Sublessee itself and if the Approved Sublessee and the Lessee make no charge to the employees of such Approved Sublessee and their baggage therefor).

(b) As of the Commencement Date as defined in paragraph (c) hereof, the Port Authority shall endeavor to issue permits to at least 12 qualified surface carriers (herein called "the Ground Carrier Permittees") which Permits shall grant to said Ground Carrier Permittees the privilege of providing a service for the transportation to and from the Airport of employees and their baggage of all Aircraft Operators at the Airport. Each Permit shall provide that the Port Authority shall have the right at any time to revoke the Permit granted to any Ground Carrier Permittee with or without cause and regardless of whether any such Permittee is an Employee Surface Carrier of the Lessee and regardless of any agreement between the Lessee and its Employee Surface Carrier. Without limiting the foregoing right, if the Ground Carrier Permittee selected by the Lessee shall at any time fail to pay the Port Authority ten percent (10%) or such other percentage of its gross receipts as established pursuant to paragraph (e) hereof as required under the Permit, the Port Authority shall have the right in addition to all other rights and remedies, to deny such Permittee entrance upon the Airport

for the purpose of transporting employees and their baggage as aforesaid to and from the Airport and the Lessee shall no longer use the same.

In the event that there should at any time during the term of this Lease be less than 12 Ground Carrier Permittees in operation at the Airport the Lessee shall have the right to engage an Employee Surface Carrier of its choice to provide the service set forth in paragraph (a) hereof, subject, however, to the prior and continuing approval of the Port Authority, and provided that such Employee Surface Carrier agrees to become a Permittee of the Port Authority and to pay a percentage of its gross receipts to the Port Authority in accordance with paragraphs (a) and (e) hereof and only for so long as such Permittee observes and complies with the terms of its Permit, it being understood that said Employee Surface Carrier may be restricted to serving the Lessee at the Airport. At such time thereafter as there is in operation at the Airport at least 12 Ground Carrier Permittees, the Permit with the said Employee Surface Carrier may be revoked by the Port Authority and the Lessee shall thereupon select an Employee Surface Carrier from the Ground Carrier Permittees of the Port Authority. Nothing contained hereunder shall be deemed to preclude the Port Authority from issuing from time to time during the term of the Lease Permits to more than 12 Ground Carrier Permittees. The Permits with the Ground Carrier Permittees may contain privileges other than those set forth in the first subparagraph of this paragraph (b), including but not limited to the privilege to transport passengers and baggage of Aircraft Operators. All Permits shall contain such terms or provisions as the Port Authority may deem from time to time necessary or desirable.

(c) The Port Authority hereby states its intention to attempt to incorporate, into all existing leases and into all new leases with all Scheduled Aircraft Operators covering passenger terminal facilities within the Central Terminal Area, provisions having the same effect as the provisions of paragraphs (a) and (b) hereof. The term "Commencement Date" as used in this Section shall mean the date specified in a written notice from the Port Authority served upon the Lessee and upon all Scheduled Aircraft Operators who are lessees of passenger terminal facilities within the Central Terminal Area, it being understood that such notice shall not be served unless and until all said Scheduled Aircraft Operators have executed agreements with the Port Authority incorporating provisions having the same effect as the provisions of paragraphs (a) and (b) hereof into their leases with the Port Authority covering passenger terminal facilities within the Central Terminal Area. The provisions of this Section other than the foregoing provisions of this paragraph (c) shall be

applicable as well to Aircraft Operators who may be occupying space within the Central Terminal Area pursuant to a sublease, subuse or handling agreement with any Unit Terminal Lessee or with any East or West Wing Building Lessee (as said lessees are defined in Section 78 of the Lease) or with the Lessee hereunder or with any Approved Sublessee (the foregoing not to waive the requirement for Port Authority consent).

(d) For the period prior to the Commencement Date hereunder, the following provisions of this paragraph (d) shall be in effect in lieu of the provisions of paragraph (a) hereof:

The Lessee may arrange for the transportation to and from the Airport of passengers, employees and baggage (and such passengers, employees and baggage only) either directly or by contract with a surface carrier or carriers (hereinafter called "Passenger Surface Carrier or Carriers") of its choice, subject, however, to the prior and continuing approval of the Port Authority and provided, that such Passenger Surface Carrier or Carriers agree to become Permittees of the Port Authority and provided, further, that ten percent (10%) or such lesser percentage as may be set pursuant to paragraph (e) hereof of the gross receipts received from the ground transportation of passengers, employees and baggage by the Passenger Surface Carrier providing such service or by the Lessee, including all advertising and any other revenues of any type arising out of or in connection with said service (excluding only local, state and federal transportation taxes which are separately stated to and paid by and are directly payable to the taxing authority by the Lessee or by the Passenger Surface Carrier) shall be paid to the Port Authority. If the Passenger Surface Carrier designated by the Lessee shall at any time fail to pay to the Port Authority ten percent (10%) or such lesser percentage as may be set pursuant to paragraph (e) hereof of its gross receipts as aforesaid when billed therefor by the Port Authority, the Port Authority shall have the right to deny such carrier entrance upon the Airport for the purpose of transporting passengers, employees and baggage as aforesaid to and from the Airport and the Lessee shall no longer use the same. No fee shall be paid by the Lessee to the Port Authority in connection with the ground transportation of officers and employees of the Lessee or of the Approved Sublessees if the Lessee operates the service itself and if the Lessee makes no charge to its employees and officers therefor. The occasional non-recurring employment by the Lessee of a surface carrier who is not a Permittee of the Port Authority shall not be deemed to be a breach of this Section by the Lessee; the foregoing, however, shall not affect the right of the Port Authority to the percentage fee with respect to such surface carrier.

For the period subsequent to the Commencement Date hereunder, the foregoing provisions of this paragraph (d) shall continue in effect with respect to passengers and their baggage only of Approved Sublessees of the Lessee and wherever the phrase "passengers, employees and baggage" appears in the foregoing provisions it shall be deemed amended to read "passengers and their baggage".

(e) It is recognized that the Port Authority has established a five percent fee with respect to the service covered by paragraphs (a) and (d) hereof in lieu of the ten percent fee therein stated. It is hereby specifically understood and agreed that the fact that said fee is presently five percent shall not constitute a waiver by the Port Authority of its right to impose a percentage fee of ten percent as provided in paragraphs (a) and (d). It is hereby specifically agreed that the Port Authority shall have the right at any time and from time to time during the term of this Lease to revise the percentage fee it shall charge the Ground Carrier Permittees, other permittees and the Lessee as provided in paragraphs (a) and (d) hereof but in no event shall said fee be greater than ten percent. The Port Authority shall notify the Lessee of any such revision.

(f) The Lessee may arrange for the transportation to and from the Airport of freight and other cargo of Approved Sublessees of the Lessee either directly or by contract with the surface carrier or carriers of its choice. No Permit or fee shall be required of the Lessee or its contractor for the picking up from or the delivery to of freight or other cargo from or to the Approved Sublessees of Lessee. No fee shall be paid to the Port Authority by the Lessee or its contractor for the privilege of transporting freight or cargo of Approved Sublessees of the Lessee on the surface as aforesaid. If such contractor of the Lessee enters into a Lease or other agreement with the Port Authority for space and/or privileges at the Airport, the rent or other compensation payable to the Port Authority shall not be measured by the amount of freight or other cargo of the Approved Sublessees of Lessee transported on the surface by such contractor.

(g) The right of the Lessee to arrange transportation to and from the Airport of airline passengers as hereinabove provided shall not be construed as being applicable to any establishment or operation by the Lessee or by any of the Approved Sublessees of facilities outside the Airport for the handling of airline passengers of the Lessee or of any of the Approved Sublessees arriving at or departing from the Airport.

As used in this Section 76, reference to passengers, baggage, freight or other cargo of Approved Sublessees of the Lessee shall be construed to mean persons, baggage, freight or cargo transported or to be transported on aircraft of any of the Approved Sublessees of the Lessee.

The Ground Carrier Permittee of the Lessee's choice, its Passengers Surface Carrier or any other contractor used by it or any Approved Sublessee shall not solicit business on the public areas of the Airport and the Lessee shall prohibit any such activity on the premises or on any other area at the Airport occupied by the Lessee or any of the Approved Sublessees. The use, at any time, either on the premises or elsewhere on the Airport of hand or standard megaphones, loudspeakers or any electric, electronic or other amplifying devices is hereby expressly prohibited and any advertising or signs shall be subject to continuing Port Authority approval.

(h) Effective as of January 1, 1972, the provisions of this Section 76 superseded the provisions of Section 4.11 of Title IV of the General Airport Agreement, as defined elsewhere in this Agreement and from and after said date said provisions of said Section 4.11 of Title IV were no longer of any force or effect.

Section 77. Airline Service Standards.

Subject to and without limiting or affecting any other term or provision of this Lease, the Lessee agrees to provide service at the premises for the benefit of the traveling public in a manner consistent with generally accepted airline industry standards for airport terminals and will cooperate with the Port Authority and other airlines serving the traveling public at the Airport in maintaining these standards through organized airport service improvement working groups; the foregoing provision to be binding as well on the Approved Sublessees.

Section 78. Ground Transportation Within the Central Terminal Area

(a) The Port Authority has established at the Airport a Central Terminal Area generally as described in Exhibit S, attached hereto and hereby made a part hereof. If at any time and from time to time during the term of the Lease, the Port Authority substantially revises the Central Terminal Area, it shall thereafter forward to the Lessee a revised Exhibit showing the revised Central Terminal Area which revised Exhibit shall replace Exhibit S and shall become a part of the Lease.

(b) The Lessee hereby agrees that it will not directly, indirectly or by arrangement with any independent third party, operate any surface vehicles for the transportation of airline passengers including without limitation passengers of its Approved Sublessees to or from the premises and the various other passenger terminal facilities or other locations within the Central Terminal Area. The prohibition hereinabove set forth in this paragraph (b) shall be effective as of the commencement date of the Lease (as set forth in Section 3(a) hereof) and shall continue thereafter during the term of the Lease, but such prohibition shall be in effect only during such periods as there is in operation at the Airport a CTA ground transportation service as hereinafter defined to be provided by an independent third party contractor. The CTA ground transportation service shall consist of the following: a ground transportation service for the transportation of airline passengers and other persons between the various passenger terminal facilities, including the premises, within the Central Terminal Area including the service of transporting a group of passengers where the Aircraft Operator must accommodate the group as a whole (hereinafter called "the CTA omnibus service") and a ground transportation service for the transportation of passengers of Aircraft Operators within the Central Terminal Area, but only when a passenger is disabled, the passenger must take a direct connection and where time is critical, and in the very limited instance where an Aircraft Operator must accommodate a particular passenger, the foregoing service being hereinafter called "the CTA supplementary service". It is understood furthermore that, notwithstanding the prohibition hereinabove set forth in this paragraph (b), the Lessee may directly, indirectly or by arrangement with an independent third party, operate surface vehicles for the transportation of passengers of its Approved Sublessees to or from the premises and such passenger terminal facility of the Lessee, if any, located outside the Central Terminal Area, provided, that the Lessee has the prior and continuing approval of the Port Authority to operate such passenger terminal facility outside the Central Terminal Area, that the aforesaid service shall not serve any passenger terminal facility or location within the Central Terminal Area other than the premises and that if the Lessee utilizes a third party to provide the service, said third party shall be subject to the prior and continuing approval of the Port Authority, shall agree to become a permittee of the Port Authority and shall pay the percentage of its gross receipts to the Port Authority with respect to said service as specified in said permit and shall comply with all the terms and conditions of its permit.

Nothing contained in this paragraph (b) or paragraph (c) hereof shall impose or be construed as imposing an obligation on the Port Authority to operate or cause to be operated the CTA ground transportation service for the transportation of passengers and other persons between the various passenger terminal facilities, including the premises, within the Central Terminal Area.

(c) (1) (i) It is hereby agreed that it is in the best interests of the Port Authority and all Participants as hereinafter defined that the CTA omnibus service be a good, proper and efficient service, able to adequately, timely and properly handle the ground transportation needs of airline passengers and other persons between the various passenger terminal facilities including the premises within the Central Terminal Area. The parties recognize furthermore that the CTA supplementary service should be a service that would transport those persons authorized to be carried thereon in an adequate, proper and timely manner so as to meet their flight connections.

(ii) The Port Authority agrees that it shall meet and consult from time to time with the Participants with respect to the procedures, schedules, fares, prices and operations of the CTA omnibus service and shall, except in case of emergency, give the Participants prior written notice of any substantive changes with respect thereto. Notwithstanding the foregoing, it is hereby understood and agreed that the procedures, schedules, fares, prices, operations and other matters affecting the CTA omnibus service shall be determined by the Port Authority.

(iii) The Port Authority agrees that it shall meet and consult from time to time with the Participants with respect to the procedures, schedules, fares, prices and operations of the CTA supplementary service. Before adopting any initial procedures or schedules covering the operation of the CTA supplementary service and before putting into effect any modifications to any procedures or schedules then in effect with respect to the CTA supplementary service, except in case of emergency, the Port Authority shall submit the initial or the changed procedures and schedules (hereinafter called the "submissions") to the Participants for their approval. If Participants representing more than fifty percent (50%) of the effective published passenger flight schedules to and from the Airport of all Participants for the calendar year prior to the year in which the submissions are made to the Participants for their approval, approve the same, the submissions shall be deemed to be approved for all purposes hereunder and said approval shall be deemed binding as well upon all other Aircraft Operators who

may use or pay for the CTA supplementary service, notwithstanding the fact that said submissions had not been submitted to them for their approval. Notwithstanding anything herein provided and without limiting the provisions of paragraph (b) hereof, it is hereby understood and agreed that the Port Authority shall have no obligation hereunder to itself operate the CTA ground transportation service nor any obligation to operate said service through an independent contractor unless and until the submissions with respect to the CTA supplementary service submitted as aforesaid to the Participants have been approved by the Participants in accordance with the foregoing provisions. The failure of any Participant to disapprove the submission within twenty (20) days after its submission to it for approval shall constitute such Participant's approval hereunder to said submissions.

(iv) It is hereby understood and agreed that the amount to be charged for the CTA supplementary service shall consist of an initial price and, if the Port Authority so elects from time to time during the term of the Lease, an excess price. The initial price shall be based upon the cost of the CTA supplementary service. The Lessee shall pay to the Port Authority as and representing the initial price its pro rata share of the cost to the Port Authority of providing the CTA supplementary service. The Lessee's pro rata share of the cost to the Port Authority of providing the CTA supplementary service shall be that proportion of said cost as the number of passengers of the Approved Sublessees of the Lessee who actually used the CTA supplementary service bears to the total number of passengers using the CTA supplementary service. Except as provided in the last subparagraph of subparagraph (v) hereof, there will be no charge to the Lessee of either an initial price or an excess price if the Approved Sublessees of the Lessee do not have any passengers using the CTA supplementary service.

(v) The initial price payable to the Port Authority pursuant to subparagraph (iv) hereof is for each calendar year, but in the event the Commencement Date as defined in paragraph (b) hereof falls on a day other than the first day of a calendar year or in the event the term of the Lease expires or the provisions covering the CTA transportation services are terminated on a day other than the last day of a calendar year, then in any such event the initial price payable to the Port Authority pursuant to subparagraph (iv) hereof shall, for the year during which such event occurs, be for such portion of said year during which the Port Authority provides the CTA supplementary service. In determining the initial price, the cost of the CTA supplementary service shall be computed, determined and ascertained for each calendar year (or portion

thereof upon the occurrence of any of the events mentioned in the first sentence hereof) of the term of this Lease subsequent to the aforesaid Commencement Date.

Notwithstanding the foregoing and for current monthly or other periodical billing purposes as may from time to time be selected by the Port Authority, the Port Authority shall establish interim billing rates to cover the initial price for the CTA supplementary service. Such billing rates shall be based on determinations by the Port Authority of its estimate of the cost of the CTA supplementary service for the calendar year and the number of passengers to be using the CTA supplementary service for said calendar year. Such determinations shall be based upon the prior calendar year's experience, if any, and upon such other reasonable basis as the Port Authority may determine. The Port Authority may prospectively revise its billing rates during any calendar year. On the 20th day of each calendar month following the month upon which the Commencement Date hereunder falls and on the 20th day of each and every calendar month thereafter the Lessee shall pay to the Port Authority the amount due as the initial price for the preceding calendar month, which shall be determined by multiplying the interim billing rate per passenger for the initial price established by the Port Authority as aforesaid by the number of passengers of the Approved Sublessees of the Lessee carried on the CTA supplementary service for the previous calendar month.

As soon as practicable after the expiration of each calendar year, the Port Authority shall determine the cost of the CTA supplementary service and the initial price payable therefore. Corrected billings based upon such determination shall thereupon be rendered by the Port Authority and if any monies are due to the Port Authority they shall be promptly paid by the Lessee and if any monies are due to the Lessee they shall be promptly credited to it.

In the event and only in the event that the CTA supplementary service for all or any portion of a calendar year has been provided by the Port Authority but there has been no use thereof by any of the Participants, then the initial price and the excess price shall be payable by all Participants and each Participant's share shall be based on the number of passengers on its outbound and inbound aircraft of the Approved Sublessees at the Airport compared to the total number of passengers on all inbound and outbound aircraft using the Airport of all Participants. The Port Authority agrees that, if as of the commencement of any calendar year there appears to be no use by the Participants of the CTA supplementary service, it will use all reasonable efforts to limit its payments to the contractor

for the CTA supplementary service for such period where there appears to be no use.

(vi) The Port Authority shall have full discretion in awarding a contract for the CTA ground transportation service and may award the same to a contractor who has not proposed the lowest price for the CTA supplementary service or the CTA omnibus service. As stated in subparagraph (iv) hereof the Port Authority shall have the right to charge the Lessee, in addition to the initial price for the CTA supplementary service, an additional amount herein called "the excess price", which amount shall be applied to offset any deficit in the CTA omnibus service.

The amount representing the excess price shall be an amount payable only by the Lessee if it or the Approved Sublessees use the CTA supplementary service and shall be an amount fixed for each passenger using the CTA supplementary service. The Port Authority shall advise the Participants prior to the beginning of each calendar year of the amount per passenger which shall constitute the excess price for said calendar year. On the 20th day of the calendar month following the month upon which the Commencement Date hereunder falls and on the 20th day of each and every calendar month thereafter the Lessee shall pay to the Port Authority the amount due as the excess price for the preceding calendar month, which shall be determined by multiplying the amount per passenger for the excess price established by the Port Authority as aforesaid by the number of passengers of Approved Sublessees carried on the CTA supplementary service for the previous calendar month. As soon as practicable after the expiration of each calendar year, the Port Authority shall determine the cost of the CTA omnibus service for said calendar year. If there is no deficit or if the deficit is less than the amount received by the Port Authority from users of the CTA omnibus service, then the total amount of the excess price if there is no deficit or the amount of the excess price which is over and above any deficit on the CTA omnibus service shall be refunded or credited to the Participants based on the portion of each Participant's payments of the excess price for said calendar year as compared to the total amount received as the excess price from all Participants. In determining whether or not there is a deficit or in determining the amount of the deficit, revenues from the CTA omnibus service shall be deemed to be 87.5% of the cost of the CTA omnibus service whether or not the revenues actually received add up to 87.5%, but if said revenues exceed 87.5% of the cost, the actual amount of revenues received shall be used.

(vii) The Port Authority shall determine for each calendar year (or portion thereof, where applicable) the cost to the Port Authority of providing the CTA omnibus service and the cost to the Port Authority of providing the CTA supplementary service. Each such cost shall be determined in accordance with the Port Authority's normal accounting practice and shall consist of those of the following items, which are applicable to each such service:

(a) All payments made by the Port Authority to the independent contractor for providing the CTA supplementary service or the CTA omnibus service, as the case may be (it being understood that the Port Authority shall not impose any percentage charge or fee on the contractor for such services);

(b) On-the-job payroll costs of Port Authority employees working in any aspect of the CTA supplementary service or the CTA omnibus service, as the case may be, including but not limited to contributions to any retirement system or the cost of participation in any pension plans or the like, social security, old age, survivors, disability and employment insurance and other insurance costs, sick leave pay, holiday, vacation, authorized absence and severance pay, other employee fringe benefits and any other payments made or costs incurred whether pursuant to law or by Port Authority policy to or with respect to said employees;

(c) The cost (including rental charges) to the Port Authority of providing space, equipment, materials, facilities or services to or in connection with the CTA omnibus service or the CTA supplementary service, as the case may be;

(d) Payments or premiums (or to the extent of self-insurance an amount equivalent to what the premiums would have been) for insurance with respect to the CTA omnibus service or the CTA supplementary service, as the case may be, including without limitation thereto, fire and extended coverage, workmen's compensation and comprehensive general liability;

(e) Other direct costs as charged under the Port Authority's normal accounting practice;

(f) With respect to the CTA omnibus service, ten percent (10%) of the amounts paid to the contractor providing said service under item (a) hereof and

with respect to the CTA supplementary service, twenty percent (20%) of the amount paid to the contractor providing said service under item (a) hereof.

In the event that any specific cost incurred or any specific amount expended for any of the items hereinabove set forth covers both the CTA omnibus service and the CTA supplementary service, then the Port Authority shall divide and allocate any such cost or amount as between the CTA omnibus service and the CTA supplementary service in accordance with its normal accounting principles.

(2) If at any time during the term of the Lease the Port Authority receives a written notice from the East and West Wing Building Lessees (as hereinafter defined) representing more than thirty percent (30%) of the effective published passenger flight schedules to and from the Airport of all the East and West Wing Building Lessees for the calendar year prior to the year during which the notice was given, or if the Port Authority receives a written notice from Unit Terminal Lessees (as hereinafter defined) representing more than thirty percent (30%) of the effective published passenger flight schedules to and from the Airport of all Unit Terminal Lessees for the calendar year prior to the year during which the notice is given, which notice shall be either (i) to the effect that the service being provided by the contractor furnishing the CTA ground transportation service does not satisfy the standards set forth in item (i) of subparagraph (1) hereof and specifying whether it is the CTA omnibus service or the CTA supplementary service, or both, which is at fault, and further specifying the nature and extent of the failure or (ii) to the effect that the Participants serving the notice are dissatisfied for any reason with the service, the Port Authority shall endeavor in the case of item (i) above to rectify the conditions complained of either by the existing contractor doing so or by engaging a new contractor to provide the CTA ground transportation service or by a combination of both.

(3) If the Port Authority receives, by a date no earlier than one hundred twenty (120) days and no later than one hundred eighty (180) days after its receipt of either notice covered by subparagraph (2) hereof, a written notice from the East and West Wing Building Lessees representing more than fifty percent (50%) of the effective published passenger flight schedules to and from the Airport of all East and West Wing Building Lessees for the year prior to the year during which the notice is given or if the Port Authority receives a written notice during the period described above from Unit Terminal Lessees representing more than fifty percent (50%) of the

effective published passenger flight schedules to and from the Airport of all the Unit Terminal Lessees for the year prior to the year during which the notice is given, which notice is to the effect that the Participants sending the notice continue to be dissatisfied with the CTA ground transportation service whether provided by the old contractor, or if said contractor has been replaced, by the new contractor, then the Port Authority agrees that, effective no later than sixty (60) days after its receipt of said notice (said date to be established by written notice to the Participants) the provisions of this Section covering the CTA ground transportation service shall be terminated and shall no longer be in effect and from and after said date the Lessee shall have the right directly or by arrangement with an independent third party to operate surface vehicles for the transportation of passengers of its Approved Sublessees to and from the premises and the various other passenger terminal facilities or other locations within the Central Terminal Area, provided, however, that the same shall be used exclusively for the transportation of the disabled passengers of its Approved Sublessees, passengers who must make a direct connection and where time is critical, in the very limited instances where any of said Approved Sublessees must accommodate particular passengers, and for the transportation of passengers travelling as a group where any of said Approved Sublessees must accommodate the group as a whole, it being understood that the foregoing limitation on the right of the Lessee shall be in effect only during such periods as there is in operation at the Airport a CTA omnibus service as defined in paragraph (b) hereof (the Port Authority having no obligation so to do), excluding the transportation of passengers travelling as a group, and provided, however, that if the Lessee utilizes a third party to provide said service, that said third party shall be subject to the prior and continuing approval of the Port Authority, shall agree to become a permittee of the Port Authority and shall pay the percentage of its gross receipts to the Port Authority with respect to its service as specified in said permit and shall comply with all the terms and conditions of its permit.

(d) (1) The Port Authority hereby states its intention to attempt to incorporate into all new leases and into all existing leases which may not already include the same with all Scheduled Aircraft Operators covering passenger terminal facilities within the Central Terminal Area provisions having the same effect as the provisions of this Section. The term "the Participants" shall mean all Scheduled Aircraft Operators (including, for purposes hereof, the Lessee) who have executed leases with the Port Authority covering passenger terminal facilities within the Central Terminal Area containing provisions having the same effect as the provisions of this Section or who

have executed agreements with the Port Authority incorporating into their leases with the Port Authority which cover passenger terminal facilities within the Central Terminal Area provisions having the same effect as the provision of this Section.

For the purposes of this Section, the term "Unit Terminal Lessees" shall mean all Participants (including the Lessee hereunder) other than the East and West Wing Building Lessees. The term "East and West Wing Building Lessees" shall mean those foreign flag Scheduled Aircraft Operators who shall have entered into long term leases with the Port Authority covering space in the East or West Wing Buildings.

(2) All Aircraft Operators who may be occupying space within the Central Terminal Area pursuant to a sublease, subuse or handling agreement with any Unit Terminal Lessee (including the Lessee hereunder) or with any East or West Wing Building Lessee (the foregoing not to waive the requirement for Port Authority consent) shall be obligated to comply with all obligations of this Section which are applicable to the Participants, but said Aircraft Operators shall not be or be deemed to be Participants within the meaning of subparagraph (1) of this paragraph (d) or be or be deemed to be an East or West Wing Building Lessee or a Unit Terminal Lessee within the meaning of subparagraphs (2) and (3) of paragraph (c) hereof, but their activities, operations and payments hereunder shall be deemed to be those of the Participants whose space they are using.

(e) The agreement by the Lessee under paragraph (b) hereof as well as the agreement by the Lessee under paragraph (c)(3) hereof, in the event the provisions covering the CTA transportation service are terminated and are no longer in effect, are of the essence of this Section and the Lessee agrees that the Port Authority shall be entitled to a decree against the Lessee requiring the specific performance thereof in any court of equity having jurisdiction. The aforesaid remedy shall not constitute the exclusive or sole remedy which may be available to the Port Authority hereunder in the event the Lessee breaches its agreement.

The Lessee understands and acknowledges that the provisions of this Section 78 have been in effect in the Central Terminal Area of the Airport under the IAB Leases of the Approved Sublessees as hereinafter defined. The Lessee and the Port Authority understand and agree that the foregoing provisions of this Section represent the agreement reached under the said IAB Leases between the parties thereto and each acknowledges that in actual operation the ground transportation services actually provided at the Airport pursuant thereto have, by mutual

agreement and request of the parties, from time to time, not conformed in particular respects to the provisions hereof. Nothing contained herein, nor the execution of this Agreement, shall grant or be deemed to grant or confer on either party a retroactive right or claim that any provision hereof, or of the said IAB Leases, has been breached, nor shall either party claim the inclusion of these provisions herein, nor the execution of this Agreement, has created or affirmed such right, nor shall any rights of the parties hereunder be deemed waived or limited thereby. As used in the foregoing sentences the phrase "IAB Leases of the Approved Sublessees" shall mean the leases previously entered into between the Port Authority and each of the Airline Partners which cover, at the effective date of this Lease, such Airline Partner's premises in the IAB.

Section 79. Future Airport Transportation Facilities and Operations and Use of Portions of the Premises

(a) The Lessee understands that the Port Authority presently is planning to construct certain ground transportation facilities at the Airport including, but not limited to, a Passenger Distribution System ("PDS"). It is presently contemplated that the PDS will generally consist of a transportation system circulating around the Central Terminal Area of the Airport (as generally shown on Exhibit S of the Lease and herein called "the CTA"), generally aligned along the roadway frontage of the passenger terminal buildings and with stations to serve the passenger terminal buildings in the CTA at various locations. At the discretion of the Port Authority, stations may be located to serve one or more passenger terminal buildings in the CTA or on area Airport parking areas, rent-a-car facilities, other areas of the Airport and an Airport access transit system. Pedestrian access between the PDS stations and the passenger terminal buildings will be provided as part of the PDS. Vertical circulation areas, if needed, including stairs, escalators, ramps and elevators at the passenger terminal building on the premises will be the responsibility of the Lessee and shall be appropriate to the operation of the PDS. The Port Authority expects to commence planning and design for the PDS and upon completion of such planning and design, to implement the construction of the PDS and after the completion of such construction, to maintain and operate the PDS for the accommodation and transportation of persons desiring to use the same, and their baggage. The Lessee acknowledges and agrees that the PDS will be a benefit and enhancement to the Airport and to the Lessee's operations thereon.

(b) The Lessee understands that the construction and operation of the PDS may require the location on the premises of

a passenger station (including pedestrian access between it and the passenger terminal building) and, in addition, may require the use of a portion or portions of the premises for and in connection with the construction, maintenance or operation of other portions of the PDS. The Lessee agrees that it shall make available to the Port Authority upon demand such portion or portions of the premises for use for or in connection with the construction, maintenance and operation of the PDS for such purposes as may be required or be appropriate therefor and, where such portion of the PDS exclusively serves the premises, the same shall be made available by the Lessee without abatement of rental or charges hereunder or any payments by the Port Authority to the Lessee therefor. Where such portion of the PDS does not exclusively serve the premises then the rental hereunder shall be abated in accordance with the rental abatement provisions of this Lease.

(c) The Lessee understands that the Port Authority considers the construction, operation and maintenance of the PDS of the utmost importance to the efficient operation of the Airport and to the fulfillment of the Port Authority's governmental function to provide, maintain, develop and operate the Airport; that the efficient use and operation of the PDS will require that the Lessee in the Operation and use of its passenger terminal facilities under this Lease shall utilize and cooperate in the operation of the PDS to the end that the PDS shall be utilized to the fullest extent possible so that its advantages and efficiencies can be fully realized; and that the Port Authority does not by this Lease Agreement intend to enter into any agreement, understanding or commitment which will interfere with, limit, restrict, hinder or prevent in any way the development, construction, maintenance, operation or efficient use of the PDS.

(d) The Lessee also understands and acknowledges that the cost of planning, design, construction, maintenance and operation of the PDS will be accorded the same cost recovery treatment as the similar elements of the Air Terminal Highway System is accorded in the General Airport Agreement (as defined in Section 85 of the Lease) for calculation of the flight fees under the General Airport Agreement and the same cost recovery treatment as the Air Terminal Highway System is accorded for the calculation of other fees and charges under other existing agreements and policies at the Airport, and under any agreements or policies which may be entered into or implemented in the future including agreements or policies to replace such existing agreement(s) or the General Airport Agreement.

(e) The Port Authority has also advised the Lessee that it is the intention of the Port Authority that with respect to the maintenance, operation, use and payment for the PDS all aircraft operators at the Airport which are similarly situated will be treated in a similar manner including the treatment of the cost, if any, of each in connecting its airport terminal facility to the PDS.

(f) Without limiting any other provisions of this Section the Lessee understands and agrees that changes and modifications to certain provisions of the Lease including, but not limited to, Section 9 (Ingress and Egress), and Section 78 (Ground Transportation Within the Central Terminal Area) and Section 80 (Roadway Frontage and Taxi-stack Program) may be required or appropriate to conform the provisions of these Sections to the operation of the PDS and the Lessee agrees upon the presentation to it of a form of supplemental agreement to this Lease which includes such modifications it will execute and return the same to the Port Authority. The Port Authority and the Lessee agree that each will consult with the other, from time to time, and will provide information to the other, from time to time, with respect to the study, planning, design, construction, maintenance and operation of the PDS and its interconnection with the Lessee's passenger terminal facilities at the premises.

Section 80. Restrictions on Use of Passenger Terminal Frontage Roadways - Use of Airport Taxi Dispatchers - Addition of Roadway Area to the Premises

(a) The Lessee understands that the Port Authority presently has in effect and has planned various physical improvements and policies concerning and affecting the use of vehicular roadways in the Central Terminal Area of the Airport (as generally shown on Exhibit S) for the limitation and control of traffic thereon including the limitation and control of vehicular traffic on the premises and vehicular traffic moving between the Air Terminal Highways, as designated from time to time by the Port Authority in the Central Terminal Area of the Airport, and the vehicular roadways on the premises connecting to the said Air Terminal Highways. These improvements and policies, both in existence and planned, generally include the following:

(1) Restrictions on the use of roadways in the Central Terminal Area as set forth in Section 78 (Ground Transportation In The Central Terminal Area) and Section 76 (Ground Transportation) of the Lease.

(2) The use of Airport Taxi Dispatching Services (as generally set forth in paragraph (b) hereof) where the Port

Authority, either itself or through its contractor, utilizes at passenger terminals under the control of the Port Authority and makes available to passenger terminals at the Airport operated by others, the services of a Taxi Dispatcher to assist in the expeditious and orderly flow of taxicabs to and from passenger terminals at the Airport.

(3) The planning, development and implementation of a central taxi holding and dispatching system for the Airport to be used in conjunction with the use of Taxi Dispatchers at the passenger terminals at the Airport.

(4) The designation of specified portions of the vehicular roadways on the premises for limited use exclusively by certain types of ground transportation vehicles and/or certain types of ground transportation carriers for the loading and unloading of passengers and their baggage.

(b) The Lessee agrees to restrict from the premises during the time period or time periods, as may be specified by the Port Authority from time to time (each such period being herein referred to as a "Taxi Dispatcher Period" or "TDP"), all taxicabs except those taxicabs which are discharging passengers at the premises and those taxicabs which are requested by a Taxi Dispatcher stationed on the premises and dispatched through the airport central taxi holding and dispatching facility (herein called "the Airport Central Taxi Stack") to the premises. Further, during any TDP the Lessee agrees to take and accept from the Port Authority, and permit the stationing at an appropriate location or locations on the premises, of a Taxi Dispatcher or Taxi Dispatchers and the establishment of a taxicab waiting line on the premises of such number of vehicles as shall be specified by the Port Authority from time to time. A Taxi Dispatcher or Taxi Dispatchers when located on the premises shall provide the sole and exclusive dispatch of taxicabs to the Lessee's passengers and others desiring the use of a taxicab from the premises and shall perform such other duties and functions in connection therewith as may be specified by the Port Authority from time to time. The Lessee agrees to permit the installation on the premises by the Port Authority of such fixtures, equipment and improvements including, but not limited to, a taxi dispatcher shelter, telephone, radio transceiver and transponder receiving device as may be necessary or reasonably desired by the Port Authority in connection with the activities and operations of the Taxi Dispatchers. The Lessee understands and agrees that all expenses of the Port Authority associated with the implementation and operation of the Taxi Dispatchers on the Airport including, but not limited to, the Taxi Dispatchers on the premises and the construction, maintenance and operation of the Airport Central

Taxi Stack shall be included in and payable through the aircraft flight fees at the Airport and will be accorded the same cost recovery treatment as the Air Terminal Highway System is accorded for such purposes under the General Airport Agreement and the calculation of other fees and charges under other existing agreements and policies at the Airport, and under any agreements which may be entered into and any policies which may be implemented, in the future, including agreements and policies to replace such existing agreements and policies or the General Airport Agreement.

(c) In connection with and furtherance of the Port Authority's policies concerning ground transportation on the Airport, the operation of the Ground Transportation Counter as set forth in Section 71, the operation of Taxi Dispatchers and the Airport Central Taxi Stack as set forth in this Section 80, and the provisions governing Ground Transportation Within The Central Terminal Area as set forth in Section 78, the Lessee hereby agrees that, from time to time, the Port Authority may designate and specify areas of roadways and curbs located on the premises, for the purpose of segregated and exclusive use by separate categories of vehicles, including but not limited to buses, taxicabs, private automobiles and other vehicles, and use by separate categories of ground transportation carriers, (including but not limited to Port Authority permittees), as may be designated by the Port Authority, from time to time, for the purpose of loading and unloading passengers and their baggage. The Lessee shall prohibit the operation of all other types of vehicular traffic on the roadways on the premises used for the loading and unloading of passengers and their baggage and shall prohibit parking or stopping except in the areas designated as aforesaid. Designated areas shall be clearly indicated by the Lessee by appropriate signing and marking on the premises as shall be directed or approved from time to time by the Port Authority. The Lessee shall permit the installation on the premises by the Port Authority of such fixtures, equipment and improvements, including, but not limited to transponder receiving devices and other vehicular tracking and monitoring devices; and the Lessee shall, through the use of appropriate and sufficient means including, but not limited to, removing unauthorized parked vehicles from the premises, security guards and other personnel stationed on the premises in the area of the said roadways, require that the limitations and restrictions established hereunder by the Port Authority on the use of the said roadways are complied with and enforced on a 24-hour basis, during any TDP and at other times as may be directed by the Port Authority.

(d) The Lessee understands that the Port Authority considers the provisions of this Section 80 and the use of the

Lessee's passenger terminal roadway areas of the utmost importance to the efficient operation of the Air Terminal Highway System on the Airport and to the fulfillment of the Port Authority's governmental function to provide, maintain, develop, and operate the Airport; that the efficient use and operation of the Air Terminal Highway System requires that the Lessee, in the operation and use of its passenger terminal facilities under this Lease shall utilize and cooperate fully in all respects in the operation and implementation of the provisions of this Section 80 to the end that the Air Terminal Highway System, including ingress thereto and egress therefrom, will operate in the most efficient manner; and that the Port Authority does not by this Lease Agreement intend to enter into any agreement, understanding, or commitment which will interfere with, limit, restrict, hinder, or prevent in any way, the efficient development, implementation and operation of the Air Terminal Highway System and the rights and discretion of the Port Authority with respect thereto.

(e) (1) Effective as of the date to be set forth in a notice from the Port Authority to the Lessee the Lessee shall lease from the Port Authority and the Port Authority shall lease to the Lessee the portion of the Air Terminal Highway System as shall be generally shown in a sketch attached to said notice, together with such structures, buildings, additions, fixtures, improvements and other property of the Port Authority, if any, located therein, thereon or thereunder (all of the foregoing as terminal frontage roadway areas and being sometimes herein referred to as the "Additional Roadway Frontage") which portion of the Air Terminal Highway System effective from and after the effective date set forth in the aforesaid notice to be given by the Port Authority to the Lessee, shall cease to be a portion of the Air Terminal Highway System and shall be and become a part of the premises under the Lease subject to and in accordance with all of the terms, conditions and provisions thereof.

(2) The notice referred to in subparagraph (1) above may also have a sketch or other description attached thereto which shall show the specific dimensions of the Additional Roadway Frontage and said notice shall also set forth the increase in rental under the Lease (herein called the "Additional Roadway Frontage Rental") which the Lessee hereby agrees to pay to the Port Authority on account of the addition of the Additional Roadway Frontage. The Additional Roadway Frontage Rental shall be calculated by multiplying the acreage (as determined to the nearest 100 place decimal) of the Additional Roadway Frontage by the acreage rate used for the basic rental then in effect under Section 4 hereof, subject to adjustment based upon changes in the Consumer Price Index as set forth in

Paragraph (b) of Subdivision I of Section 4 in the same manner as adjustments are made to the Lessee's basic rental obligations in said paragraph (b) of Subdivision I of Section 4 hereof.

The Lessee understands and agrees that the Additional Roadway Frontage shall be improved with roadways and other improvements when made a part of the premises and that the cost of the Port Authority in performing such roadway construction and improvement work, notwithstanding its addition to the premises, shall be treated as work done on the Air Terminal Highway System and will be accorded the same accounting cost recovery treatment as if such work were done on and continued to be a part of the Air Terminal Highway System for the calculation of flight fees under the General Airport Agreement and other agreements and policies at the Airport, and under any agreements which may be entered into or policies which may be implemented in the future including agreements and policies to replace such existing agreements and policies or the General Airport Agreement.

Section 81. Lessee's Financial Condition - Limitation of Lease Term - Triggering Events

I. If either of the Triggering Events listed in paragraph (1) of Subdivision II of Exhibit X or in paragraph (2) of Subdivision II of Exhibit X, annexed hereto and hereby made apart hereof, shall occur, then:

(i) with respect to the Triggering Event listed in paragraph (1) of Subdivision II of Exhibit X, seven days following the occurrence of such Triggering Event; or

(ii) with respect to the Triggering Event listed in paragraph (2) of Subdivision II of Exhibit X, ten business days following the occurrence of any such Triggering Event;

the term of this Agreement and the letting hereunder shall be deemed terminated, and the Lessee shall thereafter be a holdover tenant, on a month-to-month periodical basis, of the Port Authority. Termination hereunder shall be and operate as a conditional limitation. In the event any court of competent jurisdiction shall not give full and complete effect to this termination provision and its operation as a conditional limitation, the Lessee and the Port Authority agree, as a condition of this Agreement, and not merely as a covenant, that this Agreement and the stated term of the letting hereunder shall nonetheless, from and after the effective date of termination provided above, be deemed to have expired.

II. If the Triggering Event listed in paragraph (3) of Subdivision II of Exhibit X, annexed hereto and hereby made apart hereof, shall occur, the Port Authority reserves the right, at its sole discretion, to revoke its Consent Agreement between the Lessee and the Airline Partner of the Lessee subject to the Triggering Event or to modify its consent to require the sublease to continue on a month-to-month periodical basis, and each such Consent Agreement shall contain such provisions.

III. (a) Without limiting this Section or any term or provision hereof, and without limiting any term or provision of Exhibit X, the Lessee agrees that:

(1) It shall meet with representatives of the Port Authority as described below and provide to said representatives the information described below during such scheduled meetings and at any other time as requested by the Port Authority; and

(2) It shall submit to the Port Authority a statement at any time during the term of the letting signed by an officer of the Lessee notifying the Port Authority of the occurrence of an event or events which, if the Port Authority were to activate the same by the giving of a notice or notices as specified in Exhibit X, would constitute a Triggering Event or Triggering Events as listed in Exhibit X as of the date of such notice and the date of the occurrence, provided, however, that failure to give any such notice shall not affect the occurrence of any Triggering Event or the consequences thereof hereunder.

(b) There shall be an annual meeting with representatives of the Port Authority and with a principal officer of the Lessee on the last business day of the month of September or on such other days as may, from time to time, be agreed upon by the Lessee and the Port Authority to review the financial performance of the Lessee and the Airline Partners. The foregoing provisions with respect to the said meetings on the last business day of the month of September shall be subject to the Lessee's right to reschedule by sending to the Port Authority a written notice prior to the first day of said month setting forth four (4) alternative business days within said month of September. The Port Authority shall notify the Lessee of its selection of the day for the next annual meeting within ten (10) days of its receipt of the said notice of the Lessee, if any. The review shall include the furnishing of the following information regarding the Lessee to the Port Authority by the Lessee and the discussion of same:

(1) Current and available financial data of the Lessee, the general partner and the Airline Partners including without limitation corporate annual reports of the Airline Partners.

(2) Monthly traffic data including passengers and aircraft departures of the Airline Partners.

(3) Monthly performance indicators of the Airline Partners.

(4) Any information or data that the Lessee or the Airline Partners or any of them has furnished or is required to furnish to any creditor of the Lessee or of the Airline Partners or any of them; provided that as to the Airline Partners the foregoing shall apply only to such information or data as the Port Authority may reasonably request and only information and data normally available to such creditors located in the United States.

(c) It is the position of the Lessee that all or portions of the information it has agreed to furnish the Port Authority hereunder is of a confidential nature. The Port Authority agrees that, unless required or appropriate to do so pursuant to any legal obligations, duties or responsibilities imposed upon the Port Authority or with which the Port Authority must comply, requiring public disclosure of information, or pursuant to freedom of information policy adopted or which may be adopted by its Commissioners, or pursuant to compliance with any law, ordinance, governmental rule, regulation or order, it shall not deliberately convey the same to any private person; provided that if such information is already at that time in the public domain the foregoing agreement against disclosure shall not apply and the release of such information shall not be or be deemed a violation hereunder.

IV. If the Lessee has, by notice, advised the Port Authority that it reasonably believes that any of the Triggering Events which are listed in Exhibit X hereof constitute events which would result in termination pursuant to this Section 81 either are anticipated to occur within forty-five (45) days of said notice, or has or have already occurred, or if in fact any Triggering Event or Triggering Events has or have occurred, or the Port Authority believes that the same has or have occurred without receipt of any notice from the Lessee, as aforesaid, then:

(a) the Lessee may, at any time prior to the termination of the letting, by notice, request that the Port

Authority waive the occurrence of one or more of the Triggering Events, and the effect thereof hereunder, for a period of time to be determined by the Port Authority and to be contained in a letter agreement to be prepared by the Port Authority and executed by the Port Authority, which shall be effective upon its execution by the Lessee; or

(b) the Port Authority may, at any time prior to the termination of the letting, in its sole discretion and without a prior request from the Lessee, waive the occurrence of one or more of the Triggering Events, and the effect thereof hereunder, for a period of time to be determined by the Port Authority and to be set forth in a notice from the Port Authority to the Lessee. Service of a notice hereunder shall not in and of itself imply or be deemed to imply that a Triggering Event has occurred.

The Port Authority shall have no obligation to take either of the above two actions in this Part IV.

V. Although it is hereby specifically acknowledged and agreed that the aforesaid month-to-month periodical tenancy, if any should occur hereunder, is terminable by either party in accordance with law and that the following provision shall have no effect whatsoever on the right of either party to so terminate, it is further understood that if 4 consecutive calendar quarters have elapsed after a Triggering Event has occurred during which time the Lessee is in occupancy of the premises as a month-to-month tenant, and during such period none of the Triggering Events listed in Exhibit X have occurred or continue to occur, the Lessee is not in default in the payment of rental or any other provision of its month-to-month tenancy and neither the Port Authority nor the Lessee has terminated the month-to-month tenancy by notice to the other, then upon request by either party to the other, the parties will enter into a Supplementary Agreement to be prepared by the Port Authority and to be promptly executed by the parties hereto which would provide for the re-establishment of a tenancy between the Port Authority and the Lessee on a fixed term basis in accordance with all of the terms and provisions of this Lease, and upon said execution the Lease, as the same may theretofore have been supplemented and amended, shall have the fixed term stated in Section 3 hereof (or as may be extended under Section 3A or Section 3B hereof).

Section 82. Requesting Airlines at the Airport

(a) If a Scheduled Aircraft Operator (hereinafter called a "Requesting Airline") advises the Lessee that it would like to be accommodated by the Lessee at the premises, the Lessee in furtherance of the public interest of having the premises

fully and most effectively utilized shall use its best efforts to accommodate the request of said Requesting Airline. If the Lessee fails to reach agreement with said Requesting Airline for its accommodation, the Lessee shall advise the Port Authority to such effect. Thereafter, the Port Authority shall make a determination as to whether the Lessee should accommodate the Requesting Airline as requested and if so, whether there are any limitations on the nature, extent, cost, duration and extent of such accommodation. Determinations of the Port Authority shall not be arbitrary or capricious. Such determinations of the Port Authority would take into consideration the then existing utilization of the premises and the necessity for the flights, schedules, flight times, operations, operating practices and aircraft equipment of the Requesting Airline to be compatible with those of the Lessee and the Approved Sublessees, as well as the need for labor harmony. The Lessee agrees to comply with such determinations of the Port Authority.

(b) Any arrangement between the Lessee and the Requesting Airline made in accordance with any of the foregoing provisions shall be submitted by the Lessee to the Port Authority for its consent, which will be in the form of a consent agreement prepared by the Port Authority and to be executed by the Lessee, the Requesting Airline and the Port Authority.

(c) The foregoing shall not be deemed to abrogate, change or affect any restrictions, limitations or prohibitions on assignment, subletting or use of the premises by others under this Lease and shall not in any manner affect, waive or change any of the provisions thereof.

Section 83. Security Deposit

(a) (1) Without limiting any term or provision of this Agreement or any right or remedy of the Port Authority under this Agreement or otherwise and without limiting, affecting or impairing any Obligor Agreement of an Airline Partner submitted under Section 58 hereof or releasing any such Airline Partner from any such Obligor Agreement, it is expressly understood and agreed that in the event the Lessee shall fail to make any payment when due to the Port Authority, whether such payment is required hereunder or otherwise and whether such payment is for rentals, charges, fees, utility services, late charges or any other type of payment whatsoever, and shall continue in its failure to pay the same for a period of sixty (60) days, then the Lessee shall, within fifteen (15) days after the delivery to it of a notice from the Port Authority to such effect, deliver to the Port Authority the security deposit called for under paragraph (b) of this Section and subject to all the terms and

provisions thereof. It is specifically acknowledged and agreed that the determination to deliver the said notice at any time with respect to any said failure to pay by the Lessee shall be at the sole election of the Port Authority. The Port Authority may exercise its rights hereunder and serve the notice hereunder at any time and from time to time, and the election by the Port Authority not to request the delivery of the security deposit with respect to any payment shall not be deemed to waive its right to demand and to receive the security deposit with respect to any other payment. Further, neither the delivery of the said notice, nor the delivery of the security deposit by the Lessee shall or shall be deemed a cure of the Lessee's failure to make any payment or of any breach or default under this Agreement, or any other agreement, nor shall the same be deemed a waiver of any right on the part of the Port Authority to terminate the Lease, or any other agreement, nor shall the same be deemed a waiver of any other right or remedy of the Port Authority under this Lease, any Obligor Agreement of an Airline Partner submitted under Section 58, or otherwise (including without limitation its rights under paragraph (b) hereof).

(2) It is further understood and agreed that the said delivery of the security deposit shall be made by the Lessee notwithstanding any dispute between the Port Authority and the Lessee with respect to the payment which the Lessee shall have failed to pay, provided, however, that the delivery of the security deposit, as aforesaid, shall not be deemed a waiver of any right of the Lessee to contest the payment.

(b) The Lessee shall deposit with the Port Authority no later than (15) days after the delivery of the Port Authority's notice as aforesaid in paragraph (a) hereof (and shall keep deposited throughout the term of this Agreement in addition and without limiting any Additional Security submitted under this Section 83 hereof) the sum equivalent to three (3) monthly installments of the Basic Rental set forth in Section 4 I (a) (1) or Section 4 I (a) (2), as applicable, plus the Deferred Basic Rental, then in effect (as set forth in Section 4 hereof), in cash, or bonds of the United States of America, or of the Port Authority of New York and New Jersey, having a market value of that amount, as security for the full, faithful and prompt performance of and compliance with, on the part of the Lessee, all of the provisions, terms, and conditions of the Agreement on its part to be fulfilled, kept, performed or observed and as security for the payment of all other rentals, fees, charges and obligations owed or which may become due and owing to the Port Authority arising from the Lessee's operations at the Airport, whether covered by a written agreement or otherwise. The aforesaid security may be in cash, or bonds of the United States

of America, or of the Port Authority of New York and New Jersey, or of the States of New York or New Jersey having a market value of the aforesaid amount as shall be deposited by the Lessee. Bonds qualifying for deposit hereunder shall be in bearer form but if bonds of that issue were offered only in registered form, then the Lessee may deposit such bond or bonds in registered form, provided, however, that the Port Authority shall be under no obligation to accept such deposit of a bond in registered form unless such bond has been reregistered in the name of the Port Authority (the expense of such reregistration to be borne by the Lessee) in a manner satisfactory to the Port Authority. The Lessee may request the Port Authority to accept a registered bond in the Lessee's name and if acceptable to the Port Authority the Lessee shall deposit such bond together with a bond power (and such other instruments or other documents as the Port Authority may require) in form and substance satisfactory to the Port Authority. In the event the deposit is returned to the Lessee, any expenses incurred by the Port Authority in reregistering a bond to the name of the Lessee shall be borne by the Lessee. In addition to any and all other remedies available to it, the Port Authority shall have the right, at its option, at any time and from time to time, with or without notice to use the said deposit or any part thereof in whole or partial satisfaction of any of its claims or demands against the Lessee. There shall be no obligation on the Port Authority to exercise such right and neither the existence of such right nor the holding of the deposit itself shall cure any default or breach of the Agreement on the part of the Lessee. In the event that the Port Authority shall at any time or times so use the deposit, or any part thereof, or if bonds shall have been deposited and the market value thereof shall have declined below the above-mentioned amount, the Lessee shall, on demand of the Port Authority and within two (2) days thereafter, deposit with the Port Authority additional cash or bonds so as to maintain the deposit at all times to the full amount above stated, and such additional deposits shall be subject to all the conditions of this Section. After the termination of the Agreement and upon condition that the Lessee shall then be in no wise in default under any part of the Agreement, and upon written request therefor by the Lessee, the Port Authority will return the said deposit to the Lessee less the amount of any and all unpaid claims and demands (including estimated damages) of the Port Authority by reason of any default or breach by the Lessee of the Agreement or any part thereof and less any other fees, charges and obligations owed to the Port Authority arising from the Lessee's operations at the Airport. The Lessee agrees that it shall not assign or encumber the said deposit and any such assignment or encumbrances shall be void as to the Port Authority. The Lessee may collect or receive annually any interest or income earned on bonds and interest paid

on cash deposited in interest bearing bank accounts less any part thereof amount which the Port Authority is or may hereafter be entitled or authorized by law to retain or to charge in connection therewith, whether as or in lieu of administrative expense or custodial charge, or otherwise, provided, however, that the Port Authority shall not be obligated by this provision to place or to keep cash deposited hereunder in interest bearing bank accounts. Without limiting the foregoing provisions of this Section, with respect to any bonds deposited by the Lessee, the Port Authority shall have the right, in order to satisfy any of its claims or demands against the Lessee, to sell the same in whole or in part, at any time and from time to time, with or without prior notice, at public or private sale, all as determined by the Port Authority together with the right to purchase the same at such sale free of any claims, equities or right of redemption of the Lessee. The Lessee hereby waives any right to participate therein or any right to prior notice or demand of the amount or amounts of the Port Authority's claims or demands against the Lessee. The proceeds of any such sale shall be applied by the Port Authority first to the costs and expenses of the sale (including but not limited to any advertising or commission expenses) and then to the amounts due the Port Authority from the Lessee. Any balance remaining shall be retained in cash toward bringing the security deposit to the sum specified above provided that this shall not relieve the Lessee from maintaining the deposit in the full amount stated above.

(c) For purposes of the foregoing, the Lessee hereby certifies that its I.R.S. Employee Identification No. is [redacted]

(d) (1) The Lessee shall ensure that its debt is graded by the appropriate rating agency and that such initial grade is submitted to the Port Authority as required below. The Lessee agrees that changes to the grade of such debt undertaken by the rating agency (or any other rating agency) subsequent to the determination of the initial grade of such debt are to be submitted to the Port Authority as soon as made available to or known by the Lessee.

(2) As used herein the following terms shall have the following meanings for the purposes of this Section:

(i) "Debt", "debt financing" and "debt financing agreement(s)" shall mean, at any date (i) all obligations of the Lessee or the general partner of the Lessee, evidenced by loan agreement(s), bonds, debentures, notes or other similar instruments or for borrowed money the proceeds of which have been or will be released or made

available to the Lessee for development of a new passenger terminal on the Site as defined in Section 1 hereof or for the refinancing, refunding or retirement of previously issued obligations released or made available for such purposes.

(ii) The term "credit facility" shall mean a letter of credit, municipal bond insurance, or other liquidity facility issued or undertaken by a party other than the Lessee that creates a legal, binding, and valid obligation, to pay some or all of the principal and interest on such debt under certain circumstances such as in the event that the Lessee fails to make required payments to the trustee of such debt or otherwise defaults.

(iii) The term "grade" shall mean that evaluation of the quality of the debt financing as determined by a rating agency which evaluates the degree of financial risk associated with debt securities and makes such information available to the investment community. In the event that payment of such debt is secured by a credit facility, grade shall mean the evaluation of such debtor's credit worthiness as determined by a rating agency without regard to the credit facility relying solely on the absolute and unconditional obligations of the Lessee to make payments to the trustee of such debt sufficient to enable the trustee to pay when due the required principal and interest payments on such debt.

(iv) The term "rating agency" shall mean Standard & Poor's or Moody's or another firm as may be designated as a rating agency at any time during the term of the Lease upon the agreement of the Port Authority and the Lessee.

(v) The term "investment grade" shall mean a grade of "BBB" or higher by Standard & Poor's or "Baa" or higher by Moody's or such other designation that a rating agency may use publicly in the future to designate the relative investment qualities of debt and differentiate between those investments that are investment grade and those that are not.

(3) The Lessee expressly represents and warrants to the Port Authority that, as of the effective date of the Lease and as of the date of the Lessee's execution thereof, debt has been issued as defined above or such debt is anticipated to be issued or it has caused such debt to be issued and that the grade of such securities has been determined by each rating agency which has determined the grade of the debt to be investment grade

when the debt is issued. The Lessee agrees that it shall deliver to the Port Authority an official copy of such grade from each rating agency for debt financings, prior to executing this Lease, or, for debt issued after the effective date of the Lease, within thirty (30) days after issuance. For any rating agency, whether or not retained by the Lessee, the Lessee agrees to provide to the Port Authority promptly and at the same time as it receives or obtains knowledge of any periodic evaluations of the grade of such debt as it changes or is reaffirmed that it receives from such rating agency. The Port Authority shall have the right to request a re-rating of any debt at any time and from time-to-time by any of the rating agencies of any debt.

(4) It is expressly understood and agreed that in the event the grade of the debt as determined by one of the rating agencies changes after its initial rating to below investment grade or such rating has been suspended or withdrawn for whatever reason then in any such event the Port Authority shall have the right upon notice to the Lessee to require the Lessee to deposit security in the amounts determined by the Port Authority and in the forms mentioned above and/or such other forms as may then be elected by the Port Authority (herein called the "Additional Security") and the Lessee shall and hereby expressly agrees to promptly and not later than five (5) days after the giving of the said notice to it by the Port Authority comply with such requirement; it being further expressly understood and agreed that neither the foregoing nor the exercise of or failure to exercise any right by the Port Authority pursuant hereto nor any submission by the Lessee of Additional Security to the Port Authority shall or shall be deemed to release or relieve the Lessee from any obligation, duty or responsibility under this Agreement.

Section 84. Itinerant Aircraft

(a) The Port Authority hereby grants to the Lessee the privilege of permitting the occasional use of the premises by air taxi, corporate and private aircraft (sometimes hereinafter called "the Itinerant Aircraft") for the sole purpose of discharging or picking up passengers of the Approved Sublessees, business guests and other invitees of the Lessee. All operations of such Itinerant Aircraft shall be in compliance with all the terms and provisions of the Lease and with the Rules and Regulations of the Port Authority. The Lessee shall be completely responsible for all acts and omissions of said Itinerant Aircraft arising out of or resulting from or in connection with the use of the premises as if said acts and omissions were the acts or omissions of the Lessee.

(b) The Port Authority shall have the right to cancel the privilege granted to the Lessee as set forth in paragraph (a) hereof in whole or in part or with respect to any particular Itinerant Aircraft at any time and from time to time and without cause upon thirty (30) days' written notice to the Lessee, and upon the effective date of such notice the Lessee shall no longer have the right to permit all or any specific Itinerant Aircraft as specified in the notice to use the premises as hereinabove provided, but the same shall not affect the Lease or any of the terms, rentals, fees, provisions or agreements hereof, all of which shall continue in full force and effect.

Section 85. Definitions

The following terms, when used in this Agreement, shall, unless the context shall require otherwise, have the respective meanings given below.

(a) "Agreement" shall mean this agreement of lease.

(b) "Aircraft Operator" shall mean (a) a Person owning one or more aircraft which are not leased or chartered to any other person for operation, and (b) a Person to whom one or more aircraft are leased or chartered for operation whether the aircraft so owned, leased or chartered are military or non-military, or are used for private business, pleasure or governmental business, or for carrier or non-carrier operations, or for scheduled or non-scheduled operations or otherwise. Said phrase shall not mean the pilot of an aircraft unless he is also the owner or lessee thereof or a Person to whom it is chartered.

(c) "Airport" shall mean the land and premises in the City of New York, in the County of Queens and State of New York, which are shown in green upon the Exhibit attached to the Basic Lease between The City of New York and the Port Authority referred to in subdivision (b) below, said Exhibit being marked "Map II", and lands contiguous thereto which may have been heretofore or may hereafter be acquired by the Port Authority to use for air terminal purposes.

(d) "Basic Lease" shall mean the agreement between The City of New York and the Port Authority dated April 17, 1947, as the same from time to time may have been or may be supplemented or amended. Said agreement dated April 17, 1947, has been recorded in the Office of the Register of The City of New York, County of Queens, on May 22, 1947, in Liber 5402 of Conveyances, at pages 319, et seq.

(e) "Civil Aircraft Operator" shall mean a Person engaged in civil transportation by aircraft or otherwise operating aircraft for civilian purposes, whether governmental or private. If any such Person is also engaged in the operation of aircraft for military, naval or air force purposes, he shall be deemed to be a Civil Aircraft Operator only to the extent that he engages in the operation of aircraft for civilian purposes.

(f) "Consumer Service Maximum Basic Rental" shall mean the amount of Forty-Five Dollars and No Cents ($45.00) per square foot subject to adjustment based upon changes in the Consumer Price Index as set forth in paragraph (b) of Subdivision I of Section 4 in the same manner as adjustments are made to the Lessee's rental obligations in said Subdivision I of Section 4 in said paragraph (b).

(g) "Distribution Portion of the Underground Fuel System" shall have the meaning set forth in the General Airport Agreement.

(h) "General Airport Agreement" shall mean those certain agreements each entitled "John F. Kennedy International Airport Airline Lease" dated as of January 1, 1953 (as the same has been extended, supplemented and amended) between the Port Authority and various airlines and which govern the rights, privilege, duties and obligations of and between the parties thereto with respect to the Airport.

(i) "General Manager of the Airport" shall mean the person or persons from time to time designated by the Port Authority to exercise the powers and functions vested in the said General Manager by this Agreement; but until further notice from the Port Authority to the Lessee it shall mean the General Manager (or the temporary or acting General Manager) of the Airport for the time being, or his duly designated representative or representatives.

(j) "Governmental Authority", "Governmental Board", "Governmental Agency" shall mean federal, state, municipal and other governmental authorities, boards and agencies of any state, nation or government, except that it shall not be construed to include The Port Authority of New York and New Jersey, the lessor under this Lease.

(k) "Gross receipts" shall (except as otherwise provided in Section 4 hereof) mean and include all monies paid or payable to the Operator for sales made and for services rendered at or from the premises, regardless of when or where the order therefor is received, and outside the premises, if the order

therefor is received at the premises, and any other revenues of any type arising out of or in connection with the Operator's operations at the premises, provided, however, that any taxes or other governmental charges imposed by law which are separately stated to and paid by a customer and directly payable to the taxing authority by the Operator, shall be excluded therefrom.

(l) "Handled Airlines" shall mean the Requesting Airlines, as defined in Section 82 hereof, or any other Scheduled Aircraft Operator who is operating at the Airport pursuant to accommodations provided by the Lessee or Approved Sublessees, whether by sublease, handling agreement, or a combination of both, which agreement has been consented to by the Port Authority and in which consent the Port Authority has designated said Scheduled Aircraft Operator a Handled Airline.

(m) "In-flight meals" as used in the air transportation industry and in this Lease is a word of art and includes food, beverages, snacks, non-reusable supplies, materials, dry goods and all services rendered in connection therewith.

(n) "Lease" or "this Agreement of Lease" shall mean this agreement of lease.

(o) "Letting" shall mean the letting under this Agreement for the original term stated herein, and shall include any extension thereof.

(p) "Person" shall mean not only a natural person, corporation or other legal entity, but also two or more natural persons, corporations or other legal entities acting jointly as a firm, partnership, unincorporated association, consortium, joint adventurers or otherwise.

(q) "Premises" shall mean and include the land, the buildings, structures and other improvements located or to be located or to be constructed therein or thereon, the equipment permanently affixed or permanently located therein, such as electrical, plumbing, sprinkler fire protection and fire alarm, heating, steam, sewage, drainage, refrigerating, communications, gas and other systems, and their pipes, wires, mains, lines, tubes, conduits, equipment and fixtures, and all paving, drains, culverts, ditches and catchbasins.

(r) "Public Landing Area" shall mean the area of land at the Airport including runways, taxiways and the areas between and adjacent to runways and taxiways, designated and made available from time to time by the Port Authority for the landing and taking off of aircraft.

(s) "Public Ramp and Apron Area" shall mean the area adjacent to the Public Landing Area designated and made available from time to time by the Port Authority for common use for the loading or unloading of passengers or cargo to or from aircraft using the public landing area.

(t) "Runways" (including approaches thereto) shall mean the portion of the Airport used for the purpose of the landing and taking off of aircraft.

(u) "Scheduled Aircraft Operator" shall mean a Civil Aircraft Operator engaged in transportation by aircraft operated wholly or in part on regular flights to and from the Airport in accordance with published schedules; but so long as the Federal Aviation Act of 1958, or any similar federal statute providing for the issuance of Foreign Air Carrier Permits or Certificates of Public Convenience and Necessity or substantially similar permits or certificates, is in effect, no person shall be deemed to be a Scheduled Aircraft Operator within the meaning of this Lease unless he also holds such a permit or certificate.

(v) "Taxiways" shall mean the portion of the Airport used for the purpose of the ground movement of aircraft to, from and between the runways, the public ramp and apron area, the aircraft parking and storage space and other portions of the Airport (not including, however, any taxiways, the exclusive use of which is granted to the Lessee or any other person by lease, permit or otherwise.)

(w) "Unamortized Capital Investment" shall mean for purposes of this Lease, the amount of the Lessee's investment in the premises arising out of the performance by the Lessee of the construction work pursuant to and as set forth in and defined in Section 2 hereof with respect to the Passenger Terminal Facilities, after deduction therefrom of an amount equivalent to an allowance for depreciation and amortization; such allowance to be computed on a straight-line basis from the earlier of September 30, 1998 or the completion of the construction work (the date of the certificate of completion issued for the entire construction work under Section 2 hereof) to the end of the average useful life thereof (as determined under generally accepted United States accounting principles) or December 30, 2015, whichever is the shorter. (It is recognized that if there is an extension of the term of the letting under the Lease under Section 3A hereof the Lease Supplement as defined in said Section 3A would amend the said December 30, 2015 date to reflect the Extension Date as defined in Section 3A hereof). For purposes hereof, the calculation of the Unamortized Capital Investment of

the Lessee shall be based on, and shall not exceed, the amount of Two Hundred Ninety-six Million Dollars and No Cents ($296,000,000.00).

The foregoing computation to be made shall not take into consideration the effect of accelerated amortization, if any, granted to or taken by the Lessee on its books or otherwise under the provisions of Section 168(a) of Title 26 USCA or similar legislation hereafter enacted.

For purposes of this subparagraph (y) the Lessee's Cost in the Passenger Terminal Facilities as aforesaid shall be the lesser of Two Hundred Ninety-six Million Dollars and No Cents ($296,000,000.00) or an amount equal to the sum of: (i) the amounts paid by the Lessee to independent contractors for work actually performed and labor and materials actually furnished, inclusive of sales, use and like taxes where applicable, and (ii) the payments made and expenses incurred by the Lessee, in connection with such construction, for engineering, architectural, professional and consulting services, and the supervision of construction, provided, however, that such payments and expenses pursuant to this subdivision (ii) shall not exceed eighteen per cent (18%) of the amounts described in subdivision (i); in each case, as the above-mentioned amounts, payments and expenses are evidenced, from time to time, by certificates of a responsible fiscal officer of the Lessee, sworn to before a notary public and delivered to the Port Authority, which certificates shall (a) set forth, in reasonable detail, the amounts paid to specified independent contractors, the payments made to other specified persons and the other expenses incurred by the Lessee, which have not previously been reported in certificates delivered to the Port Authority, (b) have attached thereto reproduction copies or duplicate originals of the invoices of such independent contractors and other persons acknowledging the receipt by them of such amounts and payments, and (c) certify that the amounts, payments and expenses therein set forth constitute the Lessee's Cost in the Passenger Terminal Facilities for the purposes of this Lease; all of the foregoing items being herein called "the Lessee's Cost in the Passenger Terminal Facilities".

For purposes of this Agreement, the Lessee's investment in the premises arising out of the performance by the Lessee of the construction work shall mean such amount, if any, by which the Lessee's Cost in the Passenger Terminal Facilities exceeds the sum of the total of all Construction Payments (as defined in Section 88 hereof) made by the Port Authority under said Section 88 for Eligible Construction Work. In no event shall the Lessee's Cost in the Passenger Terminal Facilities or the

Lessee's Unamortized Capital Investment include any amounts paid for or in connection with paid for the Off-Premises Work, including without limitation any of the Costs of the Off-Premises Vehicular Ramp Work as defined in Section 89 hereof, or any amounts paid for or in connection with any equipment, trade fixtures or other personal property of the Lessee.

All records of the Lessee with respect to the foregoing shall be kept at all times within the Port of New York District for a period of two (2) years after the final costs of all the construction work have been submitted by the Lessee to the Port Authority or the end of the term of the letting under the Agreement, whichever is later, and shall be subject to the audit and inspection of the Port Authority, its representatives and employees.

Section 86. In-Flight Meals

(1) If the Lessee desires to prepare, for its exclusive use, in-flight meals (as defined in Section 85 hereof) for consumption by passengers and crew on board aircraft operated by the Lessee or an Approved Sublessee and to deliver such meals to such aircraft it shall have the right to do so, individually or through a contractor of its own choice (which contractor shall not be another person engaged in the business of transportation by aircraft). If the Lessee does so directly, it shall do so only on space located outside the Central Terminal Area (as defined in Section 78 hereof). The foregoing, however, shall create no obligation on the part of the Port Authority to provide such space and shall in no way be deemed a commitment by the Port Authority that any such space shall be available. If the Lessee or an Approved Sublessee chooses to use an independent contractor, such contractor shall be a regular In-Flight Meal Operator by which is meant an operator authorized by the Port Authority to provide in-flight meals to Aircraft Operators at the Airport unless, in the opinion of the Lessee, all regular In-Flight Meal Operators are unsatisfactory to the Lessee, in which case the Lessee or an Approved Sublessee may employ any other contractor (other than another person engaged in the business of transportation by aircraft), satisfactory to the Port Authority, who will accept a permit from the Port Authority on the same terms and conditions including the same rates, fees or charges as imposed upon and required of the Port Authority's In-Flight Meal Operators.

(2) The Lessee shall have the further right, either directly or through an independent contractor of its choice, satisfactory to the Port Authority, or by arrangements, jointly with one or more other users at the Airport, to employ a

contractor, satisfactory to the Port Authority, to prepare outside the Airport and to deliver at the Airport to aircraft operated by the Lessee or an Approved Sublessee, in-flight meals for consumption by passengers and crew on board such aircraft, provided, however, that if the Lessee employs a contractor either alone, or, by arrangement, jointly with one or more other users at the Airport for the preparation, outside the Airport, of in-flight meals, then the Lessee shall cause such contractor to pay to the Port Authority the rate or rates which would be payable to the Port Authority by a regular Port Authority permittee for the off-Airport preparation or delivery, or both, of such in-flight meals to aircraft for consumption by passengers and crews on board such aircraft.

(3) (i) The Lessee has advised that it or its Approved Sublessees may use more that one independent contractor to furnish its or its Approved Sublessees' "in-flight meals" at the Airport but may not wish to have all of said contractors become permittees of the Port Authority under permits which require, as aforesaid, the permittees to pay fees at the rates imposed on the Port Authority's In-Flight Meal Operators upon gross receipts based on amounts the Lessee pays said contractors.

(ii) Should the Lessee elect not to have all its independent contractors be Port Authority permittees as aforesaid, it shall serve a written notice on the Port Authority to such effect which notice shall state that it elects the method of additional payment as hereinafter set forth and thereupon the Port Authority shall consent thereto provided that, in addition to the amounts payable to the Port Authority under paragraphs (1) and (2) above, the Lessee shall pay and the Lessee hereby agrees to pay to the Port Authority an amount determined by applying the rates referred to in subparagraph (i) above to the amounts payable by the Lessee to said independent contractors for "in-flight meals" or any part thereof delivered to the Lessee's or an Approved Sublessee's aircraft at the Airport (whether such delivery be by said independent contractor, the Lessee or another). The foregoing payments by the Lessee shall be made monthly on the 20th day of the month commencing with the first month immediately following the Lessee's notice and continuing each month thereafter up to and including the 20th day of the month following the expiration date hereof. The Lessee at any time on at least thirty (30) days' prior written notice to the Port Authority may change from its selection above and the Lessee may at any time advise the Port Authority that this paragraph (3) no longer applies to it based upon its representation, that it then shall make, that all payments made by it for in-flight meals as said term is defined above shall be made to its contractors

who are permittees of the Port Authority as "In-Flight Meal Operators".

(iii) It is hereby expressly recognized that the procedures allowed under this paragraph (3) are not included within the contemplation of the provisions of paragraphs (1) and (2) above and that the inclusion of the same within this paragraph (3) shall not constitute or be deemed to constitute any concession or agreement by the Port Authority that said procedures are not in violation of paragraphs (1) and (2) hereof.

(iv) It is expressly recognized and agreed that the foregoing provisions apply derivatively to each of the Approved Sublessees pursuant to the respective Consent Agreements and that each Approved Sublessee is thereby permitted, subject to its Consent Agreement, to exercise the rights described herein for itself only and for no other party, person or entity.

Section 87. Certain Environmental Testing and Clean-up Obligations

(a) (1) Attached hereto, hereby made a part hereof is an exhibit marked "Exhibit M" which consists of (i) an "Environmental Investigation-Terminal One-Summary Report-October 1992" and including its appendices and its compilation of reports and tests results of soil and water samples taken on various dates in November 1990, in April 1992 and in June 1992 (as set forth in Exhibit M) from a total of twenty-three (23) borings including ten (10) wells made on the premises and setting forth the levels of ethylene glycol, TPHC (Total Petroleum Hydrocarbons), volatile organic compounds, semi-volatiles and lead in the soil and upper aquifer of the premises and (ii) a "Terminal One-Environmental Investigation-Data Summary-September 1993" including its tables and its compilation of reports and tests results of soil and water samples taken on various dates between February 1993 and July 1993 (as set forth therein) from a total of 10 borings and 12 wells made at various locations on the premises, including, as to the water samples, hydropunches at 41 locations on the premises, setting forth the levels in the soil and aquifer of the premises, as to the soil samples of base neutrals, volatile organic compounds, metals, TPHC (Total Petroleum Hydrocarbons and Ethylene Glycol, and, as to the water samples, of volatile organic compounds including BTEX (Benzene, Toluene, Ethyl Benzene, and Xylene), TPHC (Total Petroleum Hydrocarbons), base neutrals and metals; all of the foregoing as more specifically named and set forth in Exhibit M; all of the aforesaid items for which the said samples were tested as set forth in Exhibit M are hereinafter collectively referred to as the "Analyzed Items".

(2) The Port Authority hereby represents to the Lessee that the aforesaid Exhibit M as attached hereto contains and sets forth tests results and a report of subsurface environmental investigations performed at the premises by or on behalf of the Port Authority prior to the execution of this Lease and for purposes of establishing the Initial Existing Condition as hereinafter defined.

(3) As aforesaid in subparagraph (1) above the Port Authority has taken samples on various dates between March and July 1993 from hydropunches at various locations on the premises selected by the Port Authority and the results thereof are, as aforesaid in subparagraph (1) above, set forth and form a part of Exhibit M.

(4) Further, the Lessee may, subject to the terms and conditions of Section 2 hereof and subject to the coordination requirements of paragraph (b) (4) below, take other samples from various locations on the premises selected by the Lessee and agreed to by the Port Authority which shall be analyzed by an independent laboratory, mutually acceptable to the Port Authority and the Lessee, for petroleum and/or hazardous substance characterization and the results thereof shall be set forth in a report prepared by such laboratory and upon delivery of such report and tests results to the Port Authority, such report and tests results shall become part of Exhibit M and of the Current Remediation on condition and provided that: (i) the said sampling and testing were done in accordance with a methodology approved by the Port Authority; (ii) no part of such tests results nor any such report shall become part of Exhibit M or of the Initial Existing Condition (as hereinafter defined) or of the Current Remediation unless all such samples, tests results and the report are completed prior to the earliest to occur of (x) the D.B.O. as defined in Section 4.I (a) (3) hereof, (y) the date set forth in Section 2 (d) (2) as the required completion date for the construction work under Section 2 hereof, or (z) the Estimated Current Remediation Completion Date (as hereinafter defined); (iii) that should such tests results and report list contaminants not now set forth in Exhibit M as attached hereto on the execution date of this Lease or indicate a higher level of any of the Analyzed Items set forth in said Exhibit M then such contaminant or contaminants and such higher level or higher levels shall become part of Exhibit M only if the Lessee proves to the reasonable satisfaction of the Port Authority that such contaminant or contaminants and such higher level or higher levels existed in the premises prior to the effective date of this Lease and provided, further, that such contaminant or contaminants and such higher level or higher levels were not

caused by or did not result from any act or omission of the Lessee or of any of its agents, contractors or representatives; it being expressly understood and agreed that any such newly discovered contaminant or contaminants and such higher level or higher levels not so made a part of Exhibit M shall be included within the Lessee's sole responsibilities for contaminants(s) and remediation at the premises under paragraph (c) hereof.

(5) The said reports and tests results set forth in Exhibit M (including any supplemental reports and tests results as called for under paragraph (b) hereof) and including a straight line interpolation methodology for the establishment and interpolation of the levels of the Analyzed Items for all portions of the premises state, for the purposes of this Lease, the levels of the Analyzed Items in the soil and upper aquifer in the premises and are hereinafter called the "Initial Existing Condition", and said reports and tests results and the results of any subsequent reports and tests which are made supplemental to or which may supersede those in Exhibit M or of the applicable portions thereof as provided for in paragraph (f) below as applied by the aforesaid methodology to all portions of the premises are hereinafter called the "Existing Condition".

(b) (1) It is hereby recognized by the parties hereto that as a result of the reporting of the Initial Existing Condition to the New York State Department of Environmental Conservation (herein called the "DEC") the DEC will require remediation of the Initial Existing Condition including all appropriate borings and wells required for said remediation (which remediation is hereinafter called the "Current Remediation") and that the Port Authority and the DEC are currently undertaking discussions to establish a level to which each of the Analyzed Items in the ground water and soil in the premises must be remediated by the Current Remediation (which level or levels as established for each of the Analyzed Items is hereinafter called a "Clean-Up Level"). It is understood and agreed solely with respect to and solely during and for the period of the Lessee's performance of the construction work under Section 2 hereof, such period commencing on the commencement date of this Lease through the earlier of (i) the D.B.O. as defined in Section 4.I (a) (3) hereof or (ii) date set forth in Section 2 (d) (2) as the required completion date for the construction work under Section 2 hereof, that said Current Remediation shall, as between the Lessee and the Port Authority, be deemed to include the remediation as may be required by the DEC of any contaminant or contaminants discovered by the Port Authority during the performance of the Current Remediation and not now set forth in Exhibit M, provided, however, that such contaminant or contaminants are reasonably determined by the Port Authority to

have been existing in the premises prior to the effective date of this Lease and provided, further, that such contaminant or contaminants were not caused by or did not result from any act or omission of the Lessee or of any of its agents, contractors or representatives; and Exhibit M shall be supplemented to include the reports and tests results of any such newly discovered contaminant or contaminants so included in the Current Remediation in accordance with the foregoing; it being expressly understood and agreed that any such newly discovered contaminant or contaminants not so made a part of the Current Remediation shall be deemed included within the Lessee's sole responsibilities for contaminant(s) and remediation at the premises under and subject to paragraph (c) hereof. Neither the provisions of this Section 87 nor any reference herein to the DEC or to the Port Authority's Current Remediation or to any governmental agency or agencies which may succeed to the DEC (as described in paragraph (c) (4) below) shall or shall be construed as waiving any statutory or regulatory or other rights of the Port Authority under applicable law (s).

(2) As between the Lessee and the Port Authority, and based on the Lessee's comprehensive plan and design of the construction work under Section 2 hereof, as and when approved by the Port Authority and as further described in and subject to paragraph (c) below, the Lessee shall not be responsible for the Current Remediation, except that the Lessee shall be responsible for any and all increased expenses including without limitation all costs and expenses relating thereto necessary, required, or appropriate as a result of, caused by, incidental to or triggered by any change in the said Lessee's comprehensive plan or any change in the design, method or scope of the construction work required under Section 2 hereof unless such change had theretofore received the prior review and written approval of the Port Authority including the Port Authority's express written consent in a writing signed by the Port Authority's Director of Aviation to the impact of such change on the Current Remediation (which remediation costs and expenses for which the Lessee is so responsible is hereinafter called the "Lessee's Incremental Costs of the Current Remediation").

(3) In connection with the Current Remediation, the Port Authority agrees that it will remove any and all underground storage tanks (which tanks are hereinafter called the "Existing Tanks") that it reasonably determines to have been existing in the premises prior to the effective date of this Lease (it being recognized and agreed that prior to the execution of this Lease the thirteen (13) underground storage tanks previously identified as existing on the premises have been removed therefrom). The Port Authority will remove any fuel

existing prior to the effective date of this Lease in the existing underground aviation hydrant fuel lines on the Site (as defined in Section 1 hereof) and render said lines inert; the foregoing not to limit, alter or vary any of the provisions of Section 2 hereof or any of the obligations, duties and liabilities of the Lessee thereunder.

(4) The Port Authority hereby recognizes that the Lessee may be performing the construction work, or portions thereof as the case may be, under Section 2 hereof concurrently with the performance of the Current Remediation and the Lessee hereby likewise recognizes that the performance of the Current Remediation may occur concurrently with the Lessee's performance of the construction work under Section 2, as aforesaid. The Port Authority agrees to consult with the Lessee in the scheduling of the Current Remediation and to coordinate such scheduling with the Lessee's scheduling of the construction work subject to the requirements of the DEC for the Current Remediation, as aforesaid so as to provide minimum interference with the Lessee's scheduling of the construction work and the Lessee likewise agrees to consult with the Port Authority in the Lessee's scheduling of the construction work and to coordinate such scheduling with the Port Authority's (or the DEC's) scheduling of the Current Remediation so as to provide minimum interference with the Current Remediation. Further, the Port Authority and the Lessee hereby agree to cooperate with each other, and to cause each of their respective contractors to cooperate with each other in the coordination of the scheduling of the Current Remediation by the Port Authority and its removal of the Existing Tanks and the performance by the Lessee of the construction work under Section 2 hereof. Solely for purposes of the foregoing (and not for any right of review or approval by the Lessee) the Port Authority will provide to the Lessee a copy of the remedial work plan or plans, including the scheduling, for the Current Remediation as and when the same is available and as approved by the DEC, at which time the Port Authority will notify the Lessee of the estimated completion dates (if there are phased completion dates) and the estimated completion date of the entire Current Remediation (said date as set forth in such notice is herein called the "Estimated Current Remediation Completion Date").

(5) Without limiting the generality of Section 73 hereof, it is agreed that if, upon the occurrence of either of the events set forth in items (x) and (y) of sub-subparagraph (i) below, the Lessee is actually and necessarily delayed, in the sole and reasonable opinion of the Chief Engineer of the Port Authority, in completing the construction work under Section 2 hereof by the date set forth in subparagraph (2) of paragraph (d) of said Section 2, then the said required date for completion of

the construction work shall be extended by the Port Authority to a new date to be set forth in a lease supplement (the "New Completion Date Lease Supplement") provided and subject, however, to all of the following terms and conditions:

(i) The cause of the delay (including a work stoppage) must meet the following conditions: (x) the cause of the delay (including a work stoppage) must arise, solely, in the sole and reasonable opinion of the Chief Engineer of the Port Authority, from the performance of the Current Remediation; or (y) the cause of the delay (including a work stoppage) must arise, solely, in the sole and reasonable opinion of the Chief Engineer of the Port Authority, from a new requirement of the DEC (or such other applicable governmental agency or agencies, if any, succeeding to or having concurrent jurisdiction with the DEC and which has jurisdiction over the operations of the Port Authority at the Airport or with whose governmental requirements the Port Authority has agreed to conform) for the Current Remediation.

(ii) In any event, even though a cause of delay (including a work stoppage) meets all the above conditions, an extension shall be granted only to the extent that (i) the performance of the construction work is actually and necessarily delayed and (ii) the effect of such cause cannot be anticipated and avoided or mitigated by the exercise of all reasonable precautions, efforts and measures (including planning, scheduling, rescheduling, and including the cooperation and coordination called for under subparagraph (4) of this paragraph (b)), whether before or after the occurrence of the cause of delay; and an extension shall not be granted for a cause of delay which would not have affected the performance of the construction work, or portion thereof, were it not for the fault of the Lessee or any contractor or subcontractor (at any tier) of the Lessee or for other delay for which the Lessee or any contractor or subcontractor (at any tier) of the Lessee is not entitled to an extension of time.

(iii) The period of any extension of time shall be that necessary to make up the time actually lost, subject to the provisions of this subparagraph (5), and shall be only for the portion of the construction work actually delayed. The Chief Engineer of the Port Authority may defer all or part of his decision on an extension and any extension may be rescinded or shortened if it subsequently is found that the delay can be overcome or reduced by the exercise of reasonable precautions, efforts and measures (including the

coordination and cooperation called for under subparagraph (4) of this paragraph (b)).

(iv) The Port Authority shall not in any event have any liability or obligation to the Lessee or to any other person, party or entity, including without limitation any contractor or subcontractor (at any tier) of the Lessee, for any increase in the costs of the construction work, or any portion thereof, or for any remedy or damages, monetary or otherwise, at law or in equity, arising from, relating to or in any way in connection with any such delay (including stoppage); nor shall any such cause, delay or stoppage result in or entitle the Lessee to any abatement, reduction, diminution or suspension of any rental or other payment obligation hereunder.

(v) (x) As a condition precedent to an extension of time, the Lessee shall give written notice to the Chief, Engineer of the Port Authority within 72 hours after the time when the Lessee knows or should know of any cause which might under any circumstances result in delay for which it claims or may claim an extension of time (including those causes which the Port Authority is responsible for or has knowledge of), specifically stating that an extension is or may be claimed, identifying such cause and describing, as fully as practicable at the time, the nature and expected duration of the delay and its effect on the various portions of the construction work. Since the possible necessity for an extension of time may materially alter the scheduling, plans and other actions of the Port Authority, and since, with sufficient opportunity, the Port Authority might if it so elects attempt to mitigate the effect of a delay for which an extension of time might be claimed, and since merely oral notice may cause disputes as to the existence or substance thereof, the giving of written notice as above required shall be of the essence of the Lessee's rights and obligations hereunder and failure of the Lessee to give written notice as above required shall be a conclusive waiver of an extension of time.

(y) It shall in all cases be presumed that no extension of time is due unless the Lessee shall affirmatively demonstrate to the reasonable satisfaction of the Chief Engineer of the Port Authority that it is. To this end, and in addition to and without limiting any other term or provision of this Agreement, the Lessee shall maintain adequate records supporting any claim for an extension of time, and in the absence of such records, the foregoing presumption shall be deemed conclusive.

(vi) In the event the Lessee is granted an extension of the time required for the completion of the construction work pursuant to and under this subparagraph (5), the extended date for the completion of the construction work shall be set forth in a supplement to the Lease (called herein the "New Completion Date Lease Supplement") which New Completion Date Lease Supplement shall be effective only upon full execution and delivery by the parties hereto and which shall set forth, in addition to the said new extended date, the following:

(x) the amounts of the Deferred Basic Rental payable by the Lessee pursuant to Section 4 hereof, as recalculated, in the same manner as the original calculation, to reflect the extended period for the Lessee's completion of the construction work;

(y) an amended definition of DBO (now set forth in Section 4 hereof) to reflect the extended required completion date; and

(z) appropriate provisions to reflect that the annual basic rental set forth in Section 4 I (a) (2) hereof will commence on the DBO as the definition of DBO is to be amended by and set forth in the New Completion Date Lease Supplement.

(c) Without limiting the generality of Section 43 (c) or of paragraph (b) hereof or any other term or provision of the Lease, the Lessee agrees to accept the premises "as is" and, except as set forth in subparagraphs (1) through (7) below, to be solely responsible for any and all contaminants, and any and all soil and ground water or other contamination and remediation (including without limitation the Lessee's Incremental Costs of the Current Remediation) thereof, in and on the premises including without limitation all costs and expenses thereof and any and all claims, penalties or other expenses relating thereto. The Lessee shall not be responsible for the following remediation of and contamination in and on the premises:

(1) the Current Remediation except for the Lessee's Incremental Costs of the Current Remediation;

(2) the removal of the Existing Tanks as described in subparagraph (b) above;

(3) contamination of soil and ground water caused by the acts and omissions of the Port Authority;

(4) remediation (exclusive of the Lessee's Incremental Costs of the Current Remediation) of the Existing Condition required solely by the DEC (or such other applicable governmental agency or agencies, if any, succeeding to or having concurrent jurisdiction with the DEC and which has jurisdiction over the operations of the Port Authority at the Airport or with whose governmental requirements the Port Authority has agreed to conform) lowering below the Clean-Up Level for an Analyzed Item, the level the DEC will accept on the premises of such Analyzed Item;

(5) contamination caused solely by the flow of ground water or the leaching of soil from outside the premises.

(6) contamination and contaminants existing in or on the premises prior to the effective date of this Lease which are discovered subsequent to the establishment of the Existing Condition and are not listed in Exhibit M and the remediation thereof; except that the Lessee shall be solely responsible for such contamination and contaminants and the remediation thereof if (i) the Lessee is not able to or does not establish or prove to the reasonable satisfaction of the Port Authority that such contamination and contaminants in fact existed in or on the premises prior to the effective date of this Lease, or (ii) if any such contamination or contaminants were caused by or resulted from any act or omission of the Lessee or of any of its agents, contractors or representatives, or (iii) if the Lessee proceeds with a Future Project without a Future Remediation Supplement, as such terms are defined in and more fully described in subparagraph (f) below and subject thereto.

(7) remediation of soil which is excavated by the Lessee in order for it to perform the construction work pursuant to and under Section 2 hereof and during the course of the construction work under Section 2 hereof and which soil is not used at the Site (as defined in Section 1 hereof); provided that (i) the Lessee shall deliver such soil at its expense to an on-Airport location as designated by the Port Authority, (ii) the contaminant or contaminants in such soil were not caused by or did not result from any act or omission of the Lessee, and (iii) the Lessee is able to prove to the reasonable satisfaction of the Port Authority that such

contaminant or contaminants, if not listed in Exhibit M, in fact existed in the premises prior to the effective date of this Lease.

(d) Without limiting any other term or provision of this Lease, if the Lessee wishes to perform any construction or alteration work on or in the premises other than the construction work under and as defined in Section 2 hereof, each such construction or alteration project or work exclusive of the construction work under Section 2 hereof being herein called a "Future Project", (it being expressly understood and agreed that this paragraph (d) shall not apply to the said construction work under Section 2 of this Lease) and to request that the Port Authority share in the cost and obligation of remediation of the Analyzed Items at or below the Existing Condition to be performed as part of or in connection with such Future Project, the Lessee shall so notify the Port Authority, such notice to be given in accordance with the terms and provisions of Section 44 of the Lease, prior to or upon its submission to the Port Authority of its alteration or construction application covering such Future Project. After receipt of such notice the Lessee and the Port Authority shall meet and discuss what remediation is to be performed as part of and in connection with such Future Project and how such remediation of the Analyzed Items at or below the Existing Condition will be accomplished and paid for. The Lessee and the Port Authority understand and agree that it is not the intention of the Port Authority to hereby approve any Future Project nor to agree or imply agreement or obligate itself to approve any Future Project or to perform, pay or reimburse the Lessee for the cost of any remediation or any portion thereof and that any such agreement and obligation on the part of the Port Authority can arise only upon specific acceptance and agreement thereto by the Port Authority in writing in an agreement supplemental to this Agreement, (which supplemental agreement to this Lease is herein called a "Future Work Remediation Supplement"). The Lessee understands that the agreement of the Port Authority to pay for or perform any remediation for a Future Project and to enter into a Future Work Remediation Supplement shall be at its sole and complete discretion; that the Port Authority may approve a Future Project without agreeing to assume any obligation with respect to the remediation associated therewith; and that any agreement of the Port Authority to assume any obligations with respect to any remediation may be subject to the specific approval of the Board of Commissioners of the Port Authority and the gubernatorial veto of the States of New York and New Jersey. If there is a Future Work Remediation Supplement for a Future Project, then the performance and payment for the Future Work Remediation performed as part of and in connection with such Future Project shall be as set forth therein. However,

if the Lessee proceeds with any Future Project pursuant to an agreement supplemental to this Lease or an approved alteration or construction application or otherwise without a Future Work Remediation Supplement, the Lessee in accordance with paragraph (c) hereof shall be responsible for the performance, payment and costs of any and all the remediation for or in connection with such Future Project. Without limiting the terms and provisions of Section 2 or Section 48 of the Lease, nothing in this paragraph (d) is intended to or shall obligate the Lessee to proceed with any Future Project.

(e) Without limiting the generality of the provisions of Section 24 of this Lease, the Port Authority and its contractors, representatives and designees (including without limitation representatives of the DEC and of such other governmental agency or agencies as described in subparagraph (c)(4) hereof) shall have the right but not the obligation to enter upon the premises upon forty-eight (48) hours' notice (or such shorter notice period as may be required by the DEC or such governmental agency or agencies as described in subparagraph (c)(4) hereof) to the Lessee to conduct testing and related activities from the wells made by borings referred to in paragraph (a) above, to make additional borings and wells and to conduct testing and related activities therefrom, and to perform such activities as shall be necessary to perform the Current Remediation and removal of Existing Tanks as and to the extent set forth in paragraph (b) above and to otherwise remediate the Existing Condition to the extent the Lessee is not required to do so by this Section 87 including but not limited to conducting pumping from the wells made by borings referred to in paragraph (a) above and in this paragraph (e). In the exercise of the foregoing rights the Port Authority shall not unreasonably interfere with the use and occupancy of the premises by the Lessee.

(f) If after any remediation performed on the premises, whether by the Lessee, the Port Authority or a third party (ies), the Port Authority shall sample and test the soil and/or aquifer of the premises or portions thereof and shall set forth the results of such samplings and tests in a report (it being understood however that the Port Authority shall not have any obligation to perform such sampling, testing or to set forth such results in a report), upon delivery of such report and test or tests results to the Lessee, such report and test or tests results shall supersede and replace Exhibit M or the applicable portions thereof if the test or tests results and reports are of Analyzed Items which have been previously tested and the results thereof reported in Exhibit M from the same well or boring or a new well or boring which is immediately adjacent to such well or

boring and shall supplement Exhibit M or the applicable portions thereof if the test or tests results and reports would not supersede any test or tests results and reports in Exhibit M as aforesaid, and the said results of such report setting forth the levels of the Analyzed Items in the soil and/or aquifer of the premises together with those portions of Exhibit M which have not been replaced shall thereafter upon such delivery thereafter to the Lessee be and be deemed to be the "Existing Condition" under this Section 87; provided, however, and notwithstanding the foregoing, and subject to and in accordance with paragraph (c) above, in no event shall the level of any Analyzed Item in any Existing Condition be above the level for such Analyzed Item as set forth in the Initial Existing Condition or the lowest level to which such Analyzed Item has been remediated.

(g) Without limiting the generality of the provisions of Section 14 of the Lease, the Lessee agrees to protect and maintain the wells made by the borings referred to in paragraphs (a) and (e) above and shall repair any damage thereto not caused by the activities of the Port Authority or its designees, if any, pursuant to paragraphs (e) and (f) above. If in connection with the construction work under Section 2 hereof it is necessary to fill any of the said wells, then, provided that such filling is permitted or approved by the Port Authority and provided that the Current Remediation may in the determination of the Port Authority proceed with a replacement well or wells, the Lessee shall perform all work (other than the filling of the well or wells) necessary or required for a replacement well or wells in accordance with the terms and provisions of the Lease and the related Construction Application (s) to be submitted by the Lessee covering such work in accordance with Section 2 hereof, as the same may be approved by the Port Authority, and, further, the Lessee hereby agrees that all costs and expenses for and in connection with the drilling of a new well or wells to replace the filled well or wells shall be borne solely by the Lessee without any reimbursement from the Port Authority. The obligation of the Lessee to protect and maintain the wells as set forth in the first sentence of this paragraph (g) shall be deemed to also pertain and apply to any and all such replacement wells.

(h) The Lessee acknowledges that as separate consideration to the Port Authority in entering into this Lease with the Lessee, the Lessee agrees that it shall not use the Existing Tanks. The Lessee may, subject to all the other terms and conditions of the Lease, conduct fueling operations from underground storage tanks provided such storage tanks shall be located at a location on the premises approved by the Port Authority and shall be installed in accordance with the terms and

provisions of this Lease (including without limitation Sections 2 and 48 hereof).

(i) The Port Authority acknowledges to the Lessee that the Lessee shall have no responsibilities or obligations whatsoever with respect to the Existing Tanks and agrees with the Lessee that the Port Authority will comply with applicable laws, ordinances and regulations, if any, with respect to the Existing Tanks.

(j) Nothing in this Section 87 shall limit, modify or otherwise alter the rights and remedies which the Port Authority or Lessee may have against third parties at law, equity or otherwise.

Section 88. Port Authority Construction Payments - On-Premises Roadway Work and Certain Off-Premises Utilities Construction

(a) Definitions:

The following terms as used in this Agreement shall have the respective meanings given below:

(1) Each payment made by the Port Authority to the Lessee or any contractor, architect, supplier, subcontractor or any other person engaged by the Lessee or any of its contractors in the performance of any part of the Eligible Construction Work pursuant to paragraph (b) of this Section 88 is referred to herein as a "Construction Payment". The date of each payment by the Port Authority of a Construction Payment is herein referred to as a "Construction Payment Date".

(2) The term "Construction Payment Amount" shall mean the total of all Construction Payments paid by the Port Authority to the Lessee or any contractor, architect, supplier, subcontractor or any other person engaged by the Lessee or any of its contractors in the performance of any part of the Eligible Construction Work pursuant to paragraph (b) hereof, plus the Accrued Amount as set forth in subparagraph (3) hereof.

(3) The term "the Accrued Amount" shall mean the monthly amount, calculated on the last day of the each calendar month, equal to the product obtained by multiplying the Accrued Amount Monthly Factor by the daily average of the amount of the Construction Payment Amount (including any previously calculated Accrued Amount) during said month, for each month during the period commencing on the first Construction Payment Date and

ending on the day preceding the Monthly Additional Rental Commencement Date.

(4) (i) The term "Accrued Amount Monthly Factor" shall mean with respect to the Accrued Amount of the Construction Payment Amount the quotient resulting from dividing the sum of the "RBI Rate" (as defined below) plus one hundred seventy-five basis points (that is 1.75%), by 12.

(ii) "RBI Rate" as applicable to and determined for each Accrued Amount hereunder shall mean the percentage reported as the weekly index of the Bond Buyer Revenue Bond Index as reported in the publication "The Bond Buyer" during the calendar week immediately preceding the applicable Construction Payment Date. In the event that the Bond Buyer or its weekly Bond Buyer Revenue Bond Index shall be discontinued during the term of this Agreement, a comparable substitute for such Index shall be mutually agreed upon in writing by the Lessee and the Port Authority within thirty (30) days after such discontinuance. In the event that the Lessee and the Port Authority shall fail to agree upon such a substitute within the time hereinabove specified then upon notice of either party such dispute shall be disposed of by arbitration in accordance with then existing rules of the American Arbitration Association or any successor association. One half of the cost of said arbitration shall be borne by the Port Authority and the other half of said cost shall be borne by the Lessee.

(5) The term "Final Date" as used herein shall, with respect to the Eligible Construction Work, mean the earlier occurring of (i) the last day of the twelfth month after that month in which the certificate of the Lessee pursuant to subparagraph (1) of paragraph (j) of Section 2 of the Lease is delivered to the Port Authority or (ii) July 31, 1999.

(6) The term "Eligible Construction Work" shall mean that portion of the construction work (as defined in Section 2 hereof) which consists of the On-Premises Roadway Work as defined in Section 2 (a) (viii) hereof and that portion of the construction work (as defined in Section 2 hereof) which consists of the Off-Premises Utilities Construction as defined in Section 2 (b) (iii) hereof.

(7) The term the "Cost of the Eligible Construction Work" shall mean the sum of the following amounts and costs, and such amounts and costs only, actually paid by the Lessee or the Port Authority to the extent that the inclusion of the same is permitted by sound accounting practices consistently applied:

(i) Amounts equal to the actual net cost in money of the payments actually paid by the Lessee or the Port Authority to independent third party contractors or costs actually incurred for work actually performed and labor and materials actually furnished in connection with the construction of the Eligible Construction Work; plus

(ii) Amounts actually paid by the Lessee in connection with the Eligible Construction Work for engineering, architectural, professional and consulting services and supervision of construction provided, however, payments under this item (ii) shall not exceed fifteen percent (15%) of the amounts paid under item (i) above.

Amounts as set forth in items (i) and (ii) above shall be included in the Cost of the Eligible Construction Work only to the extent that the inclusion of the same is permitted by sound accounting practices consistently applied. Additionally, the Cost of the Eligible Construction Work shall include only that work performed by the Lessee in accordance with all the terms and provisions of (x) this Lease, (y) the final Construction Application(s) (including the final plans and specifications) as approved by the Port Authority pursuant to subparagraph (2) of paragraph (d) of Section 2 hereof and (z) the approval letter covering the work, if any, performed pursuant to paragraph (f) of Section 2 hereof, and the Cost of the Eligible Construction Work shall not include either the Cost of the Eligible Construction Work which although performed pursuant to an approved plan or specification is not incorporated in the final plans and specifications as approved by the Port Authority or the cost of altering such Eligible Construction Work. In no event shall the cost of altering such Eligible Construction Work include any amounts paid for or in connection with any trade fixtures or other personal property of the Lessee. The Cost of the Eligible Construction Work shall not include any cost or work for which the Port Authority makes a payment under Section 89 hereof.

(b) (1) The Port Authority shall pay, on behalf of the Lessee, persons who present claims for payment by the Lessee for the Cost of the Eligible Construction Work, as follows: (i) On the tenth day of the calendar month following the month in which the full execution and delivery of this Agreement occurs and on the tenth day of each calendar month thereafter (but not more often than once a month) up to and including the calendar month in which the last certificate described hereunder is delivered to the Port Authority by the Lessee, the Lessee

shall deliver to the Port Authority a certificate which shall be signed by a responsible fiscal officer of the Lessee, sworn to before a notary public, and shall set forth the items specified in this paragraph (b). Each certificate shall set forth a representation by the Lessee that the Lessee will apply the Construction Payment only to the Cost of the Eligible Construction Work and for no other purpose whatsoever. Each certificate shall certify the sum of: (i) the amounts equal to the actual net cost in money of the claims of independent contractors for payments actually made or costs actually incurred by the Lessee or independent third party contractors for work actually performed and labor and materials actually furnished in connection with the Eligible Construction Work; and (ii) the amounts of claims for payment or costs actually incurred in connection with the Eligible Construction Work for engineering, architectural, professional, consulting services and supervision of construction, which amounts under items (i) and (ii) of this paragraph (b) shall be determined and limited as provided in item (ii) of subparagraph (a) above (it being understood that payments under this item (ii) shall not exceed fifteen percent (15%) of the amounts paid under item (i) above and shall only apply to payments not included in a prior certificate; provided, however, that the said 15% limitation shall not apply to amounts as provided in this item (ii) to limit the reimbursement to the Lessee in the early stages of construction. Any payment by the Port Authority which may exceed the limitation set forth in such items (a) (7) (i) and (ii) above shall be promptly refunded to the Port Authority upon demand. Each such certificate for the Eligible Construction Work shall also first, set forth, in reasonable detail, the amounts claimed for payment to specified independent third party contractors and the payments made to other specified persons separately listed for each of the Lessee's contractors and by trade breakdown and as attributable to either On-Premises Roadway Work or Off-Premises Utilities Construction of the Eligible Construction Work covered by each such certificate which have not previously been reported in certificates delivered to the Port Authority; second, have attached thereto reproduction copies or duplicate originals of the invoices of such independent third party contractors and other persons; third, set forth, in such detail as shall be required by the Port Authority, the amounts of the costs incurred by the Lessee which have not previously been reported in certificates delivered to the Port Authority; and fourth, certify that the amounts, claims for payments and costs therein set forth constitute portions of the Cost of the Eligible Construction Work. Each such certificate shall also set forth the total cumulative payments certified by the Lessee to the Port Authority for payment for the entire Eligible Construction Work and for each phase thereof broken down by trade as reported in

certificates submitted to the Port Authority from the commencement of such Eligible Construction Work to the date of the certificate, and each such certificate shall also contain a certification by the Lessee that each portion of the Eligible Construction Work covered by said certificate has been performed in accordance with the terms of the Lease. The Port Authority shall pay to the respective claimants the amounts certified by the Lessee to be paid or costs incurred during the period covered by such certificate, as certified in such certificate, but only to the extent that such amounts or costs or any portion thereof have not theretofore been included in a Construction Payment) provided, however, in the event the Lease is not in full force and effect, or if the Lessee shall be under a notice of termination of the Lease, or in default under any term or provision thereof, the Port Authority shall have the right, in its discretion, to withhold the payment of any Construction Payment, provided, further, no payment or withholding of a Construction Payment shall waive or be deemed to have waived any rights of the Port Authority with respect to the termination of the Lease or to a default by the Lessee under any term or provision thereof, or to the withholding or payment of future Construction Payments. It is hereby understood and agreed that nothing in this Section 88 shall be or be deemed to be for the benefit of any contractor of the Lessee. In addition, no Construction Payments shall be made by the Port Authority to the Lessee until the Lessee shall have paid all amounts included by it in previously submitted certificates (unless such amounts are being withheld by the Lessee pursuant to Section 2 (d) (3) hereof and the amount of such withheld sum shall have been deducted from the amount of a Construction Payment) and until the Lessee shall have submitted to the Port Authority copies of cancelled checks for, or other evidence of payment aforesaid with respect to, all invoices submitted in previous certificates. The Port Authority shall have the right to make payments directly to contractors upon the submission of appropriate invoices and corresponding release and waivers of lien. In the event the Port Authority elects to make any direct payment to a contractor of the Lessee without first having received from the Lessee certification for payment of such amount, each such direct payment shall be deemed to have been made to the Lessee and to the extent of such payment by the Port Authority the Port Authority shall be released of any further obligation with respect to such payment, and the Port Authority shall send to the Lessee at the time of making such direct payment a notice thereof setting forth the name of the contractor to whom payment was made and the amount of such payment. It is further understood that at the election of the Port Authority no payment will be made if the Port Authority's inspection or audit does not substantiate the contents of any of said certificates and until such matters have been resolved to

the satisfaction of the Port Authority, but the Port Authority shall have no obligation to conduct any such inspection or audit at such time. The certificate shall also contain such further information and documentation with respect to the Cost of the Eligible Construction Work as the Port Authority may from time to time require, which information, documentation and certification shall be given on such forms as may be adopted by the Port Authority.

(3) The Lessee shall mark as "Final" its final certificate covering the Eligible Construction Work which shall be sworn before a Notary Public and certified by a responsible fiscal officer of the Lessee. After submitting the said Final certificate the Lessee shall submit no further certificate hereunder. The Lessee shall not submit any certificate for the Cost of the Eligible Construction Work later than the Final Date as defined in paragraph (a) (5) hereof.

(4) In addition to any and all other information required to be submitted pursuant to the Lease, the Lessee shall furnish to the Port Authority information concerning cost and timing of construction of the Eligible Construction Work as may be requested by the Port Authority from time to time including but not limited to, the following:

(A) The Lessee's original detailed cost projections for the entire Eligible Construction Work, accompanied by a certification signed by an independent engineering consultant, to the effect that the cost projections submitted by the Lessee are accurate, and that the same represent a reasonable price for the work in question;

(B) Reports of the full-time resident engineer hired by the Lessee's architect pursuant to subparagraph (4) of paragraph (d) of Section 2 of the Lease, and reports of the Lessee's Chief Architect, which reports or log must contain reports as to activity conducted in connection with the Eligible Construction Work for each and every day that such activity occurred from the commencement of the work to the date of submission;

(C) A certification signed by the Lessee's architect or architects certifying the value of work in place, both on and off the site; and

(D) Accurate, readable and complete copies of all change orders, extra work authorizations,

design change authorizations and purchase orders in connection with the Eligible Construction Work.

(c) If for any reason, including but not limited to circumstances arising out of work performed pursuant to paragraph (f) of Section 2 hereof or as the result of a redesign of the construction work (as defined in Section 2 (a)(1) hereof) or any portion thereof by the Lessee, the construction of the Eligible Construction Work or any portion thereof is not performed in accordance with the terms and provisions of (i) this Lease, (ii) the Construction Application (including the final plans and specifications) as finally approved by the Port Authority pursuant to paragraph (d) of Section 2 hereof, and (iii) the approval letter covering the work, if any, performed pursuant to paragraph (f) of Section 2 hereof, it is understood and agreed that the Port Authority shall not be obligated to make any Construction Payments nor shall the Construction Payment Amount include any amount for such work or any costs in connection with the removal, restoration, modification, correction or change required to cause such work to comply with such terms and provisions, and in the event that the Port Authority shall have made a Construction Payment for such work, the Port Authority shall have the right to withhold and credit future Construction Payments against any such amount or, upon demand of the Port Authority, the Lessee shall pay to the Port Authority the amount of any such Construction Payment or portion thereof covering such work.

(d) In addition to the certificates set forth in paragraph (b) above, and as a condition to the making of further Construction Payments, the Lessee shall notify the Port Authority, in writing, at least fifteen (15) days in advance of the date the Lessee shall submit any certificate under said paragraph (b) requesting a Construction Payment which, when paid by the Port Authority, would cause the Construction Payment Amount to exceed $10,500,000.00.

(e) The entire obligation of the Port Authority under the Lease for the Cost of the Eligible Construction Work shall be limited in amount to a total sum of Twelve Million Dollars and No Cents ($12,000,000.00), provided, however, that such obligation shall be further limited in time to Eligible Construction Work covered by certificates as set forth said paragraph (b) properly submitted in accordance with and under paragraph (b) above on or prior to the Final Date as defined in paragraph (a) above.

(f) The Lessee shall promptly submit to the Port Authority further information, including but not limited to its

estimate of the amounts and times of the various claims it will be certifying for payment and costs it will be incurring in connection with the Cost of the Eligible Construction Work as the Port Authority may from time to time, and at any time, request, and shall be available itself or cause its architect or engineer to be available for consultation in connection with payment certificates submitted pursuant to paragraph (b) of this Section.

(g) In addition to and without limiting any other term or provision of this Lease, the Port Authority shall have the right at any time and from time to time by its agents, employees and representatives to audit and inspect during regular business hours the books, records and other data of the Lessee relating to the Cost of the Eligible Construction Work, or any part thereof, and relating to the construction work or any portion thereof, and any and all invoices covering or relating to the construction work, or the Eligible Construction Work, or any portion thereof; it being expressly agreed and understood that the Port Authority shall not be bound by any prior audit conducted by it. The Lessee agrees to keep such books, records and other data within the Port of New York District, but the Lessee shall not be required to maintain any such books, records and other data for more than ten (10) years after the Lessee has delivered the certificate marked "Final" called for under paragraph (b) above.

(h) The parties recognize that one or more of the contracts to be entered into by the Lessee for the performance of the construction work may cover the construction of portions of the construction work the costs of which pursuant to the terms of this Lease are not to be nor to become a part of the Cost of the Eligible Construction Work. The Lessee shall, at all times maintain, and each certificate submitted to the Port Authority hereunder shall set forth, a proper breakdown and allocation of costs and payments as between the Eligible Construction Work and the other portions of the construction work, and the Lessee shall ensure that each applicable contract provides for such breakdown and allocation. The foregoing breakdown and allocation of costs shall apply as well to the costs and amounts of the type set forth in paragraph (a) (7) (ii) of this Section. In submitting the statements and certificates required of the Lessee hereunder, the Lessee shall in such event specifically and separately state the amounts covered by said contracts for portions of the construction work the costs of which are not to be a part of the Cost of the Eligible Construction Work. Moreover the Lessee shall specifically and separately set forth therein the Cost of the Eligible Construction Work as defined in paragraph (a) hereof. In the event the Port Authority questions the appropriateness or correctness of the amounts set forth by the

Lessee, the Port Authority shall advise the Lessee to such effect and the Port Authority and the Lessee shall meet with each other in an attempt to agree upon and resolve their differences with respect thereto. If the Lessee has included in any portion of the Cost of the Eligible Construction Work any item as having been incurred, but which in the opinion of the Port Authority was not so incurred, or which in the opinion of the Port Authority if so incurred is not an item properly chargeable to such element of cost under sound accounting practice or to the Cost of the Eligible Construction Work, or does not represent an appropriate division of the costs of a particular contract which are required to be designated according to time of performance or delivery, and the parties have been unable to resolve their differences within 90 days after Port Authority gave its notice objecting to the same, the Port Authority's decision as to the nature of the item of construction cost shall be final.

(i) In the event that a Port Authority audit shall disclose that amounts paid by the Port Authority exceed the Cost of the Eligible Construction Work based upon certificates or otherwise, then upon ten (10) days demand, the Lessee shall immediately pay to the Port Authority an amount equal to the excess amount paid by the Port Authority.

Section 89. Off-Premises Vehicular Ramps - Port Authority Limited Payments

I. (a) As used herein: (1) the term the "Costs of the Off-Premises Vehicular Ramps Work" shall mean the sum of the following amounts and costs, and such amounts and costs only, actually paid by the Lessee or the Port Authority to the extent that the inclusion of the same is permitted by generally accepted accounting principles consistently applied:

(i) Amounts equal to the actual net cost in money of the payments actually paid by the Lessee or the Port Authority to independent third party contractors for work actually performed and labor and materials actually furnished in connection with the construction of the Off-Premises Vehicular Ramps Work (as defined in Section 2 (b) (i) hereof) as part of the construction work under Section 2 hereof; and

(ii) Amounts actually paid by the Lessee in connection with the Off-Premises Vehicular Ramps Work for engineering, architectural, professional and consulting services and supervision of construction for the Off-Premises Vehicular Ramps Work; provided, however, that payments under this item (ii) shall not exceed eighteen percent (18%) of the amounts paid under item (i) above.

(2) The term the "Port Authority's Share of the Costs of the Off-Premises Vehicular Ramps Work" shall mean the sum of the above items (i) and (ii) with respect to the Off-Premises Vehicular Ramps Work but limited in amount to Four Million Dollars and No Cents ($4,000,000.00).

(b) It is specifically understood and agreed that notwithstanding anything to the contrary herein, all costs and expenses of the Off-Premises Vehicular Ramps Work shall be borne solely by the Lessee without reimbursement or payment by the Port Authority except to the extent provided for herein with respect to, and properly includable in, the Cost of the Off-Premises Vehicular Ramps Work and also subject to the limitation set forth in subparagraphs (a) and (d) hereof.

(c) (1) The Port Authority shall pay on behalf of the Lessee, persons who present claims for payment by the Lessee for the Costs of the Off-Premises Vehicular Ramps Work but solely to the extent of the Port Authority's Share of the Costs of the Off-Premises Vehicular Ramps Work, as follows: On the tenth day of the calendar month following the full execution of the Lease and on the tenth day of each calendar month thereafter (but not more often than once a month) up to and including the calendar month in which the last certificate described hereunder is delivered to the Port Authority by the Lessee, the Lessee shall deliver to the Port Authority a certificate which shall be signed by a responsible fiscal officer of the Lessee, sworn to before a notary public and which shall set forth a representation by the Lessee that it will apply the payment made by the Port Authority hereunder only to the Costs of the Off-Premises Vehicular Ramps Work and for no other purpose whatsoever. Such certificate shall certify the sum of (i) the amounts equal to the actual net cost in money of the claims of independent contractors for payments actually made or costs actually incurred by the Lessee or independent third party contractors for work actually performed and labor and materials actually furnished in connection with the Off-Premises Vehicular Ramps Work; and (ii) the amounts of claims for payment or costs actually incurred in connection with the Off-Premises Vehicular Ramps Work for engineering, architectural, professional and consulting services and supervision of construction which amounts under items (i) and (ii) of this paragraph (c) (i) shall be determined and limited as provided in item (ii) of subparagraph (a) above (it being understood that, with respect to the Cost of the Off-Premises Vehicular Ramps Work payments under this item (ii) shall not in the aggregate exceed eighteen percent (18%) of the total of all amounts paid under item (i) above with respect to the Off-Premises Vehicular Ramps Work and shall only apply to payments not included in a prior

certificate). Any payment by the Port Authority which may exceed the limitation set forth in (ii) above shall be promptly refunded to the Port Authority upon demand. Each such certificate shall also first, set forth, in reasonable detail, the amounts claimed for payment to specified independent third party contractors and the payments made to other specified persons separately listed for each of the Lessee's contractors and by trade breakdown and as attributable to the Off-Premises Vehicular Ramps Work covered by each such certificate which have not previously been reported in certificates delivered to the Port Authority; second, have attached thereto reproduction copies or duplicate originals of the invoices of such independent third party contractors; third, set forth, in such detail as shall be required by the Port Authority the amounts of the costs incurred by the Lessee which have not previously been reported in certificates delivered to the Port Authority; and fourth, certify that the amounts, claims for payments and costs therein set forth constitute portions of the Costs of the Off-Premises Vehicular Ramps Work. Each such certificate shall also set forth the total cumulative payments certified by the Lessee to the Port Authority for payment for the entire Port Authority Share of the Costs of the Off-Premises Vehicular Ramps Work and for each phase thereof broken down by the trade as reported in certificates submitted to the Port Authority from the commencement of the Off-Premises Vehicular Ramps Work to the date of the certificate, and each such certificate shall also contain a certification by the Lessee that each portion of the Off-Premises Vehicular Ramps Work covered by said certificate has been performed strictly in accordance with the terms of the Lease. Each such certificate shall, subject to Port Authority review and audit, also contain a separate breakdown and statement of the Costs of the Off-Premises Vehicular Ramps Work consistent with and pursuant to the provisions of paragraph (e) of Section 2 hereof and the allocation required thereunder.

(2) The Port Authority shall pay to the respective claimants the amounts certified by the Lessee to be paid or costs incurred during the period covered by such certificate, as certified in such certificate, but only to the extent that such amounts or any portion thereof have not theretofore been paid by the Port Authority pursuant to a prior certificate theretofore been included in a Construction Payment, provided, however, in the event the Lease is not in full force and effect, or if the Lessee shall be under a notice of termination of the Lease, or in default under any term or provision thereof, the Port Authority shall have the right, in its discretion, to withhold the payment of any payment under this Section 89 provided, further, no payment or withholding of a payment under this Section 89 shall waive or be deemed to have waived any rights of the Port

Authority with respect to the termination of the Lease or to a default by the Lessee under any term or provision thereof, or to the withholding or payment of future payment under this Section 89. In addition, no payments under this Section 89 shall be made by the Port Authority to the Lessee until the Lessee shall have paid all amounts included by it in previously submitted certificates and until the Lessee shall have submitted to the Port Authority copies of cancelled checks for, or other evidence of payment aforesaid with respect to, all invoices submitted in previous certificates. The Port Authority shall have the right to make payments directly to contractors upon the submission of appropriate invoices and corresponding release and waivers of lien. In the event the Port Authority elects to make any direct payment to a contractor of the Lessee without first having received from the Lessee certification for payment of such amount, each such direct payment shall be deemed to have been made to the Lessee and to the extent of such payment by the Port Authority the Port Authority shall be released of any further obligation with respect to such payment, and the Port Authority shall send to the Lessee at the time of making such direct payment a notice thereof setting forth the name of the contractor to whom payment was made and the amount of such payment. It is understood that at the election of the Port Authority no payment will be made if the Port Authority's inspection, review or audit does not substantiate the contents of any of said certificates and until such matters have been resolved to the satisfaction of the Port Authority, but the Port Authority shall have no obligation to conduct any such inspection or audit at such time. The certificate shall also contain such further information and documentation with respect to the Costs of the Off-Premises Vehicular Ramps Work as the Port Authority from time to time may require. It is hereby understood and agreed that nothing herein shall be or be deemed to be for the benefit of any contractor of the Lessee.

(3) The Lessee shall set forth in its final certificate its final statement of the Costs of the Off-Premises Vehicular Ramps Work and shall mark such statement "Final". After submitting said final certificate, the Lessee shall submit no further certificate hereunder with respect to the Costs of the Off-Premises Vehicular Ramps Work.

(d) In addition to the certificates set forth in paragraph (c) above, and as a condition to the making of further Construction Payments, the Lessee shall notify the Port Authority, in writing, at least fifteen (15) days in advance of the date the Lessee shall submit any certificate under said paragraph (b) hereof requesting a payment which, when paid by the

Port Authority, would cause the payments under this Section 89 amount to exceed $3,000,000.00.

(e) The entire obligation of the Port Authority under the Lease to reimburse the Lessee for the Costs of the Off-Premises Vehicular Ramps Work shall be limited to the Port Authority's Share of the Costs of the Off-Premises Vehicular Ramps Work and limited in amount to a total of Four Million Dollars and No Cents ($4,000,000.00) to be paid to the Lessee pursuant to certificates of the Lessee submitted in accordance with paragraph (c) above.

(f) Without limiting Section 38 or any other term or provision hereof, the Port Authority shall have the right by its agents, employees and representatives to audit and inspect during regular business hours after the submission of the final certificate called for in paragraph (c) hereof, the books and records and other data of the Lessee relating to the Costs of the Off-Premises Vehicular Ramps Work, as aforesaid, it being specifically understood that the Port Authority shall not be bound by any prior audit, review or inspection conducted by it. The Lessee agrees to keep such books, records and other data within the Port of New York District, but the Lessee shall not be required to maintain any such books, records and other data for more than ten (10) years after it has delivered the final certificate called for under paragraph (c) above.

(g) The parties recognize that one or more of the contracts to be entered into by the Lessee for the performance of the construction work may cover the construction of portions of the construction work the costs of which pursuant to the terms of this Lease are not to be nor to become a part of the Costs of the Off-Premises Vehicular Ramps Work. The Lessee shall, at all times maintain, and each certificate submitted to the Port Authority hereunder shall set forth, a proper breakdown and allocation of costs and payments as between the Off-Premises Vehicular Ramps Work and the other portions of the construction work, and the Lessee shall ensure that each applicable contract provides for such breakdown and allocation. The foregoing breakdown and allocation of costs shall apply as well to the costs and amounts of the type set forth in paragraph (a) (ii) of this Subdivision I of this Section. In submitting the statements and certificates required of the Lessee hereunder, the Lessee shall in such event specifically and separately state the amounts covered by said contracts for portions of the construction work the costs of which are not to be a part of the Costs of the Off-Premises Vehicular Ramps Work. Moreover the Lessee shall specifically and separately set forth therein the Cost of the Off-Premises Vehicular Work as defined in paragraph (a) hereof.

In the event the Port Authority questions the appropriateness or correctness of the amounts set forth by the Lessee, the Port Authority shall advise the Lessee to such effect and the Port Authority and the Lessee shall meet with each other in an attempt to agree upon and resolve their differences with respect thereto. If the Lessee has included in any portion of the Costs of the Off-Premises Vehicular Ramps Work any item as having been incurred, but which in the opinion of the Port Authority was not so incurred, or which in the opinion of the Port Authority if so incurred is not an item properly chargeable to such element of cost under sound accounting practice or to the Cost of the Off-Premises Vehicular Ramps Work, or does not represent an appropriate division of the costs of a particular contract which are required to be designated according to time of performance or delivery, and the parties have been unable to resolve their differences within 90 days after Port Authority gave its notice objecting to the same, the Port Authority's decision as to the nature of the item of construction cost shall be final.

(h) In the event that a Port Authority audit shall disclose that amounts paid by the Port Authority exceed the Costs of the Off-Premises Vehicular Ramps Work based upon certificates or otherwise then, upon ten (10) days demand, the Lessee shall immediately pay to the Port Authority an amount equal to the excess amount paid by the Port Authority.

II. Neither the provisions of Section 2 hereof, nor the construction thereunder by the Lessee of the Off-Premises Vehicular Ramps, nor any of the provisions of this Section shall prevent or restrict the right of the Port Authority to designate the Off-Premises Vehicular Ramps as part of the Air Terminal Highway System, upon the Lessee's completion of the construction thereof, and to make the same available to the general public for general or limited highway use; the Port Authority to make said Off-Premises Vehicular Ramps, after the Lessee's satisfactory completion thereof and acceptance of the same by the Port Authority, as part of the Air Terminal Highway System in accordance with and subject to its policy or policies governing or which may govern such matters.

Section 90. General Airport Agreement

It is recognized that the General Airport Agreement, as defined in Section 85 hereof, and the principles and formula set forth therein for the calculation of flight fees, including the costs recovery accounting principles, have by agreement or policy been the basis for determining flight fees payable by various aircraft operators at the Airport in addition to the aircraft operators who are the actual signatory lessees to the General

Airport Agreement. In the event of the expiration and non-extension or non-renewal of the General Airport Agreement, the same formula, accounting principles and costs recovery methodology now set forth in the General Airport Agreement for the calculation of flight fees shall continue to be utilized for the calculation of flight fees at the Airport for the Approved Sublessees until such time as the General Airport Agreement is formally replaced by a new agreement or agreements or by a new policy or policies. The Port Authority has advised the Lessee that it is the intention of the Port Authority that with respect to the formula, accounting principles and the costs recovery methodology for the calculation of flight fees upon the expiration and non-extension or non-renewal of the General Airport Agreement all aircraft operators at the Airport which are similarly situated will be treated in a similar manner. It is agreed that the foregoing provisions shall be set forth in the Consent Agreement of each of the Approved Sublessees.

Section 91. Entire Agreement

This Agreement consists of the following: Sections 1 through 91, inclusive, and Exhibits A, B, C, M, N, S, X and CSL and Schedule E. It constitutes the entire agreement of the parties on the subject matter hereof and may not be changed, modified, discharged or extended except by written instrument duly executed by the Port Authority and the Lessee. The Lessee and the Port Authority agree that no representations or warranties shall be binding upon the other unless expressed in writing in this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed these presents the day and year first above written.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

(Title) DEPUTY DIRECTOR OF AVIATION (Seal)

ATTEST:

Secretary

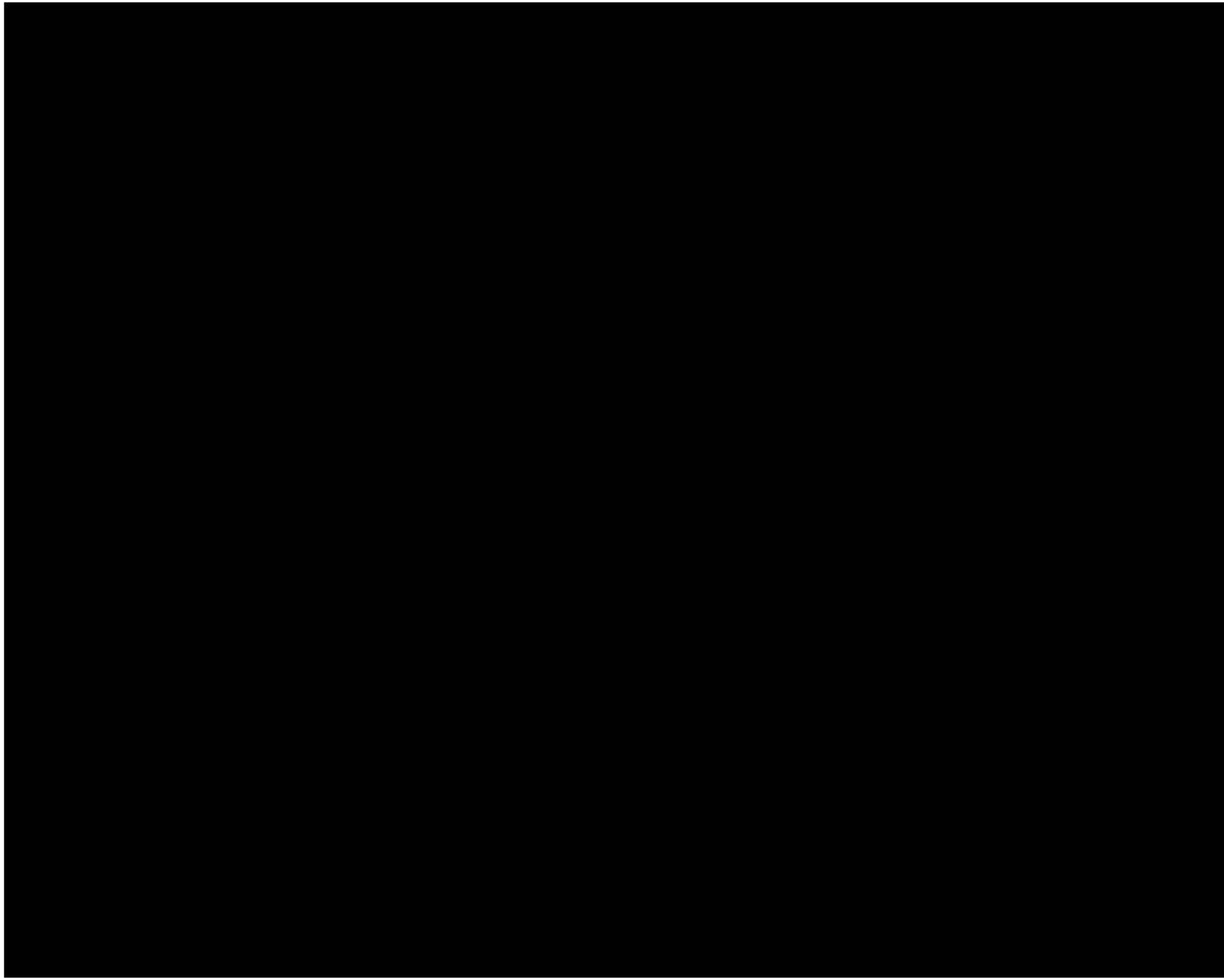
TERMINAL ONE GROUP ASSOCIATION, L.P.

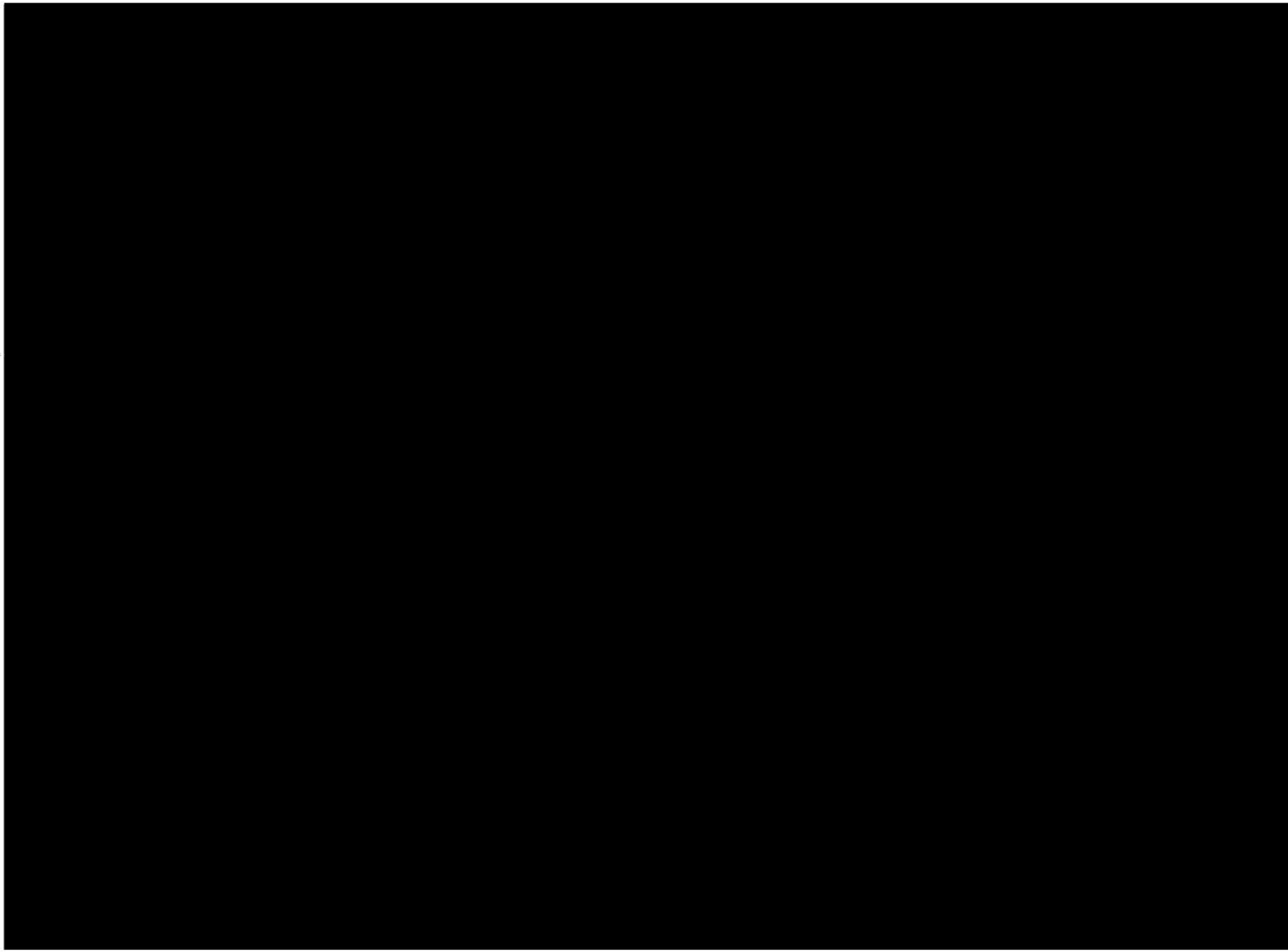
By: TERMINAL ONE MANAGEMENT, INC.
GENERAL PARTNER

By

(Title) Chief Executive Officer
(Corporate Seal)

APPROVED: FORM TERMS





SCHEDULE E

AFFIRMATIVE ACTION-EQUAL OPPORTUNITY---MINORITY BUSINESS ENTERPRISES---WOMEN-OWNED BUSINESS ENTERPRISES REQUIREMENTS

PART I. Affirmative Action Guidelines - Equal Employment Opportunity

I. As a matter of policy the Port Authority hereby requires the Lessee and the Lessee shall require the Contractor, as hereinafter defined, to comply with the provisions set forth in this Schedule E and in Section 2(d)(18) of Port Authority Agreement AYC-190 (herein called "the Lease") with Terminal One Group Association, L.P. (herein called the "Lessee") The provisions set forth in this Part I are similar to the conditions for bidding on federal government contracts adopted by the Office of Federal Contract Compliance and effective May 8, 1978.

The Lessee as well as each bidder, contractor and subcontractor of the Lessee and each subcontractor of a contractor at any tier of construction (herein collectively referred to as "the Contractor") must fully comply with the following conditions set forth herein as to each construction trade to be used on the construction work or any portion thereof (said conditions being herein called "Bid Conditions"). The Lessee hereby commits itself to the goals for minority and female utilization set forth below and all other requirements, terms and conditions of the Bid Conditions. The Lessee shall likewise require the Contractor to commit itself to the said goals for minority and female utilization set forth below and all other requirements, terms and conditions of the Bid Conditions by submitting a properly signed bid.

II. The Lessee and the Contractor shall each appoint an executive of its company to assume the responsibility for the implementation of the requirements, terms and conditions of the following Bid Conditions:

(a) The goals for minority and female participation, expressed in percentage terms for the Contractor's aggregate workforce in each trade on all construction work are as follows:

(1) Minority participation:

Minority, except laborers	30%
Minority, laborers	40%

(2) Female participation:

Female, except laborers	6.9%
Female, laborers	6.9%

These goals are applicable to all the Contractor's construction work performed in and for the premises.

The Contractor's specific affirmative action obligations required herein of minority and female employment and training must be substantially uniform throughout the length of the contract, and in each trade, and the Contractor shall make good faith efforts to employ minorities and women evenly on each of its projects. The transfer of minority or female employees or trainees from contractor to contractor or from project to project for the sole purpose of meeting the Contractor's goals shall be a violation of the contract. Compliance with the goals will be measured against the total work hours performed.

(b) The Contractor shall provide written notification to the Lessee and the Lessee shall provide written notification to the Manager of the Office of Business and Job Opportunity of the Port Authority within 10 working days of award of any construction subcontract in excess of $10,000 at any tier for construction work. The notification shall list the name, address and telephone number of the sub-contractor; employer identification number; estimated starting and completion dates of the subcontract; and the geographical area in which the subcontract is to be performed.

(c) As used in these specifications:

(1) "Employer identification number" means the Federal Social Security number used on the Employer's Quarterly Federal Tax Return, U.S. Treasury Department Form 941:

(2) "Minority" includes:

(i) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);

(ii) Hispanic (all persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American culture or origin, regardless of race);

(iii) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and

(iv) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).

(d) Whenever the Contractor, or any subcontractor at any tier, subcontracts a portion of the construction work involving any construction trade, it shall physically include in each subcontract in excess of $10,000 those provisions which include the applicable goals for minority and female participation.

(e) The Contractor shall implement the specific affirmative action standards provided in subparagraphs (1) through (16) of Paragraph (h) hereof. The goals set forth above are expressed as percentages of the total hours of employment and training of minority and female utilization the Contractor should reasonably be able to achieve in each construction trade in which it has employees in the premises. The Contractor is expected to make substantially uniform progress toward its goals in each craft during the period specified.

(f) Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the Contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the Contractor's obligations hereunder.

(g) In order for the nonworking training hours of apprentices and trainees to be counted in meeting the goals, such apprentices and trainees must be employed by the Contractor during the training period, and the Contractor must have made a commitment to employ the apprentices and trainees at the completion of their training subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor.

(h) The Contractor shall take specific affirmative actions to ensure equal employment opportunity ("EEO").

The evaluation of the Contractor's compliance with these provisions shall be based upon its good faith efforts to achieve maximum results from its actions. The Contractor shall document these efforts fully, and shall implement affirmative action steps at least as extensive as the following:

(1) Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the Contractor's employees are assigned to work. The Contractor, where possible, will assign two or more women to each Phase of the construction project. The Contractor, shall specifically ensure that all foremen, superintendents, and other supervisory personnel at the premises are aware of and carry out the Contractor's obligation to maintain such a working environment, with specific attention to minority or female individuals working at the premises.

(2) Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations when the Contractor or its unions have employment opportunities available, and maintain a record of the organizations' responses.

(3) Maintain a current file of the names, addresses and telephone numbers of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by the union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefor, along with whatever additional actions the Contractor may have taken.

(4) Provide immediate written notification to the Lessee when the union or unions with which the Contractor has a collective bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other information that the union referral process has impeded the Contractor's efforts to meet its obligations.

(5) Develop on-the-job training opportunities and/or participate in training programs for the area which expressly include minorities and women, including upgrading programs and apprenticeship and training programs relevant to

the Contractor's employment needs, especially those programs funded or approved by the Department of Labor. The Contractor shall provide notice of these programs to the sources compiled under subparagraph (2) above.

(6) Disseminate the Contractor's EEO Policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Contractor in meeting its EEO obligations; by including it in any policy manual and collective bargaining agreement; by publicizing it in the Contractor's newspaper, annual report, etc.; by specific review of the policy with all management personnel and with all minority and female employees at least once a year; and by posting the Contractor's EEO policy on bulletin boards accessible to all employees at each location where construction work is performed.

(7) Review, at least every six months the Contractor's EEO policy and affirmative action obligations hereunder with all employees having any responsibility for hiring, assignment, layoff, termination or other employment decisions including specific review of these items with on-premises supervisory personnel such as Superintendents, General Foremen, etc., prior to the initiation of construction work at the premises. A written record shall be made and maintained identifying the time and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.

(8) Disseminate the Contractor's EEO policy externally by including it in any advertising in the news media, specifically including minority and female news media, and providing written notification to and discussing the Contractor's EEO policy with other Contractors and Subcontractors with whom the Contractor does or anticipates doing business.

(9) Direct its recruitment efforts, both oral and written, to minority, female and community organizations, to schools with minority and female students and to minority and female recruitment and training organizations and to State-certified minority referral agencies serving the Contractor's recruitment area and employment needs. Not later than one month prior to the date for the acceptance of applications for apprenticeship or other training by any recruitment source, the Contractor shall send written notification to organizations such as the above, describing the openings, screening procedures, and tests to be used in the selection process.

(10) Encourage present minority and female employees to recruit other minority persons and women and, where reasonable, provide after school, summer and vacation employment to minority and female youth both on the premises and in other areas of a Contractor's workforce.

(11) Tests and other selection requirements shall comply with 41 CFR Part 60-3.

(12) Conduct, at least every six months, an inventory and evaluation at least of all minority and female personnel for promotional opportunities and encourage these employees to seek or to prepare for, through appropriate training, etc., such opportunities.

(13) Ensure that seniority practices, job classifications, work assignments and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the EEO policy and the Contractor's obligations hereunder are being carried out.

(14) Ensure that all facilities and company activities are nonsegregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.

(15) Document and maintain a record of all solicitations of offers for subcontracts from minority and female construction contractors and suppliers, including circulation of solicitations to minority and female contractor associations and other business associations.

(16) Conduct a review, at least every six months, of all supervisors' adherence to and performance under the Contractor's EEO policies and affirmative action obligations.

(i) Contractors are encouraged to participate in voluntary associations which assist in fulfilling one or more of their affirmative action obligations (subparagraphs (1)-(16) of Paragraph (h) above). The efforts of a contractor association, joint contractor-union, contractor-community, or other similar group of which the Contractor is a member and participant, may be asserted as fulfilling any one or more of its obligations under Paragraph (h) hereof provided that: the Contractor actively participates in the group, makes good faith efforts to assure that the group has a positive impact on the employment of minorities and women in the industry, ensures that the concrete

benefits of the program are reflected in the Contractor's minority and female workforce participation, makes good faith efforts to meet its individual goals and timetables, and can provide access to documentation which demonstrates the effectiveness of actions taken on behalf of the Contractor. The obligation to comply, however, is the Contractor's and failure of such a group to fulfill an obligation shall not be a defense for the Contractor's non-compliance.

(j) A single goal for minorities and a separate single goal for women have been established. The Contractor, however, is required to provide equal employment opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and non-minority. Consequently, the Contractor may be in violation hereof if a particular group is employed in a substantially disparate manner (for example, even though the Contractor has achieved its goals for women generally, the Contractor may be in violation hereof if a specific minority group of women is underutilized).

(k) The Contractor shall not use the goals and timetables or affirmative action standards to discriminate against any person because of race, color, religion, sex or national origin.

(l) The Contractor shall not enter into any subcontract with any person or firm debarred from Government contracts pursuant to Executive Order 11246.

(m) The Contractor shall carry out such sanctions and penalties for violation of this clause including suspension, termination and cancellation of existing subcontracts as may be imposed or ordered by the Lessee. Any Contractor who fails to carry out such sanctions and penalties shall be in violation hereof.

(n) The Contractor, in fulfilling its obligations hereunder shall implement specific affirmative action steps, at least as extensive as those standards prescribed in paragraph (h) hereof so as to achieve maximum results from its efforts to ensure equal employment opportunity. If the Contractor fails to comply with the requirements of these provisions, the Lessee shall proceed accordingly.

(o) The Contractor shall designate a responsible official to monitor all employment related activity to ensure that the company EEO policy is being carried out, to submit reports relating to the provisions hereof as may be required and to keep records. Records shall at least include for each

employee the name, address, telephone numbers, construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status (e.g. mechanical apprentice, trainee, helper, or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and location at which the work was performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, contractors shall not be required to maintain separate records.

(p) Nothing herein provided shall be construed as a limitation upon the application of any laws which establish different standards of compliance or upon the application of requirements for the hiring of local or other area residents (e.g., those under the Public Works Employment Act of 1977 and the Community Development Block Grant Program).

(q) Without limiting any other obligation, term or provision under the Lease, the Contractor shall cooperate with all federal, state or local agencies established for the purpose of implementing affirmative action compliance programs and shall comply with all procedures and guidelines established or which may be established by the Port Authority.

PART II. MINORITY BUSINESS ENTERPRISES/WOMEN-OWNED BUSINESS ENTERPRISES

As a matter of policy the Port Authority requires the Lessee and the Lessee shall itself and shall require the general contractor or other construction supervisor and each of the Lessee's contractors to use every good faith effort to provide for meaningful participation by Minority Business Enterprises (MBEs) and Women-owned Business Enterprises (WBEs) in the construction work pursuant to the provisions of this Schedule E. For purposes hereof, Minority Business Enterprise (MBE) shall mean any business enterprise which is at least fifty-one percentum owned by, or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by citizens or permanent resident aliens who are minorities and such ownership is real, substantial and continuing. For the purposes hereof, Women-owned Business Enterprise (WBE) shall mean any business enterprise which is at least fifty-one percentum owned by, or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by women and such ownership is real, substantial and continuing. A minority shall be as defined in paragraph II(c) of Part I of this Schedule E. "Meaningful participation" shall mean that at least seventeen

percent (17%) of the total dollar value of the construction contracts (including subcontracts) covering the construction work are for the participation of Minority Business Enterprises and Women-owned Business Enterprises, of which at least twelve percent (12%) are for the participation of Minority Business Enterprises. Good faith efforts to include meaningful participation by MBEs and WBEs shall include at least the following.

(a) Dividing the work to be subcontracted into smaller portions where feasible.

(b) Actively and affirmatively soliciting bids for subcontracts from MBEs and WBEs, including circulation of solicitations to minority and female contractor associations. The Contractor shall maintain records detailing the efforts made to provide for meaningful MBE and WBE participation in the Work, including the names and addresses of all MBEs and WBEs contacted and, if any such MBE or WBE is not selected as a joint venturer or subcontractor, the reason for such decision.

(c) Making plans and specifications for prospective construction work available to MBEs and WBEs in sufficient time for review.

(d) Utilizing the list of eligible MBEs and WBEs maintained by the Port Authority or seeking minorities and women from other sources for the purpose of soliciting bids for subcontractors.

(e) Encouraging the formation of joint ventures, partnerships or other similar arrangements among subcontractors, where appropriate, to insure that the Lessee and Contractor will meet their obligations hereunder.

(f) Insuring that provision is made to provide progress payments to MBEs and WBEs on a timely basis.

(g) Not requiring bonds from and/or providing bonds and insurance for MBEs and WBEs, where appropriate.

For the Port Authority

Initialled:

For the Lessee

Exhibit X

TRIGGERING EVENTS

The following are the Triggering Events applicable to the provisions of Section 81 of the Agreement between Terminal One Group Association L.P. (the "Lessee"), and the Port Authority, Lease AYC-190 (the "Lease") to which this Exhibit is attached.

I. Exhibit X Definitions

All accounting terms used in this Exhibit and not otherwise defined herein shall have the meanings usually given such terms, in accordance with United States generally accepted accounting principles.

II. Triggering Events

(1) A Triggering Event shall occur when the Lessee shall fail to make payment as provided for in either of the categories listed below. Furthermore, such Triggering Event shall not have occurred unless the Port Authority shall have notified the Lessee (such notice to be marked to the attention of the Lessee's general partner) that such Triggering Event shall be effective on a date thirty (30) days following the date of such notice unless all payments due from the Lessee pursuant to such categories listed below and specified in such notice have been received by the Port Authority:

(i) Payment of monthly installments of rental shall be made to the Port Authority on the first day of each calendar month;

(ii) Payment of all sums due to the Port Authority under this Agreement or otherwise arising out of or relating to or in connection with its operations at John F. Kennedy International Airport (the "Airport"), including without limitation payment of percentage fees under this Lease which are due by the 20th of each month, and outstanding for more than thirty (30) days, appearing on a Statement of Account rendered by the Port Authority to the Lessee.

No provision of this paragraph (1) shall be deemed to affect or limit the right of the Port Authority to terminate this Lease pursuant to Section 29 (a) (9) hereof for failure to make such payments when due under the Lease.

(2) A Triggering Event shall occur if any of the following shall occur and the Port Authority shall have previously given or shall thereafter give the Lessee notice of the election of the Port Authority to activate such Triggering Event:

(a) a creditor takes possession or an administrative or other receiver is appointed of the whole or of a substantial part of the assets or undertaking of the Lessee or a general partner of the Lessee or an administrative order is made in relation to the Lessee or a general partner of Lessee and such taking of possession, appointment or order is not released, discharged or canceled within 60 days; or

(b) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a substantial part of the assets or undertaking of the Lessee or a general partner of the Lessee and is not discharged, dismissed or stayed within 60 days thereof; or

(c) the Lessee or a general partner of Lessee stops payment generally or is unable to pay its debts generally as and when they fall due or (otherwise than for the purposes of a solvent reconstruction, amalgamation or merger the terms of which have previously been approved in writing by the Port Authority) or ceases or threatens to cease to carry on all or substantially all of its business; or

(d) the Lessee or a general partner of the Lessee makes an assignment for the benefit of creditors generally or admits in writing its inability to pay its debts generally as they become due or takes corporate action in furtherance of any such action.

(3) A Triggering Event shall occur when an Airline Partner of the Lessee shall fail to make a payment in either of the categories listed below. Furthermore, such Triggering Event shall not have occurred unless the Port Authority shall have notified the Airline Partner of the Lessee that such Triggering Event shall be effective on a date thirty (30) days following the date of such notice unless all payments due from the Airline Partner of the Lessee pursuant to such categories listed below and specified in such notice have been received by the Port Authority:

(i) Payment of all sums, including, without limitation, flight fees and fuel gallonage fees, under agreements with the Port Authority at the Airport or otherwise arising out of or resulting from or in connection with the operations of such Airline

[redacted]

Exhibit N to Lease AYC-190 between the Port Authority of New York and New Jersey and Terminal One Group Association, L.P. ("the Lessee")

Assumed Amounts for Illustrative Purposes Only to Demonstrate the Final Payment Due on December 1, 2015

Assumptions:

Date of Beneficial Occupancy (DBO):	24-Sep-98
Construction Payment Amount, including all Accrued Amounts:	$15,527,257.48
Monthly Additional Rental Commencement Date:	01-Oct-2003
Fixed RBI Rate on DBO:	6.10%
Fixed RBI Rate on DBO plus 175 Basis Points:	7.85%
Monthly Additional Rental Factor:	0.0082713
Monthly Additional Rental:	$128,430.44
Final Installment of Monthly Additional Rental on December 1, 2015:	$9,055,137.22

	Beginning of Month Accrued Amount	Monthly Payment	Financial Component	End of Month Accrued Amount
01-Oct-2003	$15,527,257.48	$128,430.44	$101,574.14	$15,500,401.18
01-Nov-2003	$15,500,401.18	$128,430.44	$101,398.46	$15,473,369.20
01-Dec-2003	$15,473,369.20	$128,430.44	$101,221.62	$15,446,160.38
01-Jan-2004	$15,446,160.38	$128,430.44	$101,043.63	$15,418,773.57
01-Feb-2004	$15,418,773.57	$128,430.44	$100,864.48	$15,391,207.61
01-Mar-2004	$15,391,207.61	$128,430.44	$100,684.15	$15,363,461.32
01-Apr-2004	$15,363,461.32	$128,430.44	$100,502.64	$15,335,533.52
01-May-2004	$15,335,533.52	$128,430.44	$100,319.95	$15,307,423.03
01-Jun-2004	$15,307,423.03	$128,430.44	$100,136.06	$15,279,128.64
01-Jul-2004	$15,279,128.64	$128,430.44	$99,950.97	$15,250,649.17
01-Aug-2004	$15,250,649.17	$128,430.44	$99,764.66	$15,221,983.39
01-Sep-2004	$15,221,983.39	$128,430.44	$99,577.14	$15,193,130.09
01-Oct-2004	$15,193,130.09	$128,430.44	$99,388.39	$15,164,088.05
01-Nov-2004	$15,164,088.05	$128,430.44	$99,198.41	$15,134,856.01
⋮	⋮	⋮	⋮	⋮
⋮	⋮	⋮	⋮	⋮
⋮	⋮	⋮	⋮	⋮
01-Nov-2014	$9,860,722.92	$128,430.44	$64,505.56	$9,796,798.04
01-Dec-2014	$9,796,798.04	$128,430.44	$64,087.39	$9,732,454.99
01-Jan-2015	$9,732,454.99	$128,430.44	$63,666.48	$9,667,691.03
01-Feb-2015	$9,667,691.03	$128,430.44	$63,242.81	$9,602,503.40
01-Mar-2015	$9,602,503.40	$128,430.44	$62,816.38	$9,536,889.33
01-Apr-2015	$9,536,889.33	$128,430.44	$62,387.15	$9,470,846.04
01-May-2015	$9,470,846.04	$128,430.44	$61,955.12	$9,404,370.72
01-Jun-2015	$9,404,370.72	$128,430.44	$61,520.26	$9,337,460.54
01-Jul-2015	$9,337,460.54	$128,430.44	$61,082.55	$9,270,112.65
01-Aug-2015	$9,270,112.65	$128,430.44	$60,641.99	$9,202,324.20
01-Sep-2015	$9,202,324.20	$128,430.44	$60,198.54	$9,134,092.29
01-Oct-2015	$9,134,092.29	$128,430.44	$59,752.19	$9,065,414.04
01-Nov-2015	$9,065,414.04	$128,430.44	$59,302.92	$8,996,286.52
01-Dec-2015	$8,996,286.52	$9,055,137.22	$58,850.71	$0.00

EXHIBIT CSL

THIS AGREEMENT SHALL NOT BE BINDING
UPON THE PORT AUTHORITY UNTIL DULY EXECUTED
BY AN EXECUTIVE OFFICER THEREOF, AND DELIVERED
TO THE LESSEE AND THE SUBLESSEE BY AN AUTHORIZED
REPRESENTATIVE OF THE PORT AUTHORITY

Lease No. AYC-190
John F. Kennedy International Airport

CONSENT TO FACILITY SUBLEASE AGREEMENT

THIS AGREEMENT, made effective as of July 13, 1994, made by and among THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority"), a body corporate and politic created by Compact between the States of New York and New Jersey, with the consent of the Congress of the United States of America, having an office for the transaction of business at One World Trade Center in the Borough of Manhattan, City, County and State of New York, and TERMINAL ONE GROUP ASSOCIATION, L.P. (hereinafter called "the Lessee"), a limited partnership formed and existing under the laws of the State of New York with an office for the transaction of business at Building 14, JFK International Airport, Jamaica, New York 11430 and having one general partner, Terminal One Management, Inc., a corporation organized and existing under the laws of the State of New York, and having four limited partners (consisting of: Compagnie Nationale Air France, Japan Airlines Company, Ltd., Korean Air Lines Co., Ltd. and Deutsche Lufthansa Aktiengesellschaft) and _ [INSERT NAME OF SUBLESSEE] a corporation of the Country of _____ _____ with an office and place of business at _____ _____ (hereinafter called "the Sublessee" and in Paragraph 15 the "Obligor" for purposes thereof).

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee are contemporaneously with the execution hereof entering into a certain agreement of lease made effective as of even date herewith, (said agreement of lease being hereinafter called "the

Lease") covering certain premises and rights and privileges at and in respect to John F. Kennedy International Airport, as therein set forth; and

WHEREAS, pursuant to and in accordance with the terms of the Lease, contemporaneously with the execution hereof and effective as of the effective date hereof the Lessee and the Sublessee are entering into an agreement of sublease with the Sublessee, (said agreement of sublease being denominated therein as "Terminal One Facility Use and Lease Agreement") a copy of which is attached hereto, hereby made a part hereof and hereinafter called the "Sublease" (all of the areas and facilities under the Sublease and the other portions of the premises under the Lease which are subleased to the Sublessee and/or which the Sublessee has the right to use and/or occupy under the Sublease being herein collectively called the "subleased premises") subject to the consent of the Port Authority and the execution of this Consent to Facility Sublease Agreement by and among the Lessee, the Sublessee and the Port Authority; and

WHEREAS, contemporaneously with the execution hereof the Port Authority, the Lessee, the New York City Industrial Development Agency (hereinafter called the "IDA") and the United States Trust Company of New York, as trustee (hereinafter the "Trustee) are entering into a separate "Consent to IDA Subleases Agreement" whereby the Port Authority, on the terms and conditions therein set forth, consents to that certain "Partnership Sublease" (as therein defined) and that certain "IDA Lease Agreement" (as therein defined); said "Consent to IDA Subleases Agreement" being hereinafter called the "Consent to IDA Subleases Agreement" and said "Partnership Sublease" and said "IDA Lease Agreement" being collectively referred to in the Port Authority Consent to IDA Subleases Agreement as the Subleases and hereinafter collectively referred to as the "IDA Subleases"; and

WHEREAS, contemporaneously with the execution of this Consent to Facility Sublease Agreement by the parties hereto, a consent to sublease agreement effective as of even date herewith and in substantially similar form to this Consent to Facility Sublease Agreement is being entered into and executed by and among the Port Authority, the Lessee and each of the other Airline Partners (as defined in Section 26 of the Lease and identified by name on the first page hereof) of the Lessee (each such Airline Partner being named as sublessee in its respective consent to facility sublease agreement) covering the separate Port Authority consent to the Lessee's sublease agreement (in substantially similar form to the Sublease) to such Airline Partner as a sublessee thereunder; and

WHEREAS, the Lease calls for the Lessee to procure and maintain at all times during the term of the Lease the obligation of the Sublessee, and each of the other Airline Partners of the Lessee on a "joint and step-up" basis, to assure to the Port Authority that the Lessee shall perform all of its obligations under the Lease (as more fully set forth in and described in the Lease and in Paragraph 15 below);

NOW, THEREFORE, in consideration of the covenants and mutual agreements of all the parties hereto, it is hereby agreed by the parties as follows:

1. On the terms and conditions hereinafter set forth, the Port Authority consents to the Sublease.

2. Neither this Consent to Facility Sublease Agreement (herein sometimes referred to as the "Consent to Facility Sublease Agreement" or as the "Consent") nor anything contained herein nor the consent granted hereunder shall constitute or be deemed to constitute a consent to nor shall they create an inference or implication that there has been consent to any enlargement, variation or change in the rights, powers and privileges granted to the Lessee under the Lease, nor consent to the granting or conferring of any rights, powers or privileges to the Sublessee or the Lessee as may be provided by the Sublease if not granted to the Lessee under the Lease or the Consent to IDA Subleases Agreement, nor shall they impair, limit, restrict, alter or affect any of the promises, covenants, representations, warranties, indemnities, duties, responsibilities, liabilities and obligations imposed on or agreed to or made by the Lessee under the Lease or the Consent to IDA Subleases Agreement or the IDA Subleases as between the parties thereto, nor consent to or create any limitation, diminishment, restriction, modification, change or impairment of any of the rights, powers, privileges or remedies of the Port Authority under the Lease or the Consent to IDA Subleases Agreement. The Sublease is an agreement between the Lessee and the Sublessee with respect to the various matters set forth therein. Neither this Consent to Facility Sublease Agreement nor anything contained herein nor the consent granted hereunder shall constitute an agreement between the Port Authority and the Lessee that the provisions of the Sublease shall apply and pertain as between the Lessee and the Port Authority, it being understood that the terms, provisions, covenants, conditions and agreements of the Lease shall, in all respects, be controlling, effective and determinative. It is the intention of the Port Authority hereunder merely to permit the exercise of Lessee's rights, powers and privileges thereunder by the Sublessee (to the extent permitted by the Sublease and this Consent to Facility Sublease Agreement). The specific mention of

or reference to the Port Authority in any part of the Sublease, including without limitation thereto any mention of any consent or approval of the Port Authority now or hereafter to be obtained, shall not be or be deemed to create an inference that the Port Authority has granted its consent or approval thereto under this Consent to Facility Sublease Agreement or shall hereafter grant its consent or approval thereto or that the subject matter as to which the consent or approval applies has been or shall be approved or consented to in principle or in fact or that the Port Authority's discretion as to granting any such consents or approvals shall in any way be affected or impaired. The lack of any specific reference in any provision of the Sublease to Port Authority approval or consent shall not be deemed to imply that no such approval or consent is required and the Lease shall in all respects be controlling, effective and determinative.

No provisions of the Sublease, including but not limited to those imposing obligations on the Sublessee with respect to laws, rules, regulations, taxes, assessments and liens, shall be construed as a submission or admission by the Port Authority that the same could or does lawfully apply to the Port Authority, nor shall the existence of any provision of the Sublease covering action which may be undertaken by the Lessee or the Sublessee or any other person including but not limited to those involving signs, construction on the premises, insurance, clubrooms, assignment and subletting, be deemed to imply or infer that Port Authority consent or approval thereto has or will be given or that Port Authority discretion with respect thereto will in any way be affected or impaired. References in this Paragraph and in Paragraph 16 hereof to specific matters and provisions as contained in the Sublease shall not be construed as indicating any limitation upon the rights of the Port Authority with respect to its discretion as to granting or withholding approvals or consents as to other matters and provisions in the Sublease which are not specifically referred to herein.

3. (a) The granting of the consent hereunder by the Port Authority shall not be or be deemed to operate as a waiver of its required consent to any other or subsequent subleasing or sublessee or any other agreement (including but not limited to any by the Lessee or the Sublessee) or to the use or occupancy or possession of the premises under the Lease or any portion thereof by any party, entity or person other than the Sublessee or to any assignment of the Lease or the Sublease or of any rights or interests under either of them, whether in whole or in part, or as a waiver of any of the rights of the Port Authority.

(b) In the event the Sublease is assigned in its entirety (as to the Sublessee's rights and interests thereunder)

such further consent of the Port Authority to such assignment shall not be required if and only if such assignment of the Sublease is made by the Sublessee to any successor in interest of the Sublessee which is or is to be a Scheduled Aircraft Operator, and with or into which the Sublessee may merge, consolidate, or which may succeed to the assets of the Sublessee or the major portion of its assets related to its air transportation system, but in any such event, such assignment shall not take effect before the assignee is actually engaged in the business of scheduled transportation by aircraft; provided, further, that the successor entity has a financial standing as of the date of the transfer or assignment at least as good as that of the Sublessee by which is meant that its ratio of current assets to current liabilities, its ratio of fixed assets to fixed liabilities and its net worth shall each be at least as favorable as that of the Sublessee and provided, further, that such successor entity or purchaser executes and delivers to the Port Authority an instrument in a form satisfactory to the Port Authority assuming the obligations of the Sublessee as if it were the original Sublessee named hereunder.

Without limiting the foregoing, in the event the successor entity referred to above is not anticipated to have a financial standing as of the date of transfer or assignment which is as good or better than the Sublessee, the Sublessee shall have the right to request the Port Authority to consider, and the Port Authority will consider, an appropriate security deposit or other form(s) of security as a condition of its consent to an assignment of the Sublease to such entity.

4. The Sublease shall not be changed, modified, discharged or extended except by written instrument duly executed by the parties thereto and only with the express prior written consent of the Port Authority.

5. (a) In the event any of the events set forth in Section 29 of the Lease or any event which by the terms of the Lease constitutes an event of default or termination thereunder shall occur with respect to the Sublessee or in the event any of the events set forth in Paragraph 8.01 of the Sublease shall occur or in the event of any default by the Sublessee under any of the terms and provisions of this Consent to Facility Sublease Agreement including without limitation under Paragraphs 6, 7 or 15 hereof, the Port Authority shall have the right to revoke the consent granted hereunder upon thirty (30) days' prior written notice to the Lessee and the Sublessee, but no such revocation shall be deemed to affect the Lease or the continuance thereof, provided, furthermore, that the foregoing shall not be deemed to affect or limit the rights of the Port Authority to terminate the Lease as well, in accordance with Sections 26 or 29 or other

applicable provision of the Lease or to limit or impair any term, provision, covenant or condition of the Lease or any right or remedy of the Port Authority thereunder.

(b) In the event of the revocation of the consent granted hereunder as hereinabove or in Paragraphs 6 and 7 provided, the Lessee shall immediately terminate all of the Sublessee's rights to use, occupy and possess the subleased premises and any and all other areas and facilities under the Sublease including without limitation its actual possession thereof and the Lessee shall also take all necessary, required or appropriate acts to remove, evict and dispossess the Sublessee and to re-enter, regain and resume possession of the subleased premises and any and all other areas and facilities. The Lessee and the Sublessee expressly agree that said revocation shall, upon the exercise thereof by the Port Authority, terminate all rights of use, occupancy and possession of the Sublessee in the subleased premises and all other areas and facilities under the Sublease and the subleasehold interest and estate of the Sublessee therein but the Sublease shall continue for other purposes including all payment of rent and all other payment obligations by the Sublessee to the Lessee. The Lessee and Sublessee further expressly agree that said right of revocation shall be deemed to be and operate as a conditional limitation of the Sublessee's subleasehold estate and interest under the Sublease as if therein set forth in full. The Sublessee agrees that on or before the effective date of the revocation of this Consent, the Sublessee shall quit the subleased premises and all facilities and areas thereunder and remove its property and property for which it is responsible therefrom.

(c) It is specifically understood and agreed that neither the IDA Subleases nor the Port Authority Consent to IDA Subleases Agreement nor anything contained therein nor the existence or continued existence of the same shall alter, impair or limit (i) the right of the Port Authority to revoke this Consent to Facility Sublease Agreement and the consent hereunder as provided herein, or (ii) the obligation of the Lessee to terminate the Sublessee's use, occupancy and possession as described in paragraph (b) above, or (iii) the conditional limitation of the Sublessee's rights, estate and interest under the Sublease as described in paragraph (b) above.

6. (a) In addition to and without limiting Paragraph 5 hereof or any other term or provision of this Consent and in addition to and without limiting any of the terms, provisions, covenants or conditions of the Lease or of any of the rights and remedies of the Port Authority thereunder, the occurrence of any one or more of the following events shall be and shall be deemed

an event of default under Paragraph 5 hereof and upon the occurrence of any such event or at any time thereafter during the continuance thereof the Port Authority shall have the right to revoke this Consent and the consent granted hereunder pursuant to Paragraph 5 hereof:

(1) Excepting only the Government of _____, any individual, corporation, partnership or other entity shall have direct or indirect beneficial ownership (as described below) of a portion of any class of outstanding Voting Securities of the Sublessee in excess of 30% thereof which shall result in a decrease in the amount of, and a change in the nature of, the passenger aircraft operations of the Sublessee at the Airport; unless the Port Authority shall have given its prior written consent thereto;

(2) There shall be an issuance, transfer, purchase or exchange of all or a portion of the securities of the Sublessee or of a subsidiary corporation of the Sublessee or the creation, transfer, purchase or exchange of any rights or privileges thereunder, or the transfer, purchase or exchange of all or a portion of the assets of the Sublessee or of a subsidiary corporation of the Sublessee, which causes or results in a change in the relationship between the Sublessee and a subsidiary corporation of the Sublessee, or the Sublessee and the holders of the securities of the Sublessee, or the creation of another corporation for the purpose, among others, of accepting and holding securities of the Sublessee, or which places control of the Sublessee in a single entity, or which effects, causes or results in a transfer or change in the entity exercising control over the Sublessee unless the Port Authority shall have given its prior written consent thereof which shall in any such case result in a decrease in the amount of and a change in the nature of the passenger aircraft operations of the Sublessee at the Airport;

(3) Any individual, corporation, partnership or other entity in its own or any representative capacity shall have, own, hold or obtain or be granted a pledge, security interest, lien or other encumbrance, claim or right in or against any part or all of the partnership interest of the Sublessee as an Airline Partner of the Lessee or of any certificate evidencing any part or all of such partnership interest; unless the Port Authority shall have given its prior written consent thereto;

(4) The Sublessee shall cease to be an Airline Partner of the Lessee for any cause or reason whatsoever, and

(without limiting the foregoing) whether by removal, withdrawal, dissolution, merger, consolidation, operation of law, or otherwise, and notwithstanding that the same may or may not be pursuant to or in accordance with the Lessee's partnership agreement(s); unless the Port Authority shall have given its prior written consent thereto; provided, however, that the foregoing shall not apply to the limited right of assignment covered by subparagraph (b) of Paragraph 3 hereof if made in compliance therewith.

(b) The foregoing rights of revocation shall be in addition to all other rights of revocation the Port Authority has under this Agreement and the failure of the Port Authority to exercise any right of revocation under this Paragraph at any time in which it may have such right shall not affect, waive or limit its right to exercise said right of revocation at any subsequent time.

(c) (1) The Sublessee represents and warrants to the Port Authority, knowing that the Port Authority is relying on the accuracy of such representations and warranties, that at the time of execution of this Agreement:

(i) The Lessee is a domestic limited partnership formed and existing under and pursuant to the laws of the State of New York (the Revised Limited Partnership Act: Article 8-A of the Partnership Law of the State of New York) and that it has the following partners: one general partner, Terminal One Management, Inc., a corporation organized and existing under and pursuant to the laws of the State of New York (the "General Partner"); and four limited partners as named and identified as such on the first page hereof, including the Sublessee, (each of which is sometimes herein referred to as an "Airline Partner" and all of which are sometimes collectively referred to herein as the "Airline Partners"); and that the Airline Partners caused the incorporation of the General Partner as a corporation formed and existing under and pursuant to the laws of the State of New York as aforesaid;

(ii) With respect to the General Partner, that there have been issued and are outstanding 400 voting securities which constitute all of the outstanding voting securities and that all of said voting securities are owned by the Airline Partners as follows:

Class A -- 100 Shares - Compagnie Nationale Air France
Class B -- 100 Shares - Japan Airlines Company, Ltd.
Class C -- 100 Shares - Korean Air Lines Co., Ltd.
Class D -- 100 Shares - Deutsche Lufthansa Aktiengesellschaft

and that said Voting Securities constitute all of the outstanding Voting Securities of the General Partner and that all of said Voting Securities are held by the Airline Partners as herein set forth.

(iii) With respect to the Sublessee, that, at the time of execution of this Consent to Facility Sublease Agreement, it is a corporation organized and existing under the laws of the country of _____ and has issued and has outstanding _____ Voting Securities which constitute all of its outstanding Voting Securities;

(iv) [TO BE INSERTED, as applicable to Air France only, Sublessee's representations as to its ownership of its specified "Subsidiary Airline" pursuant to Section 4 II (b) of the Lease.]

(2) By executing this Consent to Facility Sublease Agreement, the Sublessee further expressly acknowledges, covenants, represents and warrants that the documents submitted to the Port Authority covering the formation of the Lessee as a limited partnership, as aforesaid; including the following: "Certificate of Limited Partnership of Terminal One Group Association, L.P." and "Certificate of Incorporation of Terminal One Management, Inc." are true, correct, complete and final copies of the documents effectuating the formation of the Lessee as a limited partnership under and pursuant to the laws of the State of New York (the Revised Limited Partnership Act: Article 8-A of the Partnership Law of the State of New York) including the filing and the undertaking of the publication requirements thereunder, and effectuating the formation of the General Partner as a corporation organized and existing under the laws of the State of New York.

(d) The phrase "direct or indirect beneficial ownership" shall include without limiting the generality thereof the direct or indirect power through contract, arrangement, understanding, relationship or otherwise to dispose of or to direct the disposal of, or to vote or to direct the voting of, any Voting Security of a corporation.

(e) The term "Voting Security" shall include any stock, bond or other obligation of a corporation the holder of which has any voting rights including but not limited to the right to vote for the election of members of the board of directors of said corporation and shall include any security convertible into a Voting Security and any right, option or warrant to purchase a Voting Security.

(f) Without limiting any term, provision, covenant or condition of this Consent to Facility Sublease Agreement, the Sublessee shall promptly advise the Port Authority in writing addressed to the Port Authority's Director of Aviation of any change in the representations and warranties made in this Section.

7. (a) (1) In addition to and without limiting any term or provision of this Consent or of the Lease and in addition to and without limiting any right or remedy of the Port Authority under the Lease, this Consent or otherwise, if the Triggering Event listed in Exhibit X attached hereto and hereby made a part hereof shall occur, the Port Authority shall have the right, at its sole discretion, either to revoke this Consent to Facility Sublease Agreement and the consent hereunder pursuant to Paragraph 5 hereof or to notify the Sublessee that the following provisions of subparagraph (2) hereof have as of the date of such notice been placed in full force and effect.

(2) For purposes of the foregoing sub-subparagraph (1) of this subparagraph (a) in the event the Port Authority gives the aforesaid notice under said sub-subparagraph (1) to the Lessee then from and after the date of said notice, the Port Authority shall have the right to revoke this Consent and the consent granted hereunder at any time without cause on thirty (30) days' prior written notice to the Lessee and the Sublessee and no such revocation shall be deemed to affect the Lease or the continuance thereof, but all of, the Sublessee's rights to use, occupy and possess the subleased premises and any and all other areas and facilities under the Sublease shall be deemed terminated thereby in accordance with and as more fully described in Paragraph 5 (b) hereof; provided that the foregoing shall not be deemed to affect or limit the rights of the Port Authority to terminate the Lease as well, in accordance with Sections 26 or 29 or other applicable provision of the Lease or to limit or impair any term, provision, covenant or condition of the Lease or any right or remedy of the Port Authority thereunder.

(3) (i) Without limiting this Paragraph 7 or any term or provision hereof, and without limiting any term or provision of Exhibit X hereto, the Sublessee agrees that:

(1) It shall meet with representatives of the Port Authority as described below and provide to said representatives the information described below during such scheduled meetings and at any other time as requested by the Port Authority; and

(2) It shall submit to the Port Authority a statement at any time during the term of this Consent to Facility Sublease Agreement signed by an officer of the Sublessee notifying the Port Authority of the occurrence of an event or events which, if the Port Authority were to activate the same by the giving of a notice or notices as specified in Exhibit X, would constitute a Triggering Event or Triggering Events as listed in Exhibit X as of the date of such notice and the date of the occurrence, provided, however, that failure to give any such notice shall not affect the occurrence of any Triggering Event or the consequences thereof hereunder.

(ii) There shall be an annual meeting with representatives (at director level or above) of the Port Authority and with a principal officer of the Sublessee on the last business day of the month of September or on such other days as may, from time to time, be agreed upon by the Lessee and the Port Authority to review the financial performance of the Lessee and the Sublessee. The foregoing provisions with respect to the said meetings on the last business day of the month of September shall be subject to the Lessee's right to reschedule by sending to the Port Authority a written notice prior to the first day of said month setting forth four (4) alternative business days within said month of September. The Port Authority shall notify the Lessee and the Sublessee of its selection of the day for the next annual meeting within ten (10) days of its receipt of the said notice of the lessee, if any. The review shall include the furnishing of the following information regarding the Lessee and the Sublessee to the Port Authority by the Lessee and the Sublessee and the discussion of same:

(1) Financial data of the Lessee, the General Partner of the Lessee, and the Sublessee including corporate annual reports of the Sublessee.

(2) Monthly traffic data including passengers and aircraft departures of the Sublessee; provided that with respect to the Sublessee the foregoing shall apply only as to information or data which the Port Authority reasonably requests.

(3) Monthly performance indicators including load factors of the Sublessee.

(4) Any information or data that the Lessee or the Sublessee or any of them has furnished or is required to furnish to any creditor of the Lessee or of the Sublessee; provided that with respect to the Sublessee the foregoing shall apply only as to such information or data as the Port Authority may reasonably request and only information and data normally available to such creditors located in the United States.

(iii) It is the position of the Sublessee that all or portions of the information it has agreed to furnish the Port Authority hereunder is of a confidential nature. The Port Authority agrees that, unless required or appropriate to do so pursuant to any legal obligations imposed upon or agreed to by the Port Authority or with which the Port Authority must comply calling for public disclosure of information, or pursuant to freedom of information policy adopted or which may be adopted by its Commissioners, or pursuant to compliance with any law, ordinance, governmental rule, regulation or order, it will not deliberately convey the same to any private person; provided that if such information is already at that time in the public domain the foregoing agreement against disclosure shall not apply and release of such information shall not be or be deemed a violation hereunder.

8. (a) Notwithstanding anything contained in the Sublease, this Consent to Facility Sublease Agreement shall expire without notice to the Sublessee on the day preceding the date of expiration of the Lease.

(b) Notwithstanding anything contained therein, the Sublease shall terminate without notice to the Sublessee on the day preceding the date of termination of the Lease.

(c) (1) Notwithstanding anything to the contrary in the Sublease, it is specifically understood and agreed, in accordance with Section 28 (f) of the Lease, that the effective date of the Sublease, shall be, and the term thereof shall commence, no later than the commencement date of the term of the

letting under the Lease as set forth in paragraph (a) of Section 3 of the Lease.

(2) In addition to and without limiting the foregoing, and in accordance with Section 28 (f) of the Lease, the Sublease shall not be effective if on the effective date thereof (i) the Lessee shall be under a notice of default under the Lease as to which the applicable period of cure has passed; (ii) the Lease shall not be in full force and effect or (iii) the Port Authority shall have served a notice of termination of the Lease. The Port Authority in its sole discretion may elect to waive the provisions of the preceding sentence.

(d) Notwithstanding anything contained therein, in the event the term of the Lease and the letting thereunder is terminated and the Lessee becomes a hold-over tenant on a month-to-month periodical basis pursuant to the provisions of Sections 27 and 81 of the Lease, the term of the Sublease and the letting thereunder shall be deemed terminated and the Sublessee shall thereafter be a hold-over tenant on a week-to-week periodical tenancy and the Port Authority's right to revoke the consent granted hereunder pursuant to Paragraphs 5, 6 and Paragraph 7 hereof shall be upon one (1) week's prior written notice. In the event of the revocation of the consent as hereinabove provided, the Lessee shall immediately terminate all of the Sublessee's rights to use, occupy and possess the subleased premises and any and all other areas and facilities under the Sublease in accordance with and as more fully described in subparagraphs (a) and (b) of Paragraph 5 hereof. In the event the tenancy between the Port Authority and the Lessee is thereafter re-established on a fixed term basis as provided in and in accordance with the Lease, then, if the Sublessee is not in default under this Consent and if this Consent has not been revoked or terminated, the Sublessee's fixed term subtenancy shall be deemed reestablished and the Port Authority's right to revoke the consent granted hereunder pursuant to Paragraphs 5, 6 and Paragraph 7 hereof shall be upon thirty (30) days prior written notice.

9. The Sublessee, in its operations under or in connection with the Sublease and in its occupancy and use of the subleased premises and areas and facilities under the Sublease or any portion of the premises under the Lease, hereby agrees to assume, observe, be bound by, comply with and be subject to all the terms, provisions, covenants and conditions of the Lease, (including without limitation the activities mentioned in Paragraph 12 hereof), to the same extent and with like effect as to the Port Authority as if it were the Lessee under the Lease including, but not limited to, the obligations of the Lessee under the Lease dealing with use of the premises, law compliance,

compliance with Airport Rules and Regulations, the conduct of prohibited activities and operations, rights of entry, non-construction, and non-discrimination, affirmative action, and on-going affirmative action equal-opportunity commitment; provided any payment obligation shall be applied in a manner consistent with Paragraph 15 hereof.

10. (a) Without in any wise affecting the obligations of the Lessee under the Lease and under this Consent to Facility Sublease Agreement, the Sublessee shall make repairs and replacements arising or resulting from its use, occupancy or operations under the Sublease as if it were the Lessee under the Lease; provided any payment obligation shall be applied in a manner consistent with Paragraph 15 hereof. However, all acts and omissions of the Sublessee shall be deemed to be acts and omissions of the Lessee under the Lease, and the Lessee shall also be responsible therefor, including but not limited to the obligations of indemnification, repair and replacement.

(b) In addition to and without limiting any other term or provision of this Consent, the Sublessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees and representatives, from and against (and shall reimburse the Port Authority for its costs and expenses including legal expenses incurred in connection with the defense of) all claims and demands of third persons including but not limited to claims and demands for death or personal injuries or for property damages, arising out of a breach or default of any term or provision of this Consent or out of the use or occupancy of the premises under the Lease or the subleased premises under the Sublease or any portion or area or facility thereof by the Sublessee or others with its consent, or any other acts or omissions of the Sublessee, its officers, employees, agents, representatives, contractors, customers, guests, invitees and other persons who are doing business with the Sublessee or who are at the premises under the Lease or the subleased premises under the Sublease or any portion or area or facility thereof with the consent of the Sublessee, or, with respect to its officers, employees and business guests, elsewhere at the Airport (excepting only claims and demands arising from the sole negligence of the Port Authority), including claims and demands of the City of New York, from which the Port Authority derives its rights in the Airport, for indemnification, arising by operation of law or through agreement of the Port Authority with the said City.

If so directed, the Sublessee shall at its own expense defend any suit based upon any such claim or demand (even if such claim or demand is groundless, false or fraudulent), and

in handling such it shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority.

(c) The Sublessee in its own name as insured and including the Port Authority as additional insured shall maintain and pay the premiums during the term of the Sublease on a policy or policies of Comprehensive General Liability insurance, including premises operations, independent contractors, products liability and completed operations, and covering bodily injury liability, including death, and property damage liability and broadened to include or equivalent separate policies covering aircraft liability, none of the foregoing to contain care, custody or control exclusions, and providing for coverage in the limits set forth below, and Comprehensive Automobile Liability Insurance covering owned, non-owned and hired vehicles and including automatic coverage for newly acquired vehicles and providing for coverage in the limits set below. As to the said Comprehensive General Liability Insurance the Lessee may, in lieu of the foregoing requirement with respect to care, custody and control exclusions, elect, in its own name as insured and including the Port Authority as an additional insured as its interest may appear, to maintain and pay the premiums on a Baggage Legal Liability, a Cargo Legal Liability and a Real Property Liability policy or policies in the limits set forth below.

The said Comprehensive General Liability insurance policy shall have a limit of not less than $100,000,000 combined single limit per occurrence for bodily injury and property damage liability. The said Comprehensive Automobile Liability insurance shall have a limit of not less than $25,000,000 combined single limit per accident for bodily injury and property damage liability.

The minimum limits as to the aforesaid Baggage Legal Liability, Cargo Legal Liability and Real Property Legal Liability policy and policies shall be as follows:

Baggage Legal Liability	$10,000,000
Cargo Legal Liability	$10,000,000
Real Property Legal Liability (Fire Legal Liability)	$10,000,000

Without limiting the provisions hereof, in the event the Sublessee maintains the foregoing insurance in limits greater than aforesaid, the Port Authority shall be included therein as an additional insured to the full extent of all such insurance in accordance with all the terms and provisions hereof.

The said policy or policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Sublessee thereunder with respect to any claim or action against the Sublessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Sublessee by the Port Authority and with respect to any claim or action against the Port Authority by the Sublessee as though the Port Authority were the named insured thereunder, but such endorsement shall not limit, vary, change, or affect the protections afforded the Port Authority thereunder as additional insured. The said policy or policies of insurance shall also provide or contain a contractual liability endorsement covering the obligations assumed by the Sublessee under subparagraph (a) of this Paragraph 10.

All insurance coverages and policies required under this paragraph may be reviewed by the Port Authority for adequacy of terms, conditions and limits of coverage at any time and from time to time during the term of the consent hereunder. The Port Authority may, at any such time, require commercially reasonable additions, deletions, amendments or modifications to the above-scheduled insurance requirements, or may require (if commercially reasonable) such other and additional insurance, in such reasonable amounts, against such other insurable hazards, as the Port Authority may deem required.

(d) As to the insurance required by the provisions of subparagraph (c) of this Paragraph 10, a certified copy of each of the policies or a certificate or certificates evidencing the existence thereof, or binders, shall be delivered to the Port Authority upon the execution of this Consent to Facility Sublease Agreement and delivery thereof to the Port Authority. Each policy, certificate or binder delivered as aforesaid shall bear the endorsement of or be accompanied by evidence of payment of the premium thereon. In the event any binder is delivered it shall be replaced within thirty (30) days by a certified copy of the policy or a certificate. Each such copy or certificate shall contain a valid provision or endorsement that the policy may not be cancelled, terminated, changed or modified without giving thirty (30) days' written advance notice thereof to the Port Authority. Each such copy or certificate required by subparagraph (b) of this Paragraph 10 shall contain a provision that the insurer shall not, without

obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, its Commissioners, officers, agents or employees, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority. A certificate or other evidence of any renewal policy shall be delivered to the Port Authority prior to the expiration of each expiring policy, except for any policy expiring after the date of expiration of the term of this Consent. The aforesaid insurance shall be written by a company or companies approved by the Port Authority the Port Authority agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Sublessee shall promptly obtain a new and satisfactory policy in replacement the Port Authority agreeing and covenanting not to act unreasonably hereunder. If the Port Authority at any time so requests, a certified copy of each of the policies shall be delivered to the Port Authority.

11. In addition to and without limiting Paragraph 15 hereof, if the Lessee shall at any time be in default of its monetary obligations under the Lease, the Sublessee shall on demand of the Port Authority pay directly to the Port Authority any rental, fee or other amount due to the Lessee in the amount of such default (excluding amounts due by the Sublessee to the Lessee for the "IDA Lease Agreement Rent" as defined in the Sublease or other payments to the Lessee by the Sublessee for loans made by the Lessee). No such payment shall relieve the Lessee from any obligations under the Lease or under this Consent Agreement, but all such payments shall be credited against the obligations of the Lessee or of the Sublessee, as the Port Authority may determine for each payment or part thereof.

12. (a) The Sublessee is prohibited from performing any activities or services for others at the subleased premises or any other area or facility under the Sublease or at the Airport unless the Sublessee obtains an appropriate Port Authority permit therefor and pays the fees to the Port Authority pursuant thereto (subject to the fee exclusion provisions with respect to Airline Partners of the Lessee as expressly set forth in and in accordance with Subdivision II of Section 4 of the Lease).

(b) In addition to and without limiting the foregoing or any other term or provision of this Consent to Facility Sublease Agreement or the Lease, any and all Handling Services (as such term is defined in the Lease) performed by the Sublessee at the subleased premises or any area or facility under the Sublease or the premises under the Lease or any portion thereof shall be subject to the provisions of the Lease including without limitation Section 4 II thereof and the Handling Percentage Fees payable thereunder with respect to the Sublessee and any and all such Handling Services performed by the Sublessee shall be deemed performed by the Lessee under and subject to the Lease, and any and all gross receipts (as defined in Section 4 II of the Lease) arising therefrom with respect to the Sublessee shall be deemed imputed to the Lessee and be and form a part of the Lessee's gross receipts under the Lease and subject to all the terms, provisions, covenants and conditions thereof, including without limitation the payment of Handling Percentage Fees and Subletting Percentage Fees in accordance with Section 4 thereof, provided, however, that the Sublessee and the Lessee shall be jointly and severally liable for payment therefor to the Port Authority. The foregoing shall not and shall not be deemed to limit, affect or waive the requirement for further separate Port Authority approval, consent or permit with respect to such Handling Services.

(c) Nothing in this Consent to Facility Sublease Agreement, nor anything contained, in the Sublease, nor the consent granted hereunder shall be deemed to permit or authorize the Lessee (unless and to the extent expressly authorized by the Lease) or its General Partner to perform services or operations for or on behalf of the Sublessee and in the event the Sublessee proposes to retain or use the Lessee or its General Partner or others for the performance of services or operations (including but not limited to ramp handling of aircraft, turnaround maintenance services or cleaning or other maintenance or handling services in the premises or any portion thereof or at the Airport) such arrangement and the agreement thereon (unless and to the extent expressly authorized by the Lease) shall be submitted to the Port Authority for its prior written consent, including without limitation the requirement for the prior issuance of an appropriate Port Authority permit.

13. If the Sublessee should fail to pay any amount required under this Consent to Facility Sublease Agreement when due to the Port Authority, including without limitation any payment of fees, payments under Paragraph 15 hereof or any other amounts or charges, or if any such amount is found to be due as the result of an audit, then, in such event, the Port Authority may impose (by statement, bill or otherwise) a late charge with

respect to each such unpaid amount for each late charge period hereinbelow described) during the entirety of which such amount remains unpaid, each such late charge not to exceed an amount equal to eight-tenths of one percent of such unpaid amount for each late charge period. There shall be twenty-four late charge periods during each calendar year; each late charge period shall be for a period of at least fifteen (15) calendar days except one late charge period each calendar year may be for a period of less than fifteen (but not less than thirteen) calendar days. Without limiting the generality of the foregoing, late charge periods in the case of amounts found to have been owing to the Port Authority as the result of Port Authority audit findings shall consist of each late charge period following the date the unpaid amount should have been paid under this Consent to Facility Sublease Agreement. Each late charge shall be payable immediately upon demand made at any time therefor by the Port Authority. No acceptance by the Port authority of payment of any unpaid amount or of any unpaid late charge amount shall be deemed a waiver of the right of the Port Authority to payment of any late charge or late charges payable under the provisions of this Paragraph, with respect to such unpaid amount. Nothing in this Paragraph is intended to, or shall be deemed to, affect, alter, modify or diminish in any way (i) any rights of the Port Authority under this Consent to Facility Sublease Agreement, including without limitation Paragraphs 5, 6 or 7 hereof or (ii) any obligations of the Sublessee under this Consent to Facility Sublease Agreement. In the event that any late charge imposed pursuant to this Paragraph shall exceed a legal maximum applicable to such late charge, then in such event, each such late charge payable under this Consent to Facility Sublease Agreement shall be payable instead at such legal maximum.

14. With respect to this Consent to Facility Sublease Agreement, the Lessee and the Sublessee understand and agree that the Lessee may not and is expressly prohibited from performing any services or functions at the Airport for the Sublessee which are performed by organizations at the Airport authorized by permit or contract from the Port Authority to perform such services or functions, unless the Lessee is specifically authorized by the Lease or by permit or contract to perform such services or functions for others at the premises and the Airport and in such event said service and function shall be performed pursuant thereto. The Lessee, however, may make the necessary arrangements with the authorized organizations performing such services or functions at the Airport to have such services or functions performed for the Sublessee by such organizations or the Sublessee may perform such services and functions for itself.

15. (a) For purposes of this Paragraph 15, the following terms shall have the following meanings:

"Business Day" shall mean any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in New York, New York are closed, or (iii) a day on which the New York Stock Exchange is closed.

"Signatory Carriers" shall mean the airlines (named on the first page hereof as the Airline Partners) that execute with the Lessee the Sublease substantially in the form attached, each of which shall have executed consents to sublease agreements in substantially similar form to this Consent to Facility Sublease Agreement with the Port Authority.

"Signatory Carriers Site Lease Obligations" shall mean all obligations which the Lessee has or shall have under the Lease (and any and all amendments and supplements thereto as the Port Authority and the Lessee in their discretion may execute) including without limitation all rental, fees and other monetary obligations of the Lessee thereunder and the performance, fulfillment and observance of all the other terms, provisions, covenants and conditions of the Lease on the part of the Lessee to be performed, fulfilled and observed pursuant to the Lease (and any and all amendments and supplements thereto as the Port Authority and the Lessee in their discretion may execute).

(b) In accordance with and pursuant to Section 58 of the Lease, and in addition to and without limiting or impairing any right or remedy of the Port Authority under the Lease or under this Consent or otherwise, the Sublessee hereby absolutely, unconditionally and irrevocably promises and assures to the Port Authority the payment and performance of the Signatory Carriers Site Lease Obligations, in accordance with the following subparagraphs hereof (the Sublessee being sometimes herein in this Paragraph 15 also called the "Obligor" and its obligations hereunder being sometimes hereinafter called its "Joint and Step-up Obligations").

(c) Monetary Obligations: (1) The Sublessee's pro rata share of the Signatory Carriers Site Lease Obligations (with respect to monetary obligations) shall be equal to the percentage set forth below, as the same may be adjusted pursuant to and in accordance with the following subparagraphs.

As of the effective date of the Lease and of this Consent, the Sublessee (described by its airline corporate

name stated below) and each of the other Signatory Carriers (as set forth below and in their respective consent to facility sublease agreements) shall have, for the purposes of the Joint and Step-up Obligations hereunder and under their respective consent to facility sublease agreements, the following pro rata shares of the Signatory Carriers Site Lease Obligations (with respect to monetary obligations):

Signatory Carriers	Pro Rata Percentage
Compagnie Nationale Air France	29.86%
Japan Airlines Company, Ltd.	14.89%
Korean Air Lines Co., Ltd.	23.55%
Deutsche Lufthansa Aktiengesellschaft	31.70%
Total	100%

(2) The aforesaid percentages set forth as the Sublessee's pro rata share of the Signatory Carriers Site Lease Obligations and that of each of the other Signatory Carriers shall continue unchanged, for the purposes hereof, as stated in sub-subparagraph (1) above unless and until the Sublessee shall submit a notice to the Port Authority setting forth a new percentage for the Sublessee's pro rata share and that for each of the other Signatory Carriers pro rata shares, provided, however, that if any such new percentage of any such pro rata share shall be less than one percent (1%) then such new percentages shall become effective only if the same are set forth in a supplemental agreement to this Consent and the supplemental agreements to the consent to facility sublease agreement with each of the other Signatory Carriers signed by the Port Authority, the Lessee and the respective Signatory Carrier; provided, further, however, that at all times the total pro rata shares shall equal one-hundred percent (100%) of the Signatory Carriers Site Lease Obligations; and provided, further, that each of aforesaid notices shall be signed by the Lessee, the Sublessee and all of the other Signatory Carriers and, further, that each such notice shall be given no more frequently than annually and on or before January 31 of the calendar year during which such new percentages shall be in effect. Any notice given by the Sublessee or any proposed change in the pro rata share percentages which is not in strict compliance with the requirements of this provision shall be deemed void and not effective and the pro rata percentages then previously in effect shall continue unchanged.

(3) First Late Payment Notice. If the Port Authority has not received payment in full from the Lessee of the Signatory Airlines Site Lease Obligations when due and payable

pursuant to the Lease, the Port Authority, if in its sole and complete discretion and without limiting or impairing any of its rights and remedies under the Lease or this Consent or otherwise it exercises its rights under the Sublessee's Joint and Step-up Obligations hereunder, may notify the Lessee in writing of such deficiency with written notice to each of the Signatory Carriers that such payment so due and payable has not been received in full and the amount of the deficiency of such payment.

(4) First Supplemental Invoice. If the Port Authority has not received full payment by the fifteenth (15th) calendar day after its notice to the Lessee, as aforesaid, the Port Authority, if in its sole and complete discretion and without limiting or impairing any of its rights and remedies under the Lease or this Consent or otherwise it continues to exercise its rights under the Sublessee's Joint and Step-up Obligations hereunder, may issue a First Supplemental Invoice to the Sublessee. Such First Supplemental Invoice will be for the Sublessee's pro rata share of the deficiency in such payment so due and payable, as set forth in subparagraph (1) hereof, provided that, the amount of such invoice shall be calculated on the basis that, solely for purposes hereof, Sublessee's pro rata share shall be increased to provide among the non-defaulting Signatory Carriers for the payments due and payable by any Signatory Carrier then in default under its Joint and Step-up Obligations under its respective consent to facility sublease agreement or under its sublease. The Sublessee shall pay the amount set forth in such invoice as its pro rata share (in accordance with the foregoing) no later than ten (10) calendar days after the date of such invoice. Each other Signatory Carrier shall, pursuant to its Joint and Step-up Obligations set forth in its consent to facility sublease agreement, likewise pay its respective pro rata share of said deficiency.

(5) Additional Supplemental Notices and Invoices. If any Signatory Carrier subsequently defaults on payment of a Supplemental Invoice, the Port Authority, if in its sole and complete discretion and without limiting or impairing any of its rights and remedies under the Lease, this Consent or otherwise it continues to exercise its rights under the Joint and Step-up Obligations hereunder, may continue the above notice and invoice procedures to each of the non-defaulting Signatory Carriers, until all required payments have been received.

(6) For the purposes hereof and without limiting or impairing any other term or provision hereof, it is expressly understood and agreed that if any Signatory Carrier is in default under its sublease the Sublessee shall promptly notify the Port Authority in writing of such default, and, further that

the Port Authority shall have the right, but not the obligation, to invoke and/or continue the notice and invoice procedures with regard to such Signatory Carrier.

(d) Nonmonetary Obligations: With respect to Signatory Carriers Site Lease Obligations other than rental, fees and other monetary obligations of the Lessee, as aforesaid, the Port Authority, if in its sole and complete discretion and without limiting any of its rights and remedies under the Lease, this Consent or otherwise it exercises it rights under the Joint and Step-up Obligations hereunder, may give written notice to the Sublessee concurrently with or, at the Port Authority's option, after its notice of default to the Lessee given by the Port Authority pursuant to the Lease that such non-monetary obligation has not been performed, fulfilled or observed. Thereupon, the Sublessee shall fully, pursuant to the Joint and Step-up Obligations hereunder, perform, fulfill or observe such non-monetary obligation in accordance with the terms of the Lease.

(e) The rights and remedies provided herein to the Port Authority under the Joint and Step-up Obligations of the Sublessee hereunder shall be and shall be deemed cumulative and additional to, and not in lieu of or exclusive of, any other right or remedy available to the Port Authority under the Lease or this Consent or at law or equity, and the exercise of or failure to exercise any right or remedy hereunder shall not prevent or restrict, affect, impair or limit the Port Authority in its exercise of any other right or remedy under the Lease, or the Consent, or at law or equity; it being expressly understood and agreed that the Port Authority shall at all times have all such rights and remedies under the Lease, this Consent and at law and equity including without limitation its rights of termination under the Lease and its rights of revocation under this Consent.

(f) (1) The provisions of this Paragraph 15 and the Joint and Step-up Obligations under this Paragraph 15 to the Port Authority, and the rights and remedies of the Port Authority under this Paragraph 15, and the obligations of the Sublessee as Obligor under this Paragraph 15 shall survive the expiration or termination of the Lease or the expiration or termination or revocation of this Consent and of the consent granted hereunder and shall so survive as an absolute, unconditional and unilateral contractual obligation of the Obligor; and it is expressly understood and agreed that in the event of any such expiration and termination of the Lease or the expiration, termination or revocation of this Consent the Port Authority in exercising its rights hereunder shall have no obligation to serve the aforesaid "First Late Payment Notice" prior to its service of the aforesaid "First Supplemental Invoice" or any subsequent or additional

notice on the Sublessee. The Joint and Step-up Obligations of the Sublessee under this Paragraph 15 shall be severable from and independent of any other obligations of the Sublessee under this Consent.

(2) Nothing in this Paragraph 15 nor any action taken or payment made hereunder shall grant or create or be deemed to grant or create any rights or interest in or to the Lease or the premises thereunder to the Sublessee or to alter, impair or vary the provisions of the Lease or this Consent.

(g) (1) The Sublessee hereby agrees that the validity of the Joint and Step-up Obligations and the obligations of the Sublessee as Obligor hereunder shall in no wise be terminated, affected or impaired by reason of any failure of the Port Authority to insist upon strict performance by the Lessee under the Lease or by the assertion by the Port Authority against the Lessee of any of the rights or remedies reserved to the Port Authority under the provisions of the Lease or by the withdrawal, discontinuance or settlement of any judicial or other proceedings brought by the Port Authority against the Lessee.

(2) The liability of the Sublessee as Obligor hereunder shall in no way be affected by:

(a) The release or discharge of the Lessee in any creditors', receivership, bankruptcy or other similar proceedings.

(b) The impairment, limitation or modification of the liability of the Lessee or its estate in bankruptcy, or of any remedy for the enforcement of the Lessee's said liability under the Lease, resulting from the operation of any present or future provision of the Bankruptcy Code or any other statute or from the decision of any court having jurisdiction over the Lessee or its estate.

(c) The rejection or disaffirmance of the Lease in any creditors', receivership, bankruptcy or other similar proceedings.

(d) Any disability or any defense of the Lessee.

(3) The Joint and Step-up Obligations of the Sublessee hereunder shall remain and continue in full force and effect as to any and every renewal, modification or extension of the Lease whether in accordance with the terms of the Lease or by a separate or additional document, and notwithstanding any such

renewal, modification or extension, whether or not the Sublessee has specifically consented to such renewal, modification or extension. The liability of the Sublessee hereunder shall in no way be affected by the failure of the Port Authority to obtain the Sublessee's consent to any such renewal, modification or extension, notwithstanding that the Port Authority may have previously obtained such consent with respect to a prior renewal, modification or extension.

(4) The Joint and Step-up Obligations of the Sublessee hereunder shall be, remain and continue in full force and effect whether or not the Sublessee is or continues as an Airline Partner of the Lessee, as aforesaid, or as an Approved Sublessee, as defined in the Lease, and the liability of the Sublessee hereunder shall in no way be affected by its or any other partner's withdrawal or removal from, or its or any other partner's ceasing to be a partner in, the limited partnership (Terminal One Group Association L.P.) which constitutes the Lessee under the Lease whether by agreement, operation of law or otherwise or by dissolution of or any other change in the Lessee, and notwithstanding any Port Authority consent thereto (except as otherwise expressly provided in (c)(2) of this Paragraph 15 with respect to the required supplemental agreements to this Consent for pro rata percentages of less than one percent (1%); and said liability of the Sublessee shall also in no way be affected by the admission or addition of one or more new partners in the Lessee, and notwithstanding any Port Authority consent thereto (except as otherwise expressly provided in (c)(2) of this Paragraph 15 with respect to the required supplemental agreements to this Consent for pro rata percentages less than one percent (1%).

(5) This Consent, including the Joint and Step-up Obligations under this Paragraph 15 and the interpretation, validity, and enforceability thereof shall be governed by the laws of the State of New York.

(6) The Joint and Step-up Obligations of the Sublessee hereunder shall inure to the benefit of the Port Authority, its successors and assigns, and shall be binding upon the Sublessee, its successors and assigns.

16. Without limiting the generality of the provisions of Paragraph 2 hereof, it is hereby recognized that the following described provisions of the Sublease are or may, in whole or in part, be contrary to, conflict with or be inconsistent with the Lease. It is hereby understood and agreed as follows:

(a) Without limiting the generality of Paragraph 2 of this Consent or any other term or provision hereof, notwithstanding

the provisions of (i) Article 1 of the Sublease setting forth the definitions of "Majority Owned Air Carrier", "Minority Owned Air Carrier", "Signatory Carrier", "Sublease Air Carrier", "Wholly Owned Air Carrier" and "Permittees", (ii) Section 2.05 of Article 2 of the Sublease with respect to the addition of "Other Signatory Carriers", (iii) Sections 5.02, 5.03, 5.04 and 5.05 of Article 5 with respect to use by "Wholly Owned Air Carriers", "Contract Carriers", "Itinerants and other non-Air Carrier users" or (iv) Sections 8.04 (b) and 8.05 of Article 8 of the Sublease with respect to "Sublease Air Carrier" or "tenancy at will" (v) Article 9 of the Sublease covering "Wholly-owned, Majority-owned and Minority-owned Air Carriers", it is expressly and specifically understood and agreed that all of the said provisions are and shall be subject and subordinate to the Lease and the terms and provisions thereof, including without limitation Section 28 thereof, and to this Consent and that any use and/or occupancy of the subleased premises or any of the other areas or facilities under the Sublease or any part thereof or the premises under the Lease or any portion thereof by any party or person other than the Sublessee pursuant to the Sublease and this Consent itself shall require as a condition precedent to such use and/or occupancy and/or any contracts or other agreements between the Lessee or the Sublessee and any such person or party the additional and separate prior written consent, in each instance, of the Port Authority, irrespective of the ownership relationship between the Sublessee and such person or party, which consent will be in the form of a separate consent to sublease agreement and which consent will, among other matters, set forth the handling and subletting percentage fees applicable thereto in accordance with Section 4 of the Lease; nor shall any of the said provisions of the Sublease or any provisions of this Consent constitute or be deemed to constitute a waiver of the requirement for such additional Port Authority consent nor imply that such consent will be granted nor release or relieve or be deemed to release or relieve the Lessee from any of its obligations under the Lease.

(b) Without limiting the generality of Paragraph 2 hereof, and notwithstanding the provisions of the Sublease covering "Additional Facilities" and "Additional Preferential Facilities" (as such terms are defined therein) including without limitation Article 1, Article 4, (4.01), (4.03), Article 7 (7.07), neither said provisions nor this Consent shall constitute any waiver of the required Port Authority separate prior consent or approval for the construction or installation of any such facilities nor any waiver or impairment of any of the terms and provisions of the Lease.

(c) Notwithstanding anything to the contrary in the definition of or use of "Date of Beneficial Occupancy" or "DBO" in the Sublease, it is specifically understood and agreed that for all

purposes under the Lease, the Consent to IDA Subleases Agreement and this Consent, the definitions and use of "the Date of Beneficial Occupancy" and "the D.B.O." as set forth in Section 4 of the Lease shall prevail and control.

(d) Notwithstanding the reference in or attachments to the Sublease of the "Terminal One Plan" as described in Section 4.02 of Article 4 of the Sublease, it is specifically understood and agreed that neither this Consent not anything contained herein shall be or be deemed to constitute or to waive the required Port Authority review and approval of the construction work as defined in Section 2 of the Lease or of the required comprehensive plan of the Lessee for the construction work as defined in Section 2 of the Lease.

(e) Notwithstanding Sections 5.01 (b) and 5.01 (e) of Article 5 of the Sublease describing use of other Airport facilities, it is specifically understood and agreed that neither this Consent nor anything contained herein shall be or be deemed to constitute or to waive the required additional Port Authority permission, including consent or approval for the use of any areas of the Airport other than the subleased premises under the Sublease or portion thereof.

(f) Notwithstanding any provision of Article 10 of the Sublease to the contrary, it is specifically understood and agreed that in the event of any inconsistency or conflict between said provisions and the provisions of Paragraph 10 hereof, the provisions of Paragraph 10 hereof shall prevail and control as to the matters covered thereunder, the indemnities to the Port Authority, and the insurance required by the Port Authority hereunder.

(g) Notwithstanding any provision of Part 20 of Schedule 2 of the Sublease to the contrary (entitled "Concessions Area"), it is specifically understood and agreed that the Lease, including without limitation Sections 59 through 71 thereof covering consumer services, shall prevail and control in the event of any inconsistency or conflict.

(h) Notwithstanding any term or provision of Article 12 or of Article 15 of the Sublease to the contrary, it is specifically understood and agreed that, without limiting Paragraphs 2 and 3 of this Consent or any other term or provision of this Consent, said Article 12 covering "Assignment and Transfer" and said Article 15 shall in all respects be subject and subordinate to the Lease, including without limitation Section 28 thereof, and to this Consent and that specifically the provisions of Sections 12.01 and 12.02 of the Sublease and further, shall not be

effective unless the additional separate prior written consent of the Port Authority is obtained by the Lessee and the Sublessee.

(i) Notwithstanding the designated address of the Lessee as stated on the first page of this Consent or as may be stated in the Sublease, it is specifically understood and agreed that neither the designation nor the listing of such address shall be or be deemed to be the required Port Authority consent for the use of such office location by the Lessee or its General Partner or to be or constitute a waiver of such requirement for Port Authority consent under the lease entered into between the Port Authority and the lessee of Building 14 at the Airport or a waiver of any other term or provision of such lease.

As stated in Paragraph 2 hereof, the terms, provisions, covenants, conditions and agreements of the Lease shall, in all respects, be controlling, effective and determinative and to the extent that any of the foregoing named or described provisions or any other provisions of the Sublease in addition to those enumerated above in whole or in part are contrary to, conflict with or are inconsistent with the Lease, they shall be deemed null and void and of no force or effect as to the Port Authority and of no force or effect on the Lease.

17. The Sublessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Sublessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Sublessee assures that it will require that its covered suborganizations provide assurances to the Sublessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

18. The Sublessee hereby agrees to the terms and provisions of the Schedule attached hereto, hereby made a part hereof, and marked "Schedule A". The terms and provisions of Schedule A shall have the same force and effect as if herein set forth in full. Notwithstanding the provisions of paragraph (d) of Part II of Schedule A, the Commencement Date as used in said paragraph shall be deemed to be June 1, 1973.

19. It is recognized that the General Airport Agreement, as defined in Section 85 of the Lease, and the principles and formula set forth therein for the calculation of flight fees,

including the costs recovery accounting principles, have by agreement or policy been the basis for determining flight fees payable by various aircraft operators at the Airport in addition to the aircraft operators who are the actual signatory lessees to the General Airport Agreement. In the event of the expiration and non-extension or non-renewal of the General Airport Agreement, the same formula, accounting principles and costs recovery methodology now set forth in the General Airport Agreement for the calculation of flight fees shall continue to be utilized for the calculation of flight fees at the Airport for the Sublessee until such time as the General Airport Agreement is formally replaced by a new agreement or agreements or by a new policy or policies. The Port Authority has advised the Sublessee that it is the intention of the Port Authority that with respect to the formula, accounting principles and the costs recovery methodology for the calculation of flight fees upon the expiration and non-extension or non-renewal of the General Airport Agreement all aircraft operators at the Airport which are similarly situated will be treated in a similar manner.

20. Subject to and without limiting or affecting any other term or provision of the Lease or of this Consent, the Sublessee agrees to provide service at the subleased premises for the benefit of the traveling public in a manner consistent with generally accepted airline industry standards for airport terminals and will cooperate with the Port Authority and other airlines serving the traveling public at the Airport in maintaining these standards through organized airport service improvement working groups.

21. The Lessee and the Sublessee hereby represent to the Port Authority that they have complied with and will comply with all laws, governmental rules, regulations and orders now or at any time during the term of the Sublease which as a matter of law are applicable to or which affect the operations of the Lessee and/or the Sublessee under the Sublease or its or their use and/or occupancy of the premises under the Lease or the subleased premises under Sublease or any portions, areas or facilities thereof. The obligation of the Lessee and the Sublessee hereunder to comply with governmental requirements is provided herein for the purpose of assuring proper safeguards for the protection of persons and property such provision is not to be construed as a submission by the Port Authority to the application to itself of such requirements or any of them.

22. (a) In accordance with the Lease and without limiting any of the terms, provisions, covenants and conditions thereof, the Lessee and the Sublessee hereby certify, warrant and represent to the Port Authority that as of the date of the execution of this Consent to Facility Sublease Agreement and at all

times during the effectiveness hereof the Sublessee is and shall be an Airline Partner (as defined in Section 26 of the Lease) of the Lessee subject to Paragraph 3 (b).

(b) By its execution and delivery of this Consent to Facility Sublease Agreement, the Sublessee as an Airline Partner of the Lessee and as a shareholder of the General Partner hereby acknowledges and represents to the Port Authority that it has authorized and consented to and that each other Airline Partner and each other shareholder of the General Partner have authorized and consented to the execution of the Lease and of this Consent by the General Partner of the Lessee (as herein named and defined).

23. (a) (1) As used herein in this Paragraph 23 the terms "Assigned Use Agreement Rights", "Bonds" "Bondholders", "Facility Provider", "IDA Transaction Documents", "IDA Transaction" and "Project" shall each have the applicable meaning as defined in the Consent to IDA Subleases Agreement,

(2) Without limiting Paragraphs 2 or 16 hereof or any other term or provision hereof, with respect to any and all terms, provisions, covenants and conditions of the Sublease involving or affecting the IDA the same shall be subject in all respects to the Consent to IDA Subleases Agreement in accordance with the terms and provisions thereof. Further, notwithstanding anything to the contrary in any and all references or provisions in the Sublease to or covering the "Bonds", "IDA", "IDA Lease Agreement", "TOGA Facilities Sublease", "Trustee", Trust Indenture" (as such terms appear therein), including without limitation Articles 1 and 4 thereof, it is specifically understood and agreed that this Consent to Facility Sublease Agreement shall not be or be deemed to be the Consent to the IDA Subleases Agreement (as hereinbefore defined) and that neither this Consent to Facility Sublease Agreement nor the Sublease nor anything contained therein shall or shall be deemed to waive, alter, vary, affect or impair the terms and provisions of the said Consent to IDA Subleases Agreement.

(b) Without limiting the foregoing, the Lessee and the Sublessee acknowledge and agree that the IDA Subleases have been entered into by the Lessee and the IDA solely to give the IDA a sufficient interest to effectuate the issuance of its Bonds in connection with the financing of the Project and that, other than as provided in the Consent to IDA Subleases Agreement,

(i) the IDA Transaction Documents and the IDA Transaction are not intended to and do not in any way encumber the Lease or the premises thereunder and that neither the IDA Transaction Documents nor this Consent to Facility Sublease

Agreement nor anything contained herein nor the consent granted hereunder nor the IDA Transaction shall affect or alter or be deemed to have affected or altered the relationship between the Port Authority and the Lessee it being understood and agreed that as between and among the IDA, the Lessee, the Trustee, each Facility Provider, the Bondholders and the Port Authority, the Lessee shall have as full and complete power and authority to act as the tenant under the Lease including without limitation the power to amend, supplement and surrender the same, in whole or in part, and the Port Authority shall have as full and complete power and authority to act as the lessor under the Lease including without limitation the power to amend, supplement and surrender the same, in whole or in part, to grant consents and approvals and to deal solely and directly with the Lessee as the tenant under the Lease as if the IDA Transaction Documents had not been entered into, the Consent to the IDA Subleases Agreement had not been granted and the IDA Transaction had not taken place nor shall any of the foregoing require the redemption, payment, acceleration, defeasance or cancellation of the Bonds as a prerequisite thereto; provided, however, that nothing herein shall or shall be deemed to limit, affect, restrict or impair the rights and obligations among the Lessee, the IDA, each Facility Provider, the Bondholders, each Airline Partner and the Trustee. Further, the Port Authority shall have no obligation, implicit or otherwise, to inquire into the conformity of any action taken pursuant to this Consent or the other Port Authority Documents (as such term is defined in the Consent to IDA Subleases Agreement) or the Sublease with the terms and provisions of the IDA Transaction Documents; and

(ii) the IDA, each Facility Provider and the Trustee shall have no rights in the Sublease whatsoever (other than the Assigned Use Agreement Rights) and that the IDA Transaction Documents and the IDA Transaction are not intended to and do not in any way encumber the Lease or the premises thereunder, the Sublease (other than with respect to the Assigned Use Agreement Rights), this Consent, or the subleased premises and that the relationship between and among the Port Authority, the Lessee, the Sublessee and the other Airline Partners shall be and be deemed to be as if the IDA Transaction Documents had never been entered into, the IDA Transaction had never taken place, and the Consent to IDA Subleases Agreement had never been granted and as if the Lessee had entered into the Sublease directly under only the Lease, including without limitation that as between and among the Lessee, the IDA, each Facility Provider, the Trustee, each Airline Partner, the Bondholders and the Port Authority, the

Lessee shall have as full and complete power and authority to act as the lessor under the Sublease, including without limitation the power to amend, supplement and surrender the same (except with respect to the Assigned Use Agreement Rights), in whole or in part, to grant consents and approvals and to deal solely and directly with the Sublessee as the tenant and user under the Sublease as if the IDA Transaction Documents had never been entered into, the IDA Transaction had never taken place and the Consent to the IDA Subleases Agreement had never been granted and as if the Sublease were entered into directly under only the Lease and the Sublessee shall have as full and complete power and authority to act as the tenant and user under the Sublease including without limitation the power to amend, supplement and surrender the same (except with respect to the Assigned Use Agreement Rights), in whole or in part, as if the IDA Transaction Documents had never been entered into, the IDA Transaction had never taken place and the Consent to the IDA Subleases Agreement had never been granted and as if the Sublease were entered into directly under only the Lease and the Port Authority shall have as full and complete power and authority to deal with the Sublease and the Sublessee under the Lease and this Consent and to deal directly and solely with the Lessee and the other Airline Partners thereunder including without limitation the power and authority to revoke this Consent or to amend or supplement this Consent and to grant further consents and approvals under the Sublease (except with respect to the Assigned Use Agreement Rights) as if the IDA Transaction Documents had never been entered into, the IDA Transaction had never taken place and the Consent to the IDA Subleases Agreement had never been granted and as if the Sublease had been entered into directly under only the Lease nor shall any of the foregoing require the redemption, payment, acceleration, defeasance, or cancellation of the Bonds as a prerequisite thereto; provided, however, that nothing herein shall or shall be deemed to limit, affect, restrict or impair the rights and obligations among the Lessee, the IDA, each Facility Provider, the Bondholders, the Sublessee and the Trustee. Further, the Port Authority shall have no obligation, implicit or otherwise, to inquire into the conformity of any action taken pursuant to the Lease, the Sublease or this Consent with the terms and provisions of the said IDA Transaction Documents.

(c) (1) The parties understand and agree that this Consent is not a mortgage and shall not be deemed to create a mortgage or any other security interest in the subleased premises or the Sublease or the Lease or the premises under the Lease.

(2) It is further understood and agreed that no consent is being given hereunder to the actual occupancy of the premises under the Lease or the subleased premises, by the IDA, the Trustee, any Bondholder or any Facility Provider, and, without limiting Paragraph 3 hereof or any other term or provision of this Consent to Facility Sublease Agreement, that any actual occupancy of the premises under the Lease or the subleased premises or any appointment of a receiver or any exercise of any rights of entry, re-entry, redemption, eviction or regaining or resumption of possession, or any selling, transferring, mortgaging, acquiring, pledging, or assigning (other than as provided in Paragraph 2 of the Consent to IDA Subleases Agreement) of the premises under the Lease or the subleased premises, the Lease or the Sublease by the IDA, the Trustee, any Bondholder or any Facility Provider shall be and be deemed a material breach of the Lease permitting the Port Authority to terminate the Lease in accordance with its terms.

(d) (1) In addition to and without limiting any other indemnity, promise, term, covenant, condition or provision of the Lease, this Consent or of the Consent to the IDA Subleases Agreement, the Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents and employees from and against all claims and demands of third persons (including without limitation, the IDA, the Trustee, each Facility Provider, each Airline Partner and each Bondholder) of every kind or description whatsoever arising or alleged to arise out of any default of the Lessee, the Sublessee, the IDA, any Facility Provider, any Bondholder or the Trustee under this Consent or the Consent to the IDA Subleases Agreement, the IDA Transaction Documents or out of or in connection with the IDA Transaction and whether arising or alleged to arise from acts or omissions of the Port Authority or of the Commissioners, officers, agents, directors or employees of the Port Authority, including claims and demands of the City of New York, from which the Port Authority derives its rights in the Airport, for indemnification arising by operation of law or pursuant to the Basic Lease whereby the Port Authority has agreed to indemnify the City of New York against claims. The Lessee shall reimburse the Port Authority for the Port Authority's costs and expenses including but not limited to legal expenses incurred for the defense, settlement or satisfaction of any of the foregoing. If so directed the Lessee shall, at its own cost and expense defend any suit against the Port Authority based on any such losses, injuries, liabilities, claims and demands (even if such suit or demand is or appears to be groundless, false or fraudulent) and in defending such, the Lessee shall not without obtaining express advance permission from the General Counsel of the Port Authority raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers,

agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority. This covenant of indemnity shall survive the expiration or revocation of this Consent.

(2) In addition to and without limiting any other indemnity, promise, term, covenant, condition or provision of the Lease, this Consent or of the Consent to the IDA Subleases Agreement, the Sublessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents and employees from and against all claims and demands of third persons (including without limitation, the IDA, the Trustee, each Facility Provider, each Airline Partner and each Bondholder) of every kind or description whatsoever arising or alleged to arise out of any default of the Sublessee under this Consent or the Consent to the IDA Subleases Agreement, the IDA Transaction Documents or out of or in connection with the IDA Transaction and whether arising or alleged to arise from acts or omissions of the Port Authority or of the Commissioners, officers, agents, directors or employees of the Port Authority, including claims and demands of the City of New York, from which the Port Authority derives its rights in the Airport, for indemnification arising by operation of law or pursuant to the Basic Lease whereby the Port Authority has agreed to indemnify the City of New York against claims. The Sublessee shall reimburse the Port Authority for the Port Authority's costs and expenses including but not limited to legal expenses incurred for the defense, settlement or satisfaction of any of the foregoing. If so directed the Sublessee shall, at its own cost and expense defend any suit against the Port Authority based on any such losses, injuries, liabilities, claims and demands (even if such suit or demand is or appears to be groundless, false or fraudulent) and in defending such, the Sublessee shall not without obtaining express advance permission from the General Counsel of the Port Authority raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority. This covenant of indemnity shall survive the expiration or revocation of this Consent.

(e) It is hereby understood and agreed that any future subleasing of the premises under the Lease or the subleased premises whether in whole or in part, or other any other area or facility under the Sublease, by the Lessee or by the Sublessee or others which purports to convey a possessory interest therein shall not be made and shall not be deemed to have been made subject to or under the IDA Subleases or either of them.

(f) Notwithstanding any term or provision contained in any of the IDA Transaction Documents, (i) none of the IDA, the Trustee, any Facility Provider, nor any Bondholder shall have any right of consent, direction, approval or request under the Lease or under the Sublease except the IDA and the Trustee shall have a right of consent with respect to the Assigned Use Agreement Rights as described in Paragraph 22 of the Consent to IDA Subleases Agreement and, further, (ii) no mortgage, lien, security interest, pledge or other encumbrance has been created or is to be created by the IDA Transaction Documents or by the IDA Transaction in the properties of the premises under the Lease or the subleased premises, the Lease or the Sublease or in any revenues or other income from or in connection with the premises under the Lease or the subleased premises other than a pledge and security interest in the rentals payable by the Lessee under the IDA Lease Agreement and the pledge of the IDA to the Trustee of the Assigned Use Agreement Rights.

(g) Although implicit in this Consent to Facility Sublease Agreement, it is expressly understood and agreed that a breach of any of the terms and conditions of this Consent to Facility Sublease Agreement by the Lessee, the Trustee, the IDA, any Facility Provider or any act by the Bondholders or any of them which is a breach of, or is inconsistent with or contrary to the terms and provisions of, this Consent shall and shall be deemed to be a material breach of the Lease permitting the Port Authority to terminate the Lease in accordance with its terms.

24. References herein to the Sublessee shall mean and include the Sublessee and its officers, agents, employees and also others on the premises under the Lease or the subleased premises or the Airport with the consent of the Sublessee.

25. The Lessee, Sublessee and the Port Authority agree that no representations or warranties shall be binding on any party hereto unless expressed in writing in this Consent to Facility Sublease Agreement, and that without limiting the foregoing, neither any prior discussions among the parties with respect to the Sublease or any other matter nor any comments, oral or written, given by the Port Authority to the Lessee or the Sublessee or any other party or person with respect to the Sublease or in connection therewith or this Consent or any other matter shall be binding by the Port Authority unless expressed in writing in this Consent to Facility Sublease Agreement.

26. No Commissioner, director, officer, agent or employee of any party to this Consent to Facility Sublease Agreement shall be charged personally or held contractually liable by or to any other party under any term or provision of this

(f) Notwithstanding any term or provision contained in any of the IDA Transaction Documents, (i) none of the IDA, the Trustee, any Facility Provider, nor any Bondholder shall have any right of consent, direction, approval or request under the Lease or under the Sublease except the IDA and the Trustee shall have a right of consent with respect to the Assigned Use Agreement Rights as described in Paragraph 22 of the Consent to IDA Subleases Agreement and, further, (ii) no mortgage, lien, security interest, pledge or other encumbrance has been created or is to be created by the IDA Transaction Documents or by the IDA Transaction in the properties of the premises under the Lease or the subleased premises, the Lease or the Sublease or in any revenues or other income from or in connection with the premises under the Lease or the subleased premises other than a pledge and security interest in the rentals payable by the Lessee under the IDA Lease Agreement and the pledge of the IDA to the Trustee of the Assigned Use Agreement Rights.

(g) Although implicit in this Consent to Facility Sublease Agreement, it is expressly understood and agreed that a breach of any of the terms and conditions of this Consent to Facility Sublease Agreement by the Lessee, the Trustee, the IDA, any Facility Provider or any act by the Bondholders or any of them which is a breach of, or is inconsistent with or contrary to the terms and provisions of, this Consent shall and shall be deemed to be a material breach of the Lease permitting the Port Authority to terminate the Lease in accordance with its terms.

24. References herein to the Sublessee shall mean and include the Sublessee and its officers, agents, employees and also others on the premises under the Lease or the subleased premises or the Airport with the consent of the Sublessee.

25. The Lessee, Sublessee and the Port Authority agree that no representations or warranties shall be binding on any party hereto unless expressed in writing in this Consent to Facility Sublease Agreement, and that without limiting the foregoing, neither any prior discussions among the parties with respect to the Sublease or any other matter nor any comments, oral or written, given by the Port Authority to the Lessee or the Sublessee or any other party or person with respect to the Sublease or in connection therewith or this Consent or any other matter shall be binding by the Port Authority unless expressed in writing in this Consent to Facility Sublease Agreement.

26. No Commissioner, director, officer, agent or employee of any party to this Consent to Facility Sublease Agreement shall be charged personally or held contractually liable by or to any other party under any term or provision of this

Consent to Facility Sublease Agreement or of any supplement, modification or amendment to this Consent to Facility Sublease Agreement, or because of any breach thereof, or because of its or their execution or attempted execution.

IN WITNESS WHEREOF, the Port Authority, the Lessee and the Sublessee have executed these presents as of the day and year first above written.

ATTEST:

_____

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By _____

(Title) _____

(Seal)

ATTEST:

_____
Secretary

TERMINAL ONE GROUP ASSOCIATION, L.P.
(Lessee)

By: TERMINAL ONE MANAGEMENT, INC.
GENERAL PARTNER

By _____

(Title) Chief Executive Officer

(Corporate Seal)

ATTEST:

_____
Secretary

_____
(Sublessee)

By _____

(Title) President

(Corporate Seal)

EXHIBIT X

The following are the Triggering Events applicable to Paragraph 7 of the Consent to Facility Sublease Agreement between the Sublessee (as named and defined therein) and the Port Authority to which this Exhibit is attached.

A Triggering Event shall occur when the Sublessee shall fail to make a payment in either of the categories listed below. Furthermore, such Triggering Event shall not have occurred unless the Port Authority shall have notified the Sublessee that such Triggering Event shall be effective on a date thirty (30) days following the date of such notice unless all payments due from the Sublessee pursuant to such categories listed below and specified in such notice have been received by the Port Authority:

(i) Payment of all sums, including, without limitation, flight fees and fuel gallonage fees, under agreements or otherwise with the Port Authority shall be made on or before the twentieth day of the following calendar month by the Sublessee;

(ii) Payment of all sums due to the Port Authority and outstanding for more than thirty (30) days, appearing on a Statement of Account rendered by the Port Authority to the Sublessee.

For the Port Authority

Initialled:

For the Lessee

For the Sublessee

SCHEDULE A

PART I

Ground Transportation

(a) The Airline may arrange for the transportation to and from the Airport of its employees and their baggage (and such employees and baggage only) either directly or by contract with a surface carrier or carriers (hereinafter called "the Employee Surface Carrier or Carriers") of its choice, provided, that such Employee Surface Carrier or Carriers are at all times Ground Carrier Permittees of the Port Authority as defined in paragraph (b) hereof and provided, further, that ten percent (10%) or such lesser percentage as may be set pursuant to paragraph (e) hereof of the gross receipts received from the ground transportation of employees and their baggage by the Employee Surface Carrier providing such service, or by the Airline, including all advertising and any other revenues of any type arising out of or in connection with said service (excluding only local, state and federal transportation taxes which are separately stated to and paid by the passengers and are directly payable to the taxing authority by the Airline or by the Employee Surface Carrier) shall be paid to the Port Authority. No fee shall be paid by the Airline to the Port Authority in connection with the ground transportation of employees and their baggage of the Airline if the Airline operates the service itself and if the Airline makes no charge to its employees and their baggage therefor.

(b) As of the Commencement Date as defined in paragraph (c) hereof, the Port Authority shall endeavor to issue permits to at least 12 qualified service carriers (herein called "the Ground Carrier Permittees") which Permits shall grant to said Ground Carrier Permittees the privilege of providing a service for the transportation to and from the Airport of employees and their baggage of all Aircraft Operators at the Airport. Each Permit shall provide that the Port Authority shall have the right at any time to revoke the Permit granted to any Ground Carrier Permittee with or without cause and regardless of whether any such Permittee is an Employee Surface Carrier of the Airline and regardless of any agreement between the Airline and its Employee Surface Carrier. Without limiting the foregoing right, if the Ground Carrier Permittee selected by the Airline shall at any time fail to pay the Port Authority ten percent (10%) or such other percentage of its gross receipts as established pursuant to paragraph (e) hereof as required under the Permit,

the Port Authority shall have the right in addition to all other rights and remedies, to deny such Permittee entrance upon the Airport for the purpose of transporting employees and their baggage as aforesaid to and from the Airport and the Airline shall no longer use the same.

In the event that there should at any time be less than 12 Ground Carrier Permittees in operation at the Airport the Airline shall have the right to engage an Employee Surface Carrier of its choice to provide the service set forth in paragraph (a) hereof, subject, however, to the prior and continuing approval of the Port Authority, and provided that such Employee Surface Carrier agrees to become a Permittee of the Port Authority and to pay a percentage of its gross receipts to the Port Authority in accordance with paragraphs (a) and (e) hereof and only for so long as such Permittee observes and complies with the terms of its Permit, it being understood that said Employee Surface Carrier may be restricted to serving the Airline at the Airport. At such time thereafter as there is in operation at the Airport at least 12 Ground Carrier Permittees, the Permit with the said Employee Surface Carrier may be revoked by the Port Authority and the Airline shall thereupon select an Employee Surface Carrier from the Ground Carrier Permittees of the Port Authority. Nothing contained hereunder shall be deemed to preclude the Port Authority from issuing from time to time Permits to more than 12 Ground Carrier Permittees. The Permits with the Ground Carrier Permittees may contain privileges other than those set forth in the first subparagraph of this paragraph (b), including but not limited to the privilege to transport passengers and baggage of Aircraft Operators. All Permits shall contain such terms or provisions as the Port Authority may deem from time to time necessary or desirable.

(c) The term "Commencement Date" as used in Part I of this Schedule shall mean the date stated in the notice to be given to the Airline as the Commencement date and the Port Authority shall have complete discretion with respect to the fixing of such date. The Port Authority shall give at least thirty (30) days' prior written notice of the establishment of the Commencement Date.

(d) For the period prior to the Commencement Date hereunder, the following provisions of this paragraph (d) shall be in effect in lieu of the provisions of paragraph (a) hereof:

The Airline may arrange for the transportation to and from the Airport of passengers, employees and baggage (and such passengers, employees and baggage only) either directly or by contract with a surface carrier or carriers (hereinafter called "Passenger Surface Carrier or Carriers"), of its choice, subject, however, to the prior and continuing approval of the Port Authority and provided, that such Passenger Surface Carrier or Carriers agree to become Permittees of the Port Authority and provided, further, that ten percent (10%) or such lesser percentage as may be set pursuant to paragraph (e) hereof of the gross receipts received from the ground transportation of passengers, employees and baggage by the Passenger Surface Carrier providing such service or by the Airline, including all advertising and any other revenues of any type arising out of or in connection with said service (excluding only local, state and federal transportation taxes which are separately stated to and paid by and are directly payable to the taxing authority by the Airline or by the Passenger Surface Carrier) shall be paid to the Port Authority. If the Passenger Surface Carrier designated by the Airline shall at any time fail to pay to the Port Authority ten percent (10%) or such lesser percentage as may be set pursuant to paragraph (e) hereof of its gross receipts as aforesaid when billed therefor by the Port Authority, the Port Authority shall have the right to deny such carrier entrance upon the Airport for the purpose of transporting passengers, employees and baggage as aforesaid to and from the Airport and the Airline shall no longer use the same. No fee shall be paid by the Airline to the Port Authority in connection with the ground transportation of officers and employees of the Airline if the Airline operates the service itself and if the Airline makes no charge to its employees and officers thereof. The occasional non-recurring employment by the Airline of a surface carrier who is not a Permittee of the Port Authority shall not be deemed to be a breach of this Schedule by the Airline; the foregoing, however, shall not affect the right of the Port Authority to the percentage fee with respect to such surface carrier.

For the period subsequent to the Commencement Date hereunder, the foregoing provisions of this paragraph (d) shall continue in effect with respect to passengers and their baggage only of the Airline and wherever the phrase "passengers, employees and baggage" appears in the foregoing provisions it shall be deemed amended to read "passengers and their baggage".

(e) It is recognized that the Port Authority has established a five percent fee with respect to the service covered by paragraphs (a) and (d) hereof in lieu of the ten percent fee therein stated. It is hereby specifically understood and agreed that the fact that said fee is presently five percent shall not constitute a waiver by the Port Authority of its right to impose a percentage fee of ten percent as provided in paragraphs (a) and (d). It is hereby specifically agreed that the Port Authority shall have the right at any time and from time to time to revise the percentage fee it shall charge the Ground Carrier Permittees, other permittees and the Airline as provided in paragraphs (a) and (d) hereof but in no event shall said fee be greater than ten percent. The Port Authority shall notify the Airline of any such revision.

(f) The Airline may arrange for the transportation to and from the Airport of freight and other cargo of the Airline either directly or by contract with the surface carrier or carriers of its choice. No Permit or fee shall be required of the Airline or its contractor for the picking up or for the delivery of freight or other cargo from or to the Airline. No fee shall be paid to the Port Authority by the Airline or its contractor for the privilege of transporting freight or cargo of the Airline on the surface as aforesaid. If such contractor of the Airline enters into a lease or other agreement with the Port Authority for space and/or privileges at the Airport, the rent or other compensation payable to the Port Authority shall not be measured by the amount of freight or other cargo of the Airline transported on the surface by such contractor.

(g) The right of the Airline to arrange transportation to and from the Airport of its airline passengers as hereinabove provided shall not be construed as being applicable to any establishment or operation by the Airline of facilities outside the Airport for the handling of airline passengers of the Airline arriving at or departing from the Airport.

As used in this Part I, reference to passengers, baggage, freight or other cargo of the Airline shall be construed to mean persons, baggage, freight or cargo transported or to be transported on aircraft of the Airline.

The Ground Carrier Permittee of the Airline's choice, its Passenger Surface Carrier or any other contractor used by it shall not solicit business on the public areas of the Airport and the Airline shall prohibit any such activity

on the premises under the Lease or on any area at the Airport occupied or used by the Airline. The use, at any time, on the premises under the Lease on the Airport of hand or standard megaphones, loudspeakers or any electric, electronic or other amplifying devices is hereby expressly prohibited and any advertising or signs shall be subject to continuing Port Authority approval.

PART II

Ground Transportation Within the Central Terminal Area

(a) The Port Authority has established at the Airport a Central Terminal Area generally as described in Exhibit S, attached hereto and hereby made a part hereof. If at any time and from time to time, the Port Authority substantially revises the Central Terminal Area, it shall thereafter forward to the Airline a revised Exhibit showing the revised Central Terminal Area which revised Exhibit shall replace Exhibit S and shall become a part of this Agreement.

(b) The Airline hereby agrees that it will not directly, indirectly or by arrangement with any independent third party, operate any surface vehicles for the transportation of its passengers to or from the premises under the Lease and the various other passenger terminal facilities or other locations within the Central Terminal Area. The prohibition hereinabove set forth in this paragraph (b) shall be effective as of the Commencement Date as defined in paragraph (d) hereof and shall continue thereafter, but such prohibition shall be in effect only during such periods as there is in operation at the Airport a CTA ground transportation service as hereinafter defined to be provided by an independent third party contractor. The CTA ground transportation service shall consist of the following: a ground transportation service for the transportation of airline passengers and other persons between the various passenger terminal facilities including the premises under the Lease within the Central Terminal Area including the service of transporting a group of passengers where the Aircraft Operator must accommodate the group as a whole (hereinafter called "the CTA omnibus service") and a ground transportation service for the transportation of passengers of Aircraft Operators within the Central Terminal Area, but only when a passenger is disabled, the passenger must take a direct connection and where time is critical, and in the very limited instance where an Aircraft Operator must accommodate a particular passenger, the

(iii) It is hereby understood and agreed that the amount to be charged for the CTA supplementary service shall consist of an initial price and, if the Port Authority so elects from time to time, an excess price. The initial price shall be based upon the cost of the CTA supplementary service. The Airline shall pay to the Port Authority as and representing the initial price the Airline's pro rata share of the cost to the Port Authority of providing the CTA supplementary service. The Airline's pro rata share of the cost to the Port Authority of providing the CTA supplementary service shall be that proportion of said cost as the number of passengers of the Airline who actually used the CTA supplementary service bears to the total number of passengers using the CTA supplementary service. Except as provided in the last subparagraph of subparagraph (iv) hereof, there will be no charge to the Airline of either an initial price or an excess price if the Airline does not have any passengers using the CTA supplementary service.

(iv) The initial price payable to the Port Authority pursuant to subparagraph (iii) hereof is for each calendar year, but in the event the Commencement Date as defined in paragraph (d) hereof falls on a day other than the first day of a calendar year or in the event the provisions covering the CTA transportation services are terminated on a day other than the last day of a calendar year, then in any such event the initial price payable to the Port Authority pursuant to subparagraph (iii) hereof shall, for the year during which such event occurs, be for such portion of said year during which the Port Authority provides the CTA supplementary service. In determining the initial price, the cost of the CTA supplementary service shall be computed, determined and ascertained for each calendar year (or portion thereof upon the occurrence of any of the events mentioned in the first sentence hereof) subsequent to the aforesaid Commencement Date.

Notwithstanding the foregoing and for current monthly or other periodical billing purposes as may from time to time be selected by the Port Authority, the Port Authority shall establish interim billing rates to cover the initial price for the CTA supplementary service. Such billing rates shall be based on determinations by the Port Authority of its estimate of the cost of the CTA supplementary service for the calendar year and the number of passengers to be using the CTA supplementary service for said calendar year. Such determinations shall be based upon the prior calendar year's experience, if any, and upon such other reasonable

basis as the Port Authority may determine. The Port Authority may prospectively revise its billing rates during any calendar year. On the 20th day of each calendar month following the month upon which the Commencement Date hereunder falls and on the 20th day of each and every calendar month thereafter the Airline shall pay to the Port Authority the amount due as the initial price for the preceding calendar month, which shall be determined by multiplying the interim billing rate per passenger for the initial price established by the Port Authority as aforesaid by the number of the Airline's passengers carried on the CTA supplementary service for the previous calendar month. Each airline shall, on the twentieth day of the month following the Commencement Date of the CTA ground transportation service, and on the twentieth day of each and every month thereafter deliver to the Port Authority a statement setting forth the number of passengers of the Airline using the CTA supplementary service for the preceding month.

As soon as practicable after the expiration of each calendar year, the Port Authority shall determine the cost of the CTA supplementary service and the initial price payable therefore. Corrected billings based upon such determination shall thereupon be rendered by the Port Authority and if any monies are due to the Port Authority they shall be promptly paid by the Airline and if any monies are due to the Airline they shall be promptly credited to it.

In the event and only in the event that the CTA supplementary service for all or any portion of a calendar year has been provided by the Port Authority but there has been no use thereof by any Aircraft Operator, then the initial price and the excess price shall be payable by all Aircraft Operators and each Aircraft Operator's share shall be based on the number of passengers on its outbound and inbound aircraft at the Airport compared to the total number of passengers on all inbound and outbound aircraft using the Airport of all Aircraft Operators.

(v) The Port Authority shall have full discretion in awarding a contract for the CTA ground transportation service and may award the same to a contractor who has not proposed the lowest price for the CTA supplementary service or the CTA omnibus service. As stated in subparagraph (iii) hereof the Port Authority shall have the right to charge the Airline, in addition to the initial price for the CTA supplementary service, an additional amount herein called "the excess price", which amount shall be applied to offset any deficit in the CTA omnibus service.

The amount representing the excess price shall be an amount payable only by the Airline if it uses the CTA supplementary service and shall be an amount fixed for each passenger using the CTA supplementary service. The Port Authority shall advise the Aircraft Operators prior to the beginning of each calendar year of the amount per passenger which shall constitute the excess price for said calendar year. On the 20th day of the calendar month following the month upon which the Commencement Date hereunder falls and on the 20th day of each and every calendar month thereafter the Airline shall pay to the Port Authority the amount due as the excess price for the preceding calendar month, which shall be determined by multiplying the amount per passenger for the excess price established by the Port Authority as aforesaid by the number of Airline's passengers carried on the CTA supplementary service for the previous calendar month. As soon as practicable after the expiration of each calendar year, the Port Authority shall determine the cost of the CTA omnibus service for said calendar year. If there is no deficit or if the deficit is less than the amount received by the Port Authority from users of the CTA omnibus service, then the total amount of the excess price if there is no deficit or the amount of the excess price which is over and above any deficit on the CTA omnibus service shall be refunded or credited to the Aircraft Operators based on the portions of each Aircraft Operator's payments of the excess price for said calendar year as compared to the total amount received as the excess price from all Aircraft Operators. In determining whether or not there is a deficit or in determining the amount of the deficit, revenues from the CTA omnibus service shall be deemed to be 87.5% of the cost of the CTA omnibus service whether or not the revenues actually received add up to 87.5%, but if said revenues exceed 87.5% of the cost, the actual amount of revenues received shall be used.

(vi) The Port Authority shall determine for each calendar year (or portion thereof, where applicable) the cost to the Port Authority of providing the CTA omnibus service and the cost to the Port Authority of providing the CTA supplementary service. Each such cost shall be determined in accordance with the Port Authority's normal accounting practice and shall consist of those of the following items, which are applicable to each such service:

(a) All payments made by the Port Authority to the independent contractor for providing the CTA supplementary service or the CTA omnibus

service, as the case may be (it being understood that the Port Authority shall not impose any percentage charge or fee on the contractor for such service);

(b) On-the-job payroll costs of Port Authority employees working in any aspect of the CTA supplementary service or the CTA omnibus service, as the case may be, including but not limited to contributions to any retirement system or the cost of participation in any pension plans or the like, social security, old age, survivors, disability and employment insurance and other insurance costs, sick leave pay, holiday, vacation, authorized absence and severance pay, other employee fringe benefits and any other payments made or costs incurred whether pursuant to law or by Port Authority policy to or with respect to said employees;

(c) The cost (including rental charges) to the Port Authority of providing space, equipment, materials, facilities or services to or in connection with the CTA omnibus service or the CTA supplementary service, as the case may be;

(d) Payments of premiums (or to the extent of self-insurance an amount equivalent to what the premiums would have been) for insurance with respect to the CTA omnibus service or the CTA supplementary service, as the case may be, including without limitation thereto, fire and extended coverage, workman's compensation and comprehensive general liability;

(e) Other direct costs as charged under the Port Authority's normal accounting practice;

(f) With respect to the CTA omnibus service, ten percent (10%) of the amounts paid to the contractor providing said service under item (a) hereof and with respect to the CTA supplementary service, twenty percent (20%) of the amount paid to the contractor providing said service under item (a) hereof.

In the event that any specific cost incurred or any specific amount expended for any of the items hereinabove set forth covers both the CTA omnibus service and the CTA supplementary service, then the Port Authority shall divide and allocate any such cost or amount as between the CTA omnibus service and the CTA supplementary service in accordance with its normal accounting principles.

(2) Upon sixty (60) days' prior written notice to the Airline the Port Authority shall have the right to terminate the provisions of this Part II covering the CTA ground transportation service and from and after said date the Airline shall have the right directly or by arrangement with an independent third party to operate surface vehicles for the transportation of its passengers to and from passenger terminal facilities or other locations within the Central Terminal Area, provided, however, that the same shall be used exclusively for the transportation of the Airline's disabled passengers, passengers who must make a direct connection and where time is critical, in the very limited instances where the Airline must accommodate particular passengers, and for the transportation of passengers travelling as a group where the Airline must accommodate the group as a whole, it being understood that the foregoing limitation on the right of the Airline shall be in effect only during such periods as there is in operation at the Airport a CTA omnibus service as defined in paragraph (b) hereof (the Port Authority having no obligation so to do), excluding the transportation of passengers travelling as a group, and provided, however, that if the Airline utilizes a third party to provide said service, that said third party shall be subject to the prior and continuing approval of the Port Authority, shall agree to become a permittee of the Port Authority and shall pay the percentage of its gross receipts to the Port Authority with respect to its service as specified in said permit and shall comply with all the terms and conditions of its permit.

(d) The term "Commencement Date" as used in Part II of this Schedule shall mean the date stated in the notice to be given to the Airline as the Commencement Date and the Port Authority shall have complete discretion with respect to the fixing of such date. The Port Authority shall give at least thirty (30) days' prior written notice of the establishment of the Commencement Date.

(e) The agreement by the Airline under paragraph (b) hereof as well as the agreement by the Airline under paragraph (c)(2) hereof, in the event the provisions covering the CTA transportation service are terminated and are no longer in effect, are of the essence of this Schedule and the Consent Agreement and the Airline agrees that the Port Authority shall be entitled to a decree against the Airline requiring the specific performance thereof in any court of equity having jurisdiction. The aforesaid remedy shall not constitute the exclusive or sole remedy which may be available to the Port Authority hereunder in the event the Airline breaches its agreement.

PART III

(a) Except where expressly required or permitted in this Schedule A to be oral, all notices, requests, consents and approvals required to be given to or by either party shall be in writing, and all such notices and requests shall be personally delivered to the duly designated officer or representative of such party or delivered to the office of such officer or representative during regular business hours, or forwarded to him or to the party at such address by registered mail. The Airline shall from time to time designate in writing an office within the Port of New York District and an office or representative whose regular place of business is at such office upon whom notices and requests may be served. Until further notice, the Port Authority hereby designates its Executive Director as its officer upon whom notices and requests may be served and until such time as a substitute designation shall be received from the Airline the Airline designates the Lessee, and the Lessee accepts such designation as its representative upon whom notices and requests may be served, and the Port Authority designates its office at One World Trade Center, New York, New York 10048 as its office where notices and requests may be served and the Airline designates the Lessee's office under the Lease as an office where notices and requests may be served. Notices served by registered mail shall be deemed effective and served as of the date of the registered mailing thereof.

(b) All payments required of the Airline by this Schedule A shall be made at the office of the Treasurer of the Port Authority, One World Trade Center, New York, New York 10048, or to such other officer or address as may be substituted therefor.

(c) The term "Aircraft Operators" as used in this Schedule A shall include all Aircraft Operators who may be occupying space within the Central Terminal Area pursuant to a lease with the Port Auchority, or a sublease, subuse or handling agreement with any Unit Terminal Lessee or with any East or West Wing Building Lessee.

For the Port Authority

Initialled:

For the Airline

For the Lessee

FORM E - Acknowledgment (N.Y. Corp.) 6/24/72

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the day of , 1994, before me came , to me known, who, being by me duly sworn, did depose and say that he resides at that he is the of The Port Authority of New York and New Jersey, one of the corporations described in, and which executed the foregoing instrument; that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Commissioners of the said corporation; and that he signed his name thereto by like order.

_____
(notarial seal and stamp)

STATE OF)
) ss.
COUNTY OF)

On the day of , 1994, before me personally came to me known, who being by me duly sworn, did depose and say, that he resides at

that he is the **Chief Executive Officer** of **TERMINAL ONE MANAGEMENT, INC. the General Partner of Terminal One Group Association, L.P., the limited partnership** described in and which executed the foregoing instrument; that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of the said corporation; and that he signed his name thereto by like order.

_____
(notarial seal and stamp)

STATE OF)
) ss.
COUNTY OF)

On the day of , 1994, before me personally came to me known, who being by me duly sworn, did depose and say, that he resides at that he is the President of one of the corporations described in and which executed the foregoing instrument; that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of the said corporation; and that he signed his name thereto by like order.

_____
(notarial seal and stamp)

Exhibit M
to
Lease AYC-190.

ENVIRONMENTAL UNIT
DESIGN DIVISION

JFK INTERNATIONAL AIRPORT

ENVIRONMENTAL INVESTIGATION

TERMINAL ONE

SUMMARY REPORT
OCTOBER 1992

ENGINEERING DEPARTMENT

PORT AUTHORITY OF NY AND NJ

Initial
LKM
For The Port Authority

For the Port

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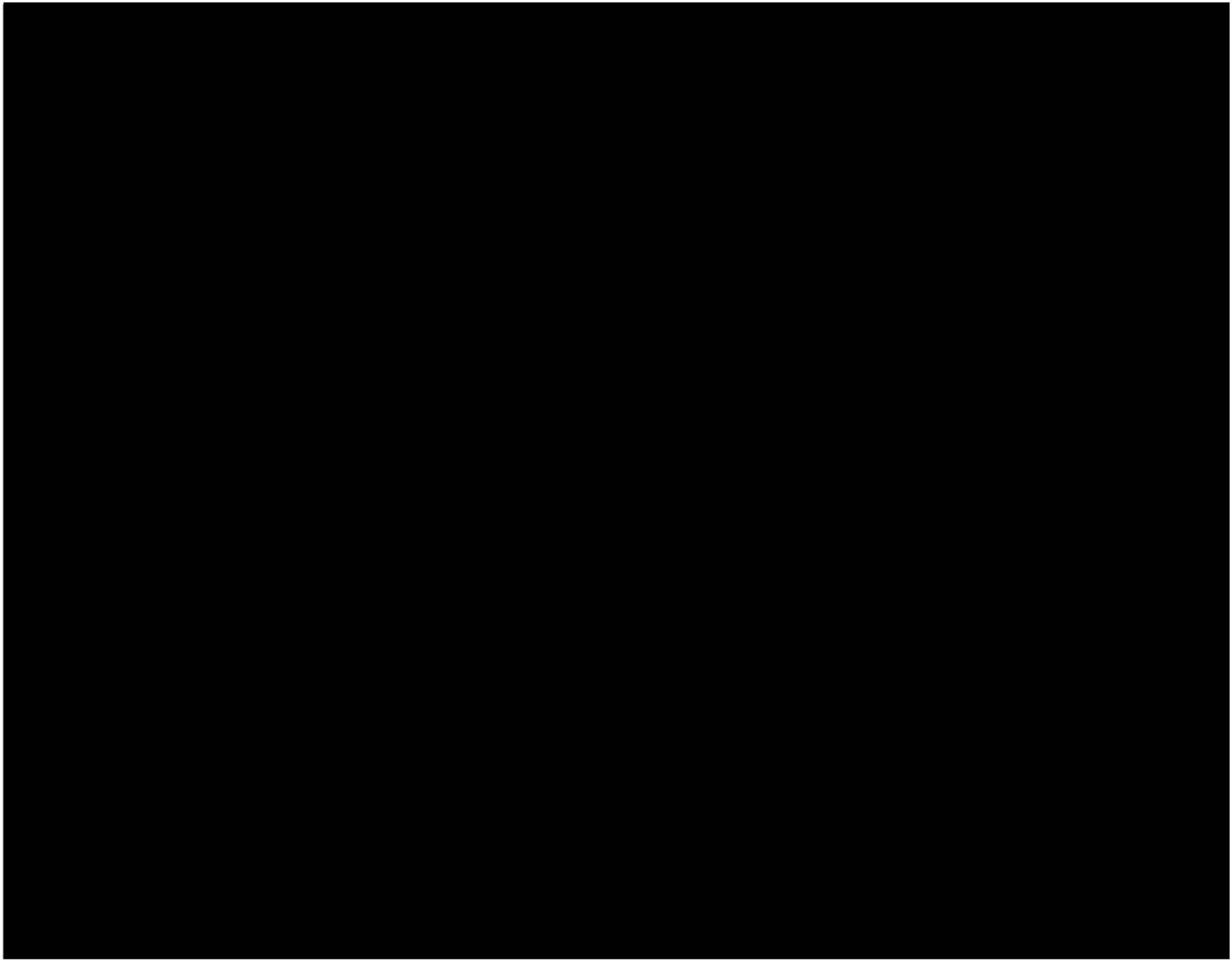
I. EXECUTIVE SUMMARY

This report presents the results of all subsurface investigations at Terminal One, John F. Kennedy International Airport. A Preliminary Subsurface Investigation, a Soil Gas Survey and a follow-up Supplemental Subsurface Investigation were performed November 1991, April 1992 and June 1992, respectively. These investigations will be complemented by an Underground Storage Tank (UST) Closure Program to remove and investigate thirteen(13) tanks associated with the terminal.

The purpose of these investigations was to provide an environmental baseline for prospective tenants, Terminal One Group Association(TOGA), a consortium of five airlines (Air France, Iberian Airlines, Japan Airlines, Korean Airlines, and Lufthansa) and to investigate areas determined to have some probability of subsurface contamination such as the hydrant fueling pits, USTs and areas in the vicinity of a formerly leaking fuel line.

The UST Closure Program will include the removal of thirteen(13) USTs and any surrounding contaminated soil. Key elements of the program may include sampling and analysis of excavated soil, sampling and analyses of soil boring cores, groundwater monitoring well installation, and groundwater sampling and analysis.



II. INTRODUCTION

Terminal One, Building 54, is the former Eastern Airline Terminal located in the Central Terminal Area on the southern edge of John F. Kennedy International Airport as depicted in Figure 1. The building was constructed in 1959, expanded to its present features in 1972 and occupies 330,000 sq.ft. of the 35.2 acre site. Eastern Airlines occupied the Building until February of 1990 and operated it as a passenger terminal. The current occupants include America West, American Trans Air, Avensa, Ladeco, MGM Grand Air, and North American Airlines.

The site has been proposed for redevelopment into a new passenger terminal by the Terminal One Group Association(TOGA). The Port Authority has conducted a Preliminary Investigation, a Soil Gas Survey, and a Supplemental Subsurface Investigation of the property to determine existing environmental conditions. The purpose of this report is to summarize the results of all of the environmental investigations conducted at this site.

An preliminary investigation was conducted during November of 1990. Areas surrounding the USTs, fuel lines and hydrant pits on the apron of the terminal were investigated. This investigation included the drilling of ten(10) borings. The findings from the November 1990 investigation are summarized in Appendix A.

In April of 1992 the preliminary investigation supplemented with a Soil Gas Survey. The Port Authority retained Roy F. Weston, Inc. to conduct the survey. The soil gas survey grid locations and the results are presented in Appendix B.

The Supplemental Subsurface Investigation included an additional thirteen(13) borings with ten(10) borings completed as groundwater monitoring wells. Figure 2 shows the locations of the borings and monitoring wells from both the preliminary and the supplemental investigations. The results of the Supplemental Subsurface Investigation are presented in Appendix C.

An UST Program will be conducted to supplement the environmental investigations. The UST program consists of the removal of thirteen(13) USTs, sampling and analysis of excavated soil and possibly soil borings, monitoring well installation and groundwater sampling and analysis. Records indicate the USTs consist of three(3) 4,000 gal, eight(8) 500 gal and two(2) 250 gal tanks.

III. SITE DESCRIPTION

The Terminal One site covers approximately 35.2 acres. The majority of the site is covered by pavement which is approximately 12" in depth. This overlays the hydraulic sand fill which is approximately 10 feet thick and consists of medium to fine grayish-brown sand with a trace of silt.

The site is surrounded by other passenger terminals and is bounded by the Van Wyck Expressway to the north and Jamaica Bay to the south. The closest residential area is the Laurelton section of Queens.

The average monthly rainfall at the airport is approximately 2 to 4 inches/month.

IV. GEOLOGICAL BACKGROUND

Geological information indicates that the grade elevation at Terminal One is approximately +10 to +14 feet above sea level. The top strata at the site is sand fill, 7 to 10 feet thick. This brown and gray sand from Jamaica Bay was hydraulically placed prior to the development of the airport in the 1940's. Underlying the fill in most areas is a layer of relatively impermeable organic soils. This layer varies from 2 to 7 feet in thickness and is made up of intermittent layers of organic peat and gray organic silt and clays. This is the original marsh soil which covered the site prior to airport development. The organic layer is absent at isolated locations throughout the site. Beneath the organic material is a stratum of glacial outwash. In areas where the organic layer exists, a perched water table is present 6 feet below the ground surface. The water table is less saline than the lower aquifer located in the sand underlying the organic layer.

190-SUPP1-1195

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

[redacted]

Port Authority Lease No. AYC-190
Supplement No. 1
Port Authority Facility - John F. Kennedy International Airport

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made as of November 15, 1995, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter referred to as "the Port Authority") and TERMINAL ONE GROUP ASSOCIATION, L.P. (hereinafter referred to as "the Lessee"),

WITNESSETH, That:

WHEREAS, by an Agreement of Lease made as of July 13, 1994 (hereinafter called the "Lease"), the Port Authority let to the Lessee and the Lessee hired and took from the Port Authority certain premises (the "premises") at John F. Kennedy International Airport (the "Airport"), all as more particularly described in the Lease; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects;

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of November 15, 1995, as follows:

1. (a) Effective on November 15, 1995, in addition to the premises heretofore let to the Lessee under the Lease, the letting as to which shall continue in full force and effect, the Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority the land areas shown in stipple on the sketch attached hereto, hereby made a part hereof

and marked "Exhibit A-1", together with the fixtures, improvements and other property, if any, of the Port Authority located or to be located therein, thereon or thereunder, the said areas, fixtures, to be and become part of the Site as defined in Section 1 of the Lease and part of the premises under the Lease, as hereby amended, let to the Lessee, subject to and in accordance with all the terms, provisions, covenants and conditions of the Lease, as hereby amended, for and during all the residue and remainder of the term of the letting under the Lease. The parties acknowledge that the aforesaid areas added to the premises pursuant to this Paragraph constitute nonresidential real property.

(b) Paragraph (b) of Section 1 of the Lease shall be deemed amended by adding at the end thereof the following:

> "The foregoing provisions and the said height elevation limitations described in Exhibits A and B shall likewise apply to the areas added to the premises pursuant to Paragraph 1 of Supplement No. 1 of the Lease."

(c) If The Port Authority shall not give possession of the areas described in subparagraph (a) above on the effective date set forth above by reason of the failure or refusal of any occupant to deliver possession thereof to the Port Authority or by reason of any cause or condition beyond the control of the Port Authority, the Port Authority shall not be subject to any liability for the failure to give possession on the said date. No such failure to give possession on the date hereinabove specified shall in any wise affect the validity of this Agreement or the obligations of the Lessee hereunder, nor shall the same be construed in any wise to extend the term of the letting under the Lease beyond the date specified in the Lease for the expiration of the term of the letting under the Lease. Tender shall be made by notice given at least five (5) days prior to the effective date of the tender. In the event that notice of tender of the said areas described in subparagraph (a) above is not given for possession to commence on or before three hundred sixty-five (365) days after the effective date for the commencement of the letting thereof, then this Agreement with respect to the letting of the areas described in subparagraph (a) above shall be deemed cancelled, except that each party shall and does release and discharge the other party from any and all claims and demands based on this Agreement, or a breach or alleged breach thereof;

provided, however, that the Lessee shall not be released or discharged from its obligation, and shall in any event continue to be fully obligated, to pay to the Port Authority the amounts comprising the "Cost of the Ramp and Roadway Relocation Work" (as defined in and in accordance with Paragraph 3 below) notwithstanding that the aforesaid areas were not added to the premises.

(d) The Lessee acknowledges that it has not relied upon any representation or statement of the Port Authority or its Commissioners, officers, employees and agents as to the suitability of the areas added to the premises pursuant to this Paragraph for the operations permitted thereon by the Lease and agrees to take the said areas and to use the same in their "as is" condition at the time of the commencement of the letting hereunder; it being understood, without limiting any other term or provision hereof, that Section 87 of the Lease shall apply to the new areas as if the same were originally part of the premises under the Lease. Without limiting any of the obligations of the Lessee under the Lease, the Lessee agrees that no portion of the premises under the Lease will be used initially or at any time during the letting thereof which is in a condition unsafe or improper for the conduct of the Lessee's operations under the Lease, as hereby amended, so that there is a possibility of injury or damage to life or property.

(e) Without limiting Section 2 (k) of the Lease or any other term, provision or Section thereof or hereof, the Lessee expressly acknowledges that rights of the Port Authority under Section 24 of the Lease shall at all times apply with full force and effect to any and all utility lines and ductbanks lying in, on or under the above-described areas added to the premises.

(f) (1) The above-described areas added to the premises pursuant to this Paragraph shall be subject to a subsurface easement in favor of the Port Authority and its employees, contractors, agents and representatives for the purposes of the installation and construction of foundation piles and pile caps utilized or to be utilized for the foundation or support of canopy structures located or to be located outside of the premises, which structures are to be used for or in connection with Port Authority Airport operations and purposes; and for the purposes of the inspection of said piles and pile caps, and also for the purposes of the maintenance, use, repair, replacement and alteration of said piles and pile caps. Neither

the foregoing nor any act or actions taken by the Port Authority pursuant thereto shall or shall be deemed to limit or impair Section 24 of the Lease or any other term or provision of the Lease, nor shall the same be or be construed to be an eviction of the Lessee or be made the grounds of any abatement of rental or any claim or demand for damages, consequential or otherwise.

(2) Subject to the terms and conditions set forth in the Lease, including without limitation Section 2 thereof, the strip of land abutting the areas shown in stipple on Exhibit A-1 and extending approximately five (5) feet beyond the northerly boundary of the premises, as such northerly boundary is shown on said Exhibit A-1, shall be subject to a non-exclusive subsurface easement in favor of the Lessee during the term of the Lease solely for the purposes of the installation, construction, inspection, maintenance, use, repair and replacement of pile caps for the foundation piles to be installed and constructed by the Lessee as part of the construction work under Section 2 of the Lease; and without limiting any term or provision of the Lease, the foregoing to be further subject to the requirement for Port Authority approval of the precise location(s) of all such pile caps, in accordance with and pursuant to the terms and provisions of said Section 2 of the Lease.

2. (a) Subparagraphs (1) and (2) of paragraph (a) of Subdivision I of Section 4 of the Lease shall be deemed amended to read as follows:

> "(1) (i) For the portion of the term of the letting hereunder commencing on the date of the commencement of the term of the letting hereunder, as such date is set forth in paragraph (a) of Section 3 hereof (said date being hereinafter referred to as the 'Basic Rental Commencement Date'), to and including November 14, 1995, the Lessee hereby agrees to and shall pay to the Port Authority basic rental at the annual rate of One Million Nine Hundred Forty-four Thousand One Hundred Ninety-two Dollars and No Cents ($1,944,192.00), and (ii) for the portion of the term of the letting hereunder commencing on November 15, 1995 to and including the day preceding the Date of Beneficial Occupancy (as hereinafter defined in subparagraph (3) below), the Lessee hereby agrees to and shall pay to the Port Authority basic rental at the annual rate of One Million Nine Hundred Eighty-six Thousand Seven Hundred Twenty Dollars and No Cents ($1,986,720.00); provided, however, and it is

expressly recognized and agreed by the parties hereto, that the payment by the Lessee of said rental for the aforesaid portions of the term shall be deferred and that the payment of such deferred rent, plus an agreed upon application of a factor thereto, shall be made by the Lessee as Deferred Basic Rental (as defined in paragraph (e) below) in accordance with, pursuant to and in the amounts set forth in paragraph (e) below.

(2) Effective as of the Date of Beneficial Occupancy (as hereinafter defined in subparagraph (3) below) the Lessee hereby agrees to and shall pay to the Port Authority basic rental at the annual rate of Two Million One Hundred Sixty-seven Thousand Three Hundred Twenty Dollars and No Cents ($2,167,320.00) subject to increase as provided in paragraph (b) hereof."

(b) Item (i) of subparagraph (2) of paragraph (e) of Subdivision I of Section 4 of the Lease shall be deemed amended to read as follows:

"(i) For the portion of the term of the letting hereunder commencing on the Deferred Basic Rental Commencement Date through November 30, 2015, the Lessee shall pay the Deferred Basic Rental at an annual rate of Seven Hundred Forty-one Thousand Five Hundred Dollars and No Cents ($741,500.00);"

(c) Item (ii) of subparagraph (2) of Paragraph (e) of Subdivision I of Section 4 of the Lease shall be deemed amended to read as follows:

"(ii) On December 1, 2015, the Lessee shall pay as and for the final installment of Deferred Basic Rental a payment in the sum of Three Million Nine Hundred Thousand Dollars and No Cents ($3,900,000.00)."

3. (a) As used in this Paragraph the following terms shall have the following meanings:

(i) "New Areas" shall mean the areas added to the premises under and pursuant to the above Paragraph 1 of this Supplemental Agreement.

(ii) "Ramp and Roadway Relocation Work" shall mean such work as is required, appropriate or necessary, as determined by the Port Authority, to relocate roadway(s), sign bridge foundations, communication and electrical ductbanks and other utilities from the New Areas to areas outside of the premises so as to accommodate and allow the construction by the Lessee of the Off-Premises Vehicular Ramps Work, as defined in Section 2 of the Lease, or the On-Premises Roadway Work as defined in Section 2 of the Lease, or both, and necessitated by the addition of the New Areas to the premises, including therein without limitation any and all design and design changes, utility verification services, road alignment and relocation studies and investigations for, in connection with or related to the said relocation of said roadways and utilities.

(b) (1) The Lessee hereby acknowledges and agrees that the Ramp and Roadway Relocation Work will occur or be performed based on the Lessee's request for the addition of the New Areas to the premises hereunder, as such addition is provided for under Paragraph 1 hereof, and so as to accommodate and allow the Lessee's construction of the Off-Premises Vehicular Ramps Work as defined in Section 2 of the Lease or the On-Premises Roadway Work as defined in Section 2 of the Lease, or both. It is recognized that the Port Authority will incur or expend, or has incurred or expended, amounts for or in connection with the Ramp and Roadway Relocation Work, and it is hereby agreed that the Lessee shall pay to the Port Authority the Cost of the Ramp and Roadway Relocation Work, as hereinafter defined, in the manner described below. Notwithstanding any other provision of the Lease, the obligation of the Lessee to pay to the Port Authority the Cost of the Ramp and Roadway Relocation Work shall survive the expiration or termination of the Lease.

(2) "Cost of the Ramp and Roadway Relocation Work" or the "Cost" shall mean the sum of the actual cost, without additional markup, of the following items expended or incurred by the Port Authority for, in connection with or incidental to the Ramp and Roadway Relocation Work, as determined in accordance with the Port Authority's normal accounting practice:

(A) All payments made by the Port Authority to contractors, suppliers and materialmen including any payments made to any of the foregoing in satisfaction of any

claims or judgments arising out of or in connection with any part of the Ramp and Roadway Relocation Work performed by them;

(B) All payments made by the Port Authority to consultants, architects and engineers, including any payments made to any of the foregoing in satisfaction of any claims or judgments arising out of or in connection with any part of the Ramp and Roadway Relocation Work performed by them;

(C) On-the-job payroll costs of employees (including engineers) and supervisory personnel (including Airport Supervisors) foremen and clerks performing services for, in connection with or related to the Ramp and Roadway Relocation Work, including but not limited to contributions to any retirement system or the cost of or participation in any pension plans or the like, social security, old age, survivors, disability and unemployment insurance and other insurance costs, sick leave pay, holiday, vacation, authorized absence and severance pay, other employee fringe benefits and any other payments made or costs incurred whether pursuant to law or by Port Authority policy to or with respect to said employees and personnel;

(D) The cost (including rental charges) of all materials, supplies, equipment and utilities (including but not limited to electricity, water and phone), and any other direct costs as charged under the Port Authority's normal accounting practice;

(E) The amounts of any claims or judgments paid by the Port Authority to third persons arising out of or in connection with the Ramp and Roadway Relocation Work, or any portion thereof, including but not limited to those for personal injury, death or damage to property;

(F) The cost of any performance bond or bonds;

(G) The cost of any insurance;

(H) Payments by the Port Authority to any other third persons (excluding Port Authority employees) for work performed of services rendered.

(3) It is hereby agreed that the Cost of the Ramp and Roadway Relocation Work (excluding the amounts of item (2)(E) above, if any) equals the sum of Five Hundred Fifty-six Thousand Seventy-six Dollars and No Cents ($556,076.00); it being understood and agreed that the amounts of said item (2)(E) above are to be added to said sum and included in said Cost, in accordance with the provisions hereof, when the same are determined by the Port Authority.

(c) The Cost of the Ramp and Roadway Relocation Work shall be deemed a part of the "Port Authority's Share of the Costs of the Off-Premises Vehicular Ramps Work" as defined in and under Section 89 of the Lease, as herein amended, and subject to the overall dollar limitation set forth therein; and said Cost shall also be deemed a "Section 89 Construction Payment" made to or on behalf of the Lessee under Section 89 of the Lease, as herein amended, as of the presentation by the Port Authority to the Lessee of a certificate, whereby the Port Authority certifies and states such Cost; it being expressly understood and agreed that until the final determination by the Port Authority of the Cost of the Ramp and Roadway Relocation Work, the Port Authority shall have the right to present to the Lessee a first certificate of such Cost in the dollar amount stated in subparagraph (b)(3) above and one or more subsequent certificates adjusting such Cost in the event of a Port Authority audit and/or in the event of any amounts of item (2)(E) of subparagraph (b) above, pending the final determination of such Cost, and a final certificate of such Cost upon the final determination of such Cost. Accordingly, and without limiting the foregoing:

(1) Subparagraph (2) of paragraph (a) of Subdivision I of Section 89 of the Lease is hereby amended to read as follows:

> "(2) The term 'The Port Authority's Share of the Costs of the Off-Premises Vehicular Ramps Work' shall mean the sum of the above items (i) and (ii) with respect to the Off-Premises Vehicular Ramps Work and shall include the Cost of the Ramp and Roadway Relocation Work (as defined in Supplement No. 1 to the Lease, but as to the sum of all of the foregoing the Port Authority's Share of the Costs of the Off-Premises Vehicular Ramps Work shall be limited in amount to, and shall not exceed, a total of Four Million Dollars and No Cents ($4,000,000.00)."

(2) The third line of paragraph (d) of Subdivision I of Section 89 of the Lease shall be deemed amended to read as follows:

> "payments under this Section 89 (each of which is sometimes referred to herein as a 'Section 89 Construction Payment', the Lessee shall notify the Port".

(3) Paragraph (e) of said Section 89 shall be deemed amended (i) by adding after the word "Work" on the fifth line thereof the words and symbols "(including the Cost of the Ramp and Roadway Relocation Work)", and (ii) by adding at the end thereof before the period the following:

> ";it being understood and agreed, that for purposes of the aforesaid dollar limitation on the obligation of the Port Authority hereunder the Costs of the Off-Premises Vehicular Ramps Work shall be deemed to include the Cost of the Ramp and Roadway Relocation Work".

4. The following errata are hereby corrected as indicated:

(a) The designation "III" appearing in item (bb) of paragraph (b) (1) of Subdivision III of Section 4 of the Lease is changed to "IV".

(b) The designation "(4)" appearing in the ninth (9th) line and in the fourteenth (14th) line of item (i) subparagraph (b) (5) of Subdivision III of Section 4 of the Lease is in both said places changed to "(6)".

(c) The designation "(II)" appearing in the tenth (10th) line and in the twelfth (12th) line of subparagraph (b) (1) of Subdivision IV of Section 4 of the Lease is in both said places changed to "(III)".

(d) The designation "(III) (a) (3)" appearing in the second (2nd) line and in the eighth (8th) line of item (iii) of subparagraph (b) (1) of Subdivision IV of Section 4 of the Lease is in both said places changed to "(III) (b) (3)".

(e) The designation "(III) (a) (3)" appearing in the second (2nd) line and in the fourth (4th) line of item (iv) of subparagraph (b) (1) of Subdivision IV of Section 4 of the Lease is in both said places changed to "(III) (b) (3)".

(f) The designation "(i)" appearing in the fourth (4th) line of subparagraph (b) (1) of Section 88 of the Lease is deemed deleted.

(g) The designation "(2)" shall be deemed inserted before the sentence beginning with the words "The Port Authority" appearing in the sixth line from the top of page 237 of the Lease.

5. Exhibit B attached hereto shall be deemed to supersede and replace Exhibit B attached to the Lease, and all references to Exhibit B shall be deemed references to Exhibit B attached hereto.

6. As hereby amended, all the terms, provisions, covenants and conditions of the Lease shall continue in full force and effect.

7. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation or execution of this Agreement.

8. Neither the Commissioners of the Port Authority nor any of them nor any officer, agent or employee thereof, shall be charged personally by the Lessee with any liability, or held liable to the Lessee under any term or provision of this Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach thereof.

9. This Agreement together with the Lease to which it is supplementary constitutes the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by an instrument in writing duly executed on behalf of both the Port Authority and

the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or in this Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first written above.

ATTEST:

Lysa C. Meduri
Acting Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By: Gerard P. FitzGerald

(Title): Acting Director, Aviation
(Seal)

ATTEST:

Secretary

TERMINAL ONE GROUP ASSOCIATION, L.P.
By: TERMINAL ONE MANAGEMENT, INC.
GENERAL PARTNER

By:

(Title): Chief Executive Officer
(Corporate Seal)

APPROVED:
FORM
TERMS
11/15/95

Form CSL: Ack. N.Y.; Corp.

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 15th day of November, 1995, before me, personally came Gerard P. FitzGerald to me known, who, being by me duly sworn, did depose and say that he resides at Queens, New York ; that he is the Acting Director, Aviation of THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, the corporation described in and which executed the foregoing instrument; that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Commissioners of the said corporation; and that he signed his name thereto by like order.

Onelia C. Castillo
(notarial seal and stamp)

ONELIA C. CASTILLO
Notary Public, State of New York
No. 01CA5019198
Qualified in Queens County
Commission Expires Oct 18, 97

STATE OF New York)
) ss.
COUNTY OF New York)

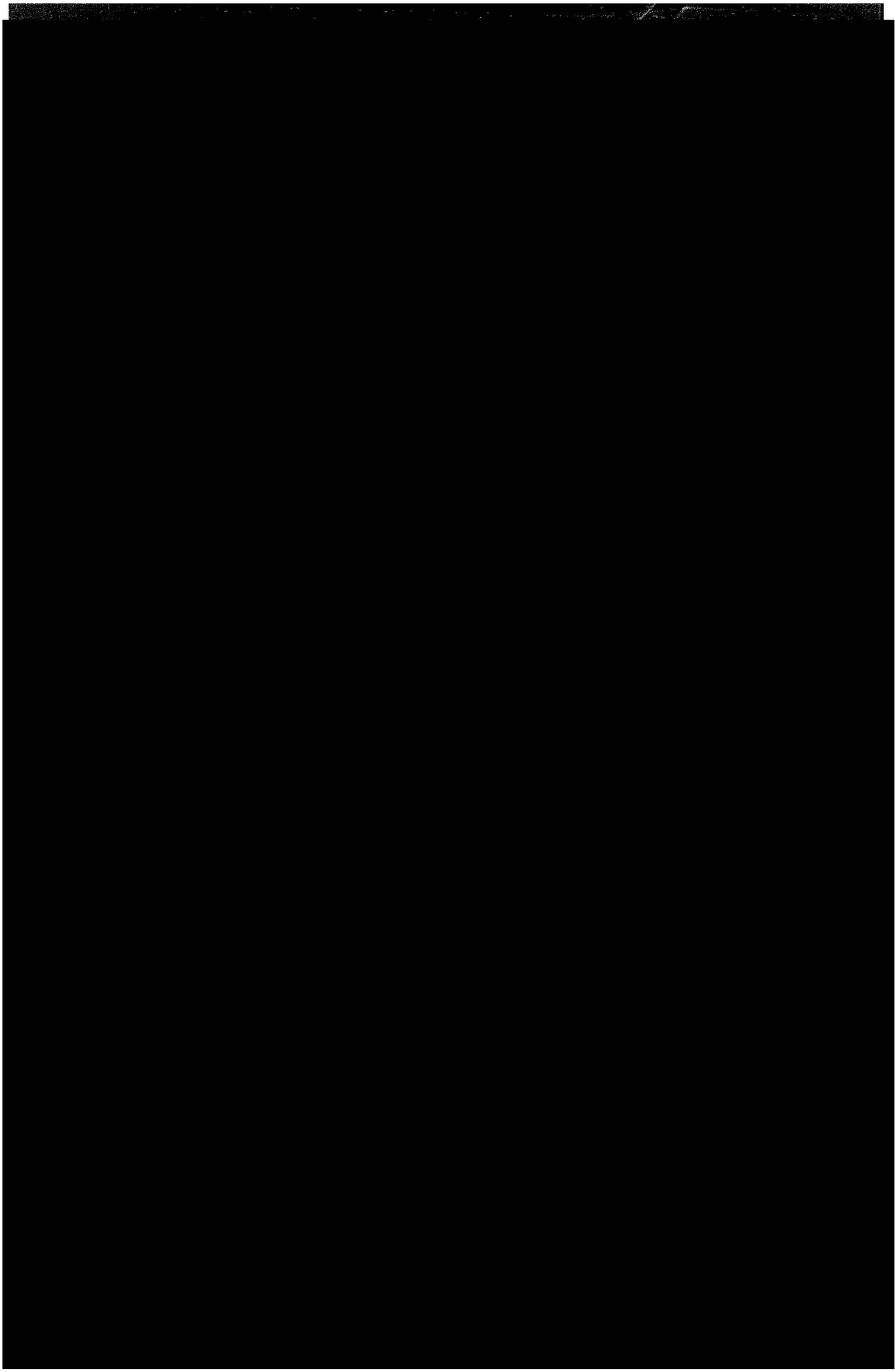
On the 15th day of November, 1995, before me, personally came Dieter Bergt to me known, who, being by me duly sworn, did depose and say that he resides at Garden City, N.Y. ; that he is the Chief Executive Officer of TERMINAL ONE MANAGEMENT, INC., the General Partner of Terminal One Group Association, L.P., the limited partnership, one of the corporations described in, and which executed the foregoing instrument; that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of the said corporation; and that he signed his name thereto by like order.

(notarial seal and stamp)

JOAN GABEL
Notary Public, State of New
No. 31-4932452
Qualified in New York Cou
Commission Expires May 2, 1996

[redacted]

[redacted]



[redacted]

190-SUPP2-1297.1

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

[redacted]

Port Authority Lease No. AYC-190
Supplement No. 2
Port Authority Facility - John F. Kennedy International Airport

SECOND SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made as of January 1, 1998, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter referred to as "the Port Authority") and TERMINAL ONE GROUP ASSOCIATION, L.P. (hereinafter referred to as "the Lessee"),

WITNESSETH, That:

WHEREAS, by an Agreement of Lease made as of July 13, 1994 (as the same has been supplemented and amended is hereinafter called the "Lease"), the Port Authority let to the Lessee and the Lessee hired and took from the Port Authority certain premises (the "premises") at John F. Kennedy International Airport (the "Airport"), all as more particularly described in the Lease; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects;

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of January 1, 1998 (except as otherwise herein provided), as follows:

1. (a) Effective on the Date of Beneficial Occupancy (as defined in paragraph (a) (3) of Subdivision I of Section 4 of the Lease, in addition to the premises heretofore let to the Lessee under the Lease, the letting as to which shall continue in full force and effect, the Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority the land area shown in stipple on the sketch attached hereto, hereby made a part hereof and

marked "Exhibit A-2", together with the fixtures, improvements and other property, if any, of the Port Authority located or to be located therein, thereon or thereunder, the said area, fixtures, improvements and other property, if any, to be and become part of the premises under the Lease, as hereby amended, let to the Lessee, subject to and in accordance with all the terms, provisions, covenants and conditions of the Lease, as hereby amended, for and during all the residue and remainder of the term of the letting under the Lease. The parties acknowledge that the aforesaid area added to the premises pursuant to this Paragraph 1 constitutes nonresidential real property.

(b) It is acknowledged and agreed that the area added to the premises under this Paragraph 1 is being added to the premises pursuant and subject to Section 80 (e) of the Lease and that said area constitutes the "Additional Roadway Frontage" referred to therein, and that the execution of this Supplemental Agreement by the parties hereto shall be deemed to satisfy the notice requirements for the addition of said area as set forth in said Section 80 (e) of the Lease. It is further recognized that the "Additional Roadway Frontage Rental" referred to in said Section 80 (e) of the Lease is incorporated into and added to the basic rental under the Lease pursuant to the amendment to Section 4 of the Lease set forth in Paragraph 2 of this Supplemental Agreement.

(c) The last sentence of paragraph (b) of Section 1 of the Lease, as set forth in Supplement No. 1 to the Lease, shall be deemed amended to read as follows:

> "The foregoing provisions and the said height elevation limitations described in Exhibits A and B shall likewise apply to the areas added to the premises pursuant to Paragraph 1 of Supplement No. 1 of the Lease and to the area added to the premises pursuant to Paragraph 1 of Supplement No. 2 of the Lease. "

(d) If the Port Authority shall not give possession of the area described in subparagraph (a) above on the Date of Beneficial Occupancy by reason of the failure or refusal of any occupant to deliver possession thereof to the Port Authority or by reason of any cause or condition beyond the control of the Port Authority, the Port Authority shall not be subject to any liability for the failure to give possession on the said date. No such failure to give possession on the date hereinabove specified shall in any wise affect the validity of this Agreement or the obligations of the Lessee hereunder, nor shall the same be construed in any wise to extend the term of the letting under the Lease beyond the date specified in the Lease for the expiration of the term of the letting under the Lease. Tender shall be made by notice given at least five (5) days prior to the effective date of the tender. In the event that notice of tender of the said area described in subparagraph (a) above is not given for possession to commence on or before three hundred sixty-five (365) days after the Date of Beneficial Occupancy, then this Agreement with respect to the letting of the area described in subparagraph (a) above shall be deemed cancelled, except that each party shall and does release and discharge the other party from any and all claims and demands based on this Agreement, or a breach or alleged breach thereof.

(e) The Lessee acknowledges that it has not relied upon any representation or statement of the Port Authority or its Commissioners, officers, employees and agents as to the suitability of the area added to the premises pursuant to this Paragraph 1 for the operations permitted thereon by the Lease and agrees to take the said area and to use the same in its "as is" condition at the time of the commencement of the letting hereunder; it being understood, without limiting any other term or provision hereof, that Section 87 of the Lease shall apply to the said new area as if the same were originally part of the premises under the Lease. Without limiting any of the obligations of the Lessee under the Lease, the Lessee agrees that no portion of the premises under the Lease will be used initially or at any time during the letting thereof which is in a condition unsafe or improper for the conduct of the Lessee's operations under the Lease, as hereby amended, so that there is a possibility of injury or damage to life or property.

(f) Without limiting Section 2 (k) of the Lease or any other term, provision or Section thereof or hereof, the Lessee expressly acknowledges that rights of the Port Authority under Section 24 of the Lease shall at all times apply with full force and effect to any and all utility lines and ductbanks lying in, on or under the above-described area added to the premises.

(g) Subject to the terms and conditions set forth in the Lease, including without limitation Sections 2 and 91 thereof, the Lessee, its contractors, subcontractors, suppliers of materials and furnishers of services shall at all reasonable times have access to the areas outside of the premises and abutting the portion of the northerly boundary of the premises shown in stipple on said Exhibit A-2 solely as necessary for the purposes of the performance by the Lessee of the Lessee's Canopy Work pursuant to Section 91 of the Lease and for the Lessee's inspection, maintenance, use, repair and replacement of the canopy structures constructed by the Lessee as part of the Lessee's Canopy Work pursuant to Section 91 of the Lease; and without limiting any term or provision of the Lease, the foregoing to be further subject to the requirement for Port Authority approval of the Lessee's design and construction of said Lessee's Canopy Work and the precise location(s) of all such canopy structures, in accordance with and pursuant to the terms and provisions of said Section 91 of the Lease.

2. Subparagraph (2) of paragraph (a) of Subdivision I of Section 4 of the Lease, as previously amended, shall be deemed further amended to read as follows:

" (2) Effective as of the Date of Beneficial Occupancy (as hereinafter defined in subparagraph (3) below) the Lessee hereby agrees to and shall pay to the Port Authority basic rental at the annual rate of Two Million One Hundred Eighty Three Thousand Forty Dollars and No Cents ($2,183,040.00) subject to annual increase as provided in paragraph (b) hereof."

3. (a) Section 91 of the Lease entitled "Entire Agreement" shall be deemed

renumbered to read as "Section 92" of the Lease, and the first sentence thereof shall be deemed amended to read as follows:

"This Agreement consists of the following: Sections 1 through 92, inclusive, and Exhibits A, A-1, A-2, A-3, B, C, M, N, S, X, and CSL and Schedule E."

(b) There shall be deemed added to the Lease as part thereof a new Section 91 immediately following Section 90 thereof to read as follows:

"Section 91. The Lessee's Canopy Work/ Port Authority Limited Payments

(a) (1) The Lessee hereby agrees at is sole cost and expense to design and construct the Lessee's Canopy Work. The design and construction of the Lessee's Canopy Work and the locations of the canopy structures shall be subject to the approval of the Port Authority. Without limiting any term or provision hereof, the Lessee's Canopy Work shall be consistent with the Port Authority's JFK Redevelopment Program. As used herein the term 'the Lessee's Canopy Work' shall mean the design and construction by the Lessee of the following:

(i) All necessary and appropriate work for the construction of two (2) terminal frontage passenger walkway canopies in the areas generally located as follows: one passenger walkway canopy to be located between the Lessee's covered Arrivals roadway frontage at Terminal 1 and the vehicular parking area located directly in front of Terminal 1 (the green parking lot); and the other passenger walkway canopy to be located generally at the northwesterly side of the concrete median island located in front of Terminal 1; all of said construction shall also include without limitation all appropriate or necessary columns, foundations, utilities, drainage, utility lines, utility tie-ins, and signage; the foregoing portion of the Lessee's Canopy Work being collectively sometimes referred to as the 'Eligible Canopy Work';

(ii) All necessary and appropriate work for the construction of one (1) terminal frontage passenger walkway canopy in the area generally located on the northeasterly side of the concrete median island located in front of Terminal 1; all of said construction shall also include without limitation all appropriate or necessary columns, foundations, utilities, drainage, utility lines, utility tie-ins, and signage; the foregoing portion of the Lessee's Canopy Work being collectively sometimes referred to as the 'Third Canopy Work'.

(2) (a) It is expressly understood and agreed that the following

listed provisions of Section 2 of the Lease are hereby incorporated herein by reference and shall apply with full force and effect to the Lessee's Canopy Work as if fully set forth herein and that references in said provisions to 'the construction work' shall for purposes hereof be deemed to be references to the Lessee's Canopy Work; and accordingly, the Lessee shall, without limiting any other term or provision of the Lease as hereby amended, perform the Lessee's Canopy Work in accordance with the following terms and provisions of said Section 2: Section 2--paragraphs (c) (2), (d) [as modified in part by subparagraph (b) below], (f), (g), (h), (j) [as modified in part by subparagraph (c) below], and (k).

(b) (1) For purposes of this Section 91, the second subparagraph of paragraph (d) (2) of Section 2 of the Lease, as incorporated into this Section 91 and applied to the Lessee's Canopy Work as above-provided, shall be deemed to read as follows:

> ' The Lessee shall complete the Eligible Canopy Work no later than September 30, 1998.
>
> The Lessee shall complete the Third Canopy Work no later than January 1, 2000. In the event that the Lessee shall fail to complete the Third Canopy Work by January 1, 2000, then the Lessee shall and hereby agrees at its sole cost and expense to perform all work, necessary, required or appropriate, to completely restore the concrete island and eliminating the curbcut in the area generally shown in stipple on the drawing attached to Supplement No. 2 of the Lease, made a part hereof and marked as Exhibit A-3. The Lessee shall perform said work to restore the concrete island and eliminating the curbcut in accordance with an appropriate Construction Application, which the Lessee shall submit to the Port Authority not later than January 1, 2000, and as the same may be approved by the Port Authority and in accordance with the terms and conditions of the Lease, including without limitation Section 48 thereof. The Lessee shall and hereby agrees to complete the said restoration work not later than March 31, 2000.'

(2) For purposes of paragraph (d) (11) of Section 2 of the Lease, as incorporated into this Section as above-provided and applied to the Lessee's Canopy Work, the Lessee shall provide to the Port Authority the evidence of the insurance required thereunder with respect to the Lessee's Canopy Work not later than thirty (30) days prior to its commencement of the Lessee's Canopy Work.

(c) For purposes of this Section 91, the second subparagraph of paragraph (j) (2) of Section 2 of the Lease, as incorporated into this Section 91 as above-provided, shall be deemed to read as follows:

'The term 'Eligible Canopy Work Completion Date' for the purpose of this Lease shall mean the date appearing on the certificate issued by the Port Authority pursuant to subparagraph (1) of this paragraph (j) after the substantial completion of the Eligible Canopy Work. The term 'Third Canopy Work Completion Date' for the purpose of this Lease shall mean the date appearing on the certificate issued by the Port Authority pursuant to subparagraph (1) of this paragraph (j) after the substantial completion of the Third Canopy Work.'

(d) Title to the Lessee Canopy Work shall pass to the City of New York as the same or any part thereof is erected, constructed or installed, and the portion thereof located on the premises under the Lease shall be and become part of the premises under the Lease.

(e) (1) As used herein the term 'the Cost of the Eligible Canopy Work' shall mean the sum of the following actually paid or incurred by the Lessee to the extent that the inclusion of the same is permitted by generally accepted accounting principles consistently applied:

(i) amounts actually paid and costs actually incurred by the Lessee to independent contractors for work actually performed and labor and materials actually furnished in connection with the Eligible Canopy Work;

(ii) amounts actually paid and costs actually incurred by the Lessee in connection with the Eligible Canopy Work for engineering, architectural, professional and consulting services and supervision of construction provided, however, that payments under this item (ii) shall not exceed Two Hundred Thousand Dollars and No Cents ($200,000.00).

Additionally, the Cost of the Eligible Canopy Work shall include only that Eligible Canopy Work performed by the Lessee in accordance with all the terms and provisions of this Lease and the Construction Application(s) (including the final plans and specifications forming a part thereof) as approved by the Port Authority; and the Cost of the Eligible Canopy Work shall in no event include any amounts paid or incurred for or in connection with any trade fixtures or other personal property of the Lessee. Further, the Cost of the Eligible Canopy Work shall not include any cost or item or work forming a part of the work described in Sections 2, 88 or 89 of the Lease or for which the Port Authority makes any payment under said Section 88 or Section 89.

The sum of the costs approved under item (ii) of this subparagraph shall not exceed Two Hundred Thousand Dollars and No Cents ($200,000.00); if in fact there is any such excess, such excess shall not be a part of the cost incurred by the Lessee in the performance of the Eligible Canopy Work for the purposes of this Section 91. No payment or payments on account of administrative or other overhead costs shall be included in the Cost of the Eligible Canopy Work in excess of the amount set forth in item (ii) above whether or not allocated to the Cost of the Eligible Canopy Work by the Lessee's own accounting practices.

(2) The term "Final Date" as used in this Section 91 shall mean the earlier to occur of (i) the last day of the sixth (6th) consecutive month following the Eligible Canopy Work Completion Date, or (ii) March 31, 1999 .

(3) It is specifically understood and agreed that notwithstanding anything to the contrary herein, all costs and expenses of the Eligible Canopy Work shall be borne fully and solely by the Lessee without reimbursement or payment by the Port Authority except to the extent provided for herein with respect to, and properly includable in, the Cost of the Eligible Canopy Work and also subject to the limitations set forth in subparagraphs (1) and (5) hereof. There shall be no Port Authority reimbursement to the Lessee for any of the costs of the Third Canopy Work.

(4) The Port Authority shall reimburse the Lessee for the Cost of the Eligible Canopy Work, as follows:

(i) The Lessee shall periodically during the performance of the Eligible Canopy Work (but not more often than once a month) deliver to the Port Authority certificates which shall be signed by a responsible fiscal officer of the Lessee, sworn to before a notary public and which shall set forth a representation by the Lessee that it will apply the reimbursement payment only to the Cost of the Eligible Canopy Work and for no other purpose whatsoever and shall contain and have attached thereto all of the certifications and other documentation and items required to be attached thereto as described in this Section 91 (each such certificate being hereinafter referred to as a "Certificate"). Each such Certificate shall contain the Lessee's certification as to each of the amounts, payments and expenses and costs contained therein and that the same constitute portions of the Cost of the Eligible Canopy Work in accordance with and as described and defined in subparagraph (1) above. Each such Certificate shall also have attached thereto reproduction copies or duplicate originals of the invoices of the independent contractors of the Lessee and for such invoices an acknowledgment by the said independent contractors of the receipt by them of such amounts and payments; contain the Lessee's certification that the work for which payment is requested has been accomplished and that the amounts requested have been paid; set forth the total

cumulative payments made by the Lessee as aforesaid from the commencement of the Eligible Canopy Work to the date of the Certificate; contain a certification by the Lessee that each portion of the Eligible Canopy Work covered by said Certificate has been performed strictly in accordance with the terms of this Agreement and the Construction Application(s); have attached thereto accurate, readable and complete copies of all change estimates, change orders, extra work authorizations, design change authorizations, purchase orders in connection with the Eligible Canopy Work; have attached thereto true copies of any and all reports and schedules of any type submitted or kept, or required to be submitted or kept, by the Lessee or any contractor, architect, engineer or other consultant of the Lessee; and have attached thereto true copies of the items described in and required under subsubparagraph (ii) below. Each such Certificate shall also contain the Lessee's certification that the work for which payment is requested has been accomplished, that the amounts requested have been paid to the Lessee's contractors, and, subject to the concurrence of the Port Authority, that said work is in place and has a value of not less than the amount requested to be reimbursed by the Port Authority.

(ii) In addition to and without limiting any term or provision of this Agreement, it is hereby expressly agreed that the Port Authority shall have, and the Lessee shall convey or cause to be conveyed to the Port Authority, full and unrestricted ownership (and free and clear of any and all security interests, liens, or other encumbrances) and all proprietary rights and interests in and to all documents produced for the design and construction of the Eligible Canopy Work and each and every portion thereof, including without limitation drawings and specifications, work product, and the like, (including such which are or are to become the property of any 'Owner' named as such in such a contract or other agreements,) upon any payment made hereunder or otherwise therefore, or upon such earlier time or times as may be provided under the applicable contract(s)or other agreement(s), by the Port Authority for any item of the Eligible Canopy Work, or applicable portion thereof, and each contract, purchase order, consultant agreement, architectural agreement, or any other type of agreement entered into by or on behalf of the Lessee for the Eligible Canopy Work or of any portion thereof shall reflect and or provide for the foregoing. It is further hereby expressly agreed that if the applicable contract or other agreement gives to the Lessee any such rights of ownership that the same shall be deemed given to the Port Authority automatically without the requirement for any execution of any further documentation. The Lessee shall and hereby agrees, without limiting the foregoing, to execute and all documents which may be required by the Port Authority to transfer or evidence such ownership and proprietary rights of the Port Authority.

(iii) Each Certificate shall also contain such further information and documentation with respect to the Cost of the Eligible Canopy Work as the Port Authority at any time and from time to time may require.

(iv) Within thirty (30) days after the delivery of a duly submitted Certificate by the Lessee, the Port Authority shall pay to the Lessee the amounts paid by the Lessee for the Cost of the Eligible Canopy Work during the period covered by such Certificate, as certified in such Certificate (but only to the extent that such amounts or any portion thereof have not theretofore been included in a prior Certificate) subject to the limitations stated in subparagraph (5) below; provided, however, in the event the Lease is not in full force and effect or if the Lessee shall be under a notice of termination of the Lease or in default under any term or provision thereof, the Port Authority shall have the right, in its discretion, to withhold payment to the Lessee, provided, further, no payment or withholding of a payment shall be or be deemed to have waived any rights of the Port Authority with respect to the termination of the Lease or to a default by the Lessee under any term or provision thereof or to the withholding or payment of future payments.

It is understood that at the election of the Port Authority no payment will be made if the Port Authority's inspection or audit does not substantiate the contents of any of said Certificates and until such matters have been resolved to the satisfaction of the Port Authority, but the Port Authority shall have no obligation to conduct any such inspection or audit at such time.

(v) The Lessee shall set forth in its final Certificate its final statement of the Cost of the Eligible Canopy Work and shall mark such final certificate as 'Final'. The Lessee shall not submit any Certificate for the Cost of the Eligible Canopy Work later than the Final Date as defined above. After submitting said final Certificate, the Lessee shall submit no further Certificate hereunder with respect to the Cost of the Eligible Canopy Work.

(vi) Notwithstanding anything to the contrary above, the final reimbursement by the Port Authority to the Lessee based on the Lessee's Final Certificate shall not become due unless and until the Lessee has, to the satisfaction of the Port Authority, fully complied with all of the terms of this Section 91 and all other applicable terms of this Agreement; submitted to the Port Authority all certifications, documentation and the like required under this Section 91; submitted such evidence of title to the Eligible Canopy Work to the Port Authority in accordance with the provisions of this Section 91, including without limitation any certifications, warranties, documentation, releases or waivers the Port Authority may require in connection therewith; and obtained the acceptance of the Port Authority of the Lessee's completion of the Eligible Canopy Work. No such final payment by the Port Authority shall constitute any waiver of claims or release by the Port Authority against the Lessee or any of its contractors, subcontractors, architects or others, nor any waiver of the Port Authority's rights of audit and inspection, nor any waiver of any other rights or remedies, legal or equitable, of the

Port Authority.

(vii) In addition to and without limiting the foregoing provisions and without limiting or impairing or waiving any other right or remedy of the Port Authority under this Lease or otherwise, the Port Authority shall have the right, in its discretion, to withhold from any of the aforesaid payments to the Lessee the amounts of any or all items contained in a Certificate in any one or more of the following events or upon any of the following bases (and the Port Authority shall notify the Lessee of the same and the basis therefor):

(aa) Any contractor or other person included or covered by the Certificate is in default or under a notice of termination with respect to its contract or agreement, or has not complied with all of the applicable terms or provision of its contract or agreement;

(bb) The Certificate or any of the certifications and documentation and other items required to be contained therein, attached thereto or submitted therewith is not in accord with the terms of this Lease or the applicable contract, or is not complete or is otherwise improper or inadequate, or the same fails to include or omits required items;

(cc) Inadequate or defective work or work not in accordance with this Lease or the approved Construction Application(s) or the approved plans and specifications, or materials and equipment are not properly stored or protected;

(dd) Claims related to the Eligible Canopy Work made by the Port Authority against a contractor included in such Certificate which are outstanding;

(ee) Failure of the Lessee to make payments to the contractor in connection with the Eligible Canopy Work;

(ff) Work not performed but for which a Certificate has been submitted; or

(gg) Materials or supplies delivered to the premises but not incorporated in the realty.

(5) The entire obligation of the Port Authority under this Agreement to reimburse the Lessee for the Cost of the Eligible Canopy Work shall be limited in amount to a total sum of One Million Four Hundred Thousand Dollars and No Cents ($1,400,000.00), provided, however, that such obligation shall be further limited in time to Eligible Canopy Work covered by Certificates of the Lessee in accordance with

subparagraph (4) above properly submitted by the Lessee in accordance with and under said subparagraph (4) on or prior to the Final Date as defined above.

(6) In addition to and without limiting any other right or remedy of the Port Authority, the Port Authority shall have the right by its agents, employees and representatives to audit and inspect during regular business hours after the submission of the final Certificate called for in subparagraph (4) hereof, the books and records and other data of the Lessee relating to the Cost of the Eligible Canopy Work, as aforesaid; it being specifically understood that the Port Authority shall not be bound by any prior audit or inspection conducted by it. The Lessee agrees to keep such books, records and other data within the Port of New York District, but the Lessee shall not be required to maintain any such books, records and other data for more for more than seven (7) years after it has delivered the final Certificate called for under subparagraph (4) above; unless they are material to litigation initiated within that time, in which event they shall be preserved until the final determination of the controversy.

(7) If the Lessee has included in any portion of the Cost of the Eligible Canopy Work any item as having been incurred, but which in the opinion of the Port Authority was not so incurred, or which in the opinion of the Port Authority if so incurred is not an item properly chargeable to such element of cost under sound accounting practice or to the Cost of the Eligible Canopy Work, or does not represent an appropriate division of the costs of a particular contract which are required to be designated according to time of performance or delivery, and the parties have been unable to resolve their differences within ninety (90) days after Port Authority gave its notice objecting to the same, the Port Authority's decision as to the nature of the item of construction cost shall be final.

(8) In the event that a Port Authority audit shall disclose that amounts paid by the Port Authority exceed the Cost of the Eligible Canopy Work based upon certificates or otherwise then, upon ten (10) days demand, the Lessee shall immediately pay to the Port Authority an amount equal to the excess amount paid by the Port Authority; the foregoing shall not be or be deemed to be any limitation, impairment or waiver of any other right or remedy of the Port Authority under the Lease or otherwise.

(9) Nothing herein shall or shall be deemed to be for the benefit of any contractor (s) of the Lessee."

4. Subparagraph (7) of paragraph (b) of Section 14 of the Lease shall be deemed amended by adding at the end thereof the following:

"Without limiting the foregoing, the Lessee understands and agrees that the Lessee shall be responsible for all maintenance (routine and non-routine), cleaning and snow removal of the Lessee Canopy Work including without limitation the canopies to be constructed by the Lessee as part thereof pursuant to Section 91 hereof, the concrete median island on which one of the said canopies is to be constructed and the taxi dispatch booth to be located on said concrete median island."

5. Section 55 of the Lease shall be deemed amended by adding at the end of paragraph (a) thereof the following new subparagraph reading as follows:

"The Port Authority shall also furnish to the Lessee without additional charge electricity for the 'illumination only' of the 'Terminal 1 Canopy Structures'. For purposes of the foregoing sentence, 'illumination only' shall mean the energizing of incandescent and fluorescent bulbs (to be supplied by the Lessee) through existing wires, conduits and outlets, if any, and through the lines to be constructed by the Lessee as part of the Eligible Canopy Work under Section 91 hereof; 'Terminal 1 Canopy Structures' shall mean the two (2) canopies constructed by the Lessee as part of the Eligible Canopy Work pursuant to Section 91 hereof . The Lessee shall be responsible for all electricity required for the operation and illumination of the third canopy to be constructed by the Lessee as part of the Third Canopy Work pursuant to Section 91 hereof."

6. As hereby amended, all the terms, provisions, covenants and conditions of the Lease shall continue in full force and effect.

7. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation or execution of this Supplemental Agreement.

8. Neither the Commissioners of the Port Authority nor any of them nor any officer, agent or employee thereof, shall be charged personally by the Lessee with any liability, or held liable to the Lessee under any term or provision of this Supplemental Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach thereof.

9. This Supplemental Agreement together with the Lease to which it is supplementary constitutes the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by an instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or in this Supplemental Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first written above.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By: _____

(Title): General Manager Business & Properties

(Seal)

ATTEST:

Secretary

TERMINAL ONE GROUP ASSOCIATION, L.P.
By: TERMINAL ONE MANAGEMENT, INC.
GENERAL PARTNER

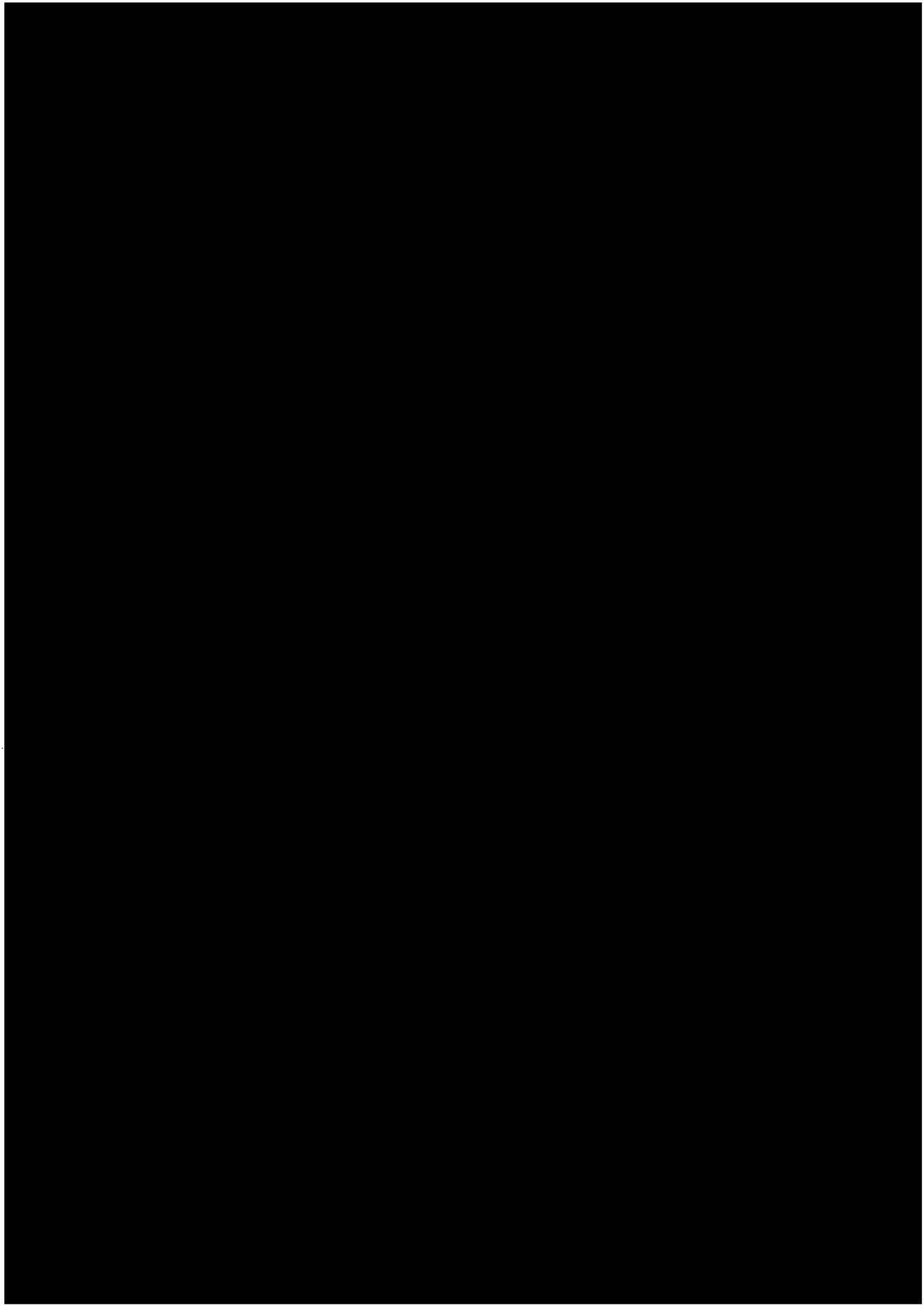
By: _____

DIETER BEAST

(Title): Chief Executive Officer

(Corporate Seal)

APPROVED:
FORM RV
TERMS AS 1/28/16



FORM E - Acknowledgment (N.Y. Corp.) 6/24/72

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 11th day of Feb, 1998, before me came Joan C McDuri, to me known, who, being by me duly sworn, did depose and say that he resides at Ft Lee, NJ that he is the Gen Bus. & Prop. of The Port Authority of New York and New Jersey, one of the corporations described in, and which executed the foregoing instrument; that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Commissioners of the said corporation; and that he signed his name thereto by like order.

Karen E Eastman
(notarial seal and stamp)

KAREN E. EASTMAN
Notary Public, State of New York
No. 4766314
Qualified in New York County
Commission Expires Feb. 28, 1999

STATE OF NEW YORK)
) ss.
COUNTY OF QUEENS)

On the 20 day of JANUARY, 1998, before me personally came DIETER BERGT to me known, who being by me duly sworn, did depose and say, that he resides at GARDEN CITY, NEW YORK that he is the Chief Executive Officer of TERMINAL ONE MANAGEMENT, INC., the General Partner of Terminal One Group Association, L. P., one of the corporations described in and which executed the foregoing instrument; that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of the said corporation; and that he signed his name thereto by like order.

Helene Schneider
(notarial seal and stamp)

HELENE SCHNEIDER
Notary Public, State of New York
No. 30-4620865
Qualified in Nassau County
Commission Expires May 31, 1998

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Port Authority Lease No. AYC-190
Supplement No. 3
Port Authority Facility-- John F. Kennedy International Airport

THIRD SUPPLEMENTAL AGREEMENT

THIS AGREEMENT ("Supplemental Agreement No. 3" or "Supplemental Agreement"), made as of December 6, 2005 ("***Effective Date***") by and between **THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY** (hereinafter referred to as "***the Port Authority***") and **TERMINAL ONE GROUP ASSOCIATION, L.P.**, a limited partnership formed under the laws of the State of New York (hereinafter called "***the Lessee***"), having an office and place of business at Terminal One, JFK International Airport, Jamaica, New York 11430 and having one general partner, Terminal One Management, Inc., a corporation organized and existing under the laws of the State of New York, and four limited partners, as follows: Société Air France (a wholly-owned subsidiary of Air France-KLM, and formerly named Air France-Compagnie Aérienne successor to Compagnie Nationale Air France by assignment from Air France-KLM as more fully described below), Japan Airlines International Co., Ltd. (formerly named Japan Airlines Company, Ltd., a wholly-owned subsidiary of Japan Airlines Corporation), Korean Air Lines Co., Ltd., and Deutsche Lufthansa Aktiengesellschaft, and the Lessee's representative is Mr. Arthur J. Molins, Chief Executive Officer of said Terminal One Management, Inc.

WITNESSETH, That:

WHEREAS, by an Agreement of Lease made as of July 13, 1994 (as the same has been supplemented and amended is hereinafter called the "Lease"), the Port Authority let to the Lessee and the Lessee hired and took from the Port Authority certain premises (the "***premises***") at John F. Kennedy International Airport (the "***Airport***"), all as more particularly described in the Lease; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects;

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of the Effective Date except as otherwise stated, as follows:

1. (a) The term of the Lease and the letting thereunder is, pursuant to Section 3A of the Lease, hereby extended to May 27, 2023 (the day preceding the twenty-fifth anniversary of the Date of Beneficial Occupancy as defined in Section 4 of the Lease), unless sooner terminated, at the rentals under the Lease and as herein amended and upon all the terms, covenants, provisions and conditions of the Lease, as hereby amended; said extension being expressly subject to the accuracy, completeness and truth of the Lessee's representations, warranties and certifications set forth below.

(b) Knowing that the Port Authority is relying on the truth and accuracy of the following Lessee's representations, warranties and certifications of the Lessee in granting the extension of the term under subparagraph (a) above, the Lessee hereby represents, warrants and certifies to the Port Authority, that all of the terms and conditions set forth in Section 3A subparagraphs (1) through 7 are fully satisfied so as to allow the said extension of the term of the letting of the Lease set forth in subparagraph (a) above.

2. Added Area to the Premises

(a) In addition to the premises heretofore let to the Lessee under the Lease, the letting as to which shall continue in full force and effect, the Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority the land area shown in stipple on the sketch attached hereto, hereby made a part hereof and marked "Exhibit A-4", together with the fixtures, improvements and other property, if any, of the Port Authority located or to be located therein, thereon or thereunder, the said area, fixtures, improvements and other property, if any, (the "***Added Area***") to be and become part of the premises under the Lease, as hereby amended, let to the Lessee, subject to the Access Roadway provisions described in Paragraph 3 below, and subject to and in accordance with all the terms, provisions, covenants and conditions of the Lease, as hereby amended, for and during all the residue and remainder of the term of the letting under the Lease.

(b) The parties acknowledge that the Added Area added to the premises pursuant to this Paragraph constitutes nonresidential real property.

(c) The last sentence of Paragraph (b) of Section 1 of the Lease, as set forth in Supplement No. 1 to the Lease, shall be deemed amended to read as follows:

"The foregoing provisions and the said height elevation limitations described in Exhibits A and B shall likewise apply to the areas added to the premises pursuant to Paragraph 1 of Supplement No. 1 of the Lease and to the

area added to the premises pursuant to Paragraph 1 of Supplement No. 2 of the Lease and to the area added to the premises pursuant to Paragraph 2 of Supplement No. 3 of the Lease "

(d) The Lessee shall use the Added Area in connection with the aircraft parking and fueling operations of the Lessee under the Lease subject to and in accordance with the terms and provisions of the Lease, including but not limited to the restrictions set forth in Paragraph 2 below and Section 5 of the Lease, and for any other purpose or activity for which the Port Authority, expressly in writing, authorizes. In addition to, and without limiting any of, the terms and provisions of the Lease, the Lessee shall, subject to the terms and conditions of the Lease, as hereby amended, including but not limited to Sections 10, 12, 47 and 48 of the Lease and approval by the Port Authority of one or more Tenant Alteration Applications to be submitted by the Lessee, construct perimeter fencing so as to fully secure the Added Area in accordance with all requirements of the Port Authority and of each and every Governmental Authority.

(e) If the Port Authority shall not give possession of the Added Area on the Effective Date set forth above by reason of the failure or refusal of any occupant to deliver possession thereof to the Port Authority or by reason of any cause or condition beyond the control of the Port Authority, the Port Authority shall not be subject to any liability for the failure to give possession on the said date. No such failure to give possession on the date hereinabove specified shall in any wise affect the validity of this Agreement or the obligations of the Lessee hereunder, nor shall the same be construed in any wise to extend the term of the letting under the Lease beyond the date specified in the Lease for the expiration of the term of the letting under the Lease. Tender shall be made by notice given at least five (5) days prior to the effective date of the tender. In the event that notice of tender of the said area described in subparagraph (a) above is not given for possession to commence on or before three hundred sixty-five (365) days after the Effective Date for the commencement of the letting thereof, then this Agreement with respect to the letting of the Added Area shall be deemed cancelled, except that each party shall and does release and discharge the other party from any and all claims and demands based on this Agreement, or a breach or alleged breach thereof.

(f) The Port Authority shall deliver the Added Area to the Lessee in its presently existing "as is" condition. The Lessee acknowledges that prior to the execution of this Agreement, it has thoroughly examined and inspected the Added Area and has found it suitable for the Lessee's operations therein under the Lease as herein amended. The Lessee agrees to and shall take the Added Area in its "as is" condition and the Port Authority shall have no obligation under the Lease as herein amended for finishing work or preparation of any portion of the Added Area for the Lessee's use. The Lessee acknowledges that it has not relied upon any representation or statement of the Port

Authority or its Commissioners, officers, employees or agents as to the suitability of the Added Area for the operations permitted thereon by the Lease as herein amended. Without limiting any obligation of the Lessee to commence operations under the Lease as herein amended at the time and in the manner stated elsewhere in this Agreement, the Lessee agrees that no portion of the Added Area will be used initially or at any time during the term of the letting thereof which is in a condition unsafe or improper for the conduct of the Lessee's operations therein under the Lease as herein amended so that there is possibility of injury or damage to life or property, and the Lessee further agrees that before any use it will immediately correct any such unsafe or improper condition.

The Lessee hereby further agrees to relieve the Port Authority from and to assume all responsibility for any and all risks, costs and expenses of any kind whatsoever caused by, arising out of or in connection with, the condition of the Added Area and all parts thereof whether any aspect of such condition existed prior to, on or after the applicable effective date of the letting of the Added Area hereunder, including without limitation all Environmental Requirements (as defined in Section 85 of the Lease as amended in this Supplemental Agreement) and Environmental Damages (as defined in Section 85 of the Lease as amended in this Supplemental Agreement), and to indemnify and hold harmless the Port Authority for all such risks, responsibilities, costs and expenses. If so directed, the Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such suit, claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance written permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority. It is hereby understood and agreed that whenever reference is made in this Lease to the condition of the Added Area as of the commencement of the term thereof, the same shall be deemed to mean the condition of the premises as of the commencement date of the letting thereof as set forth above, and as to the improvements made and the alteration work performed during the term of the Lease in the condition existing after the completion of the same. All the obligations of the Lessee under this paragraph with respect to responsibilities, risks, costs and expenses assumed by the Lessee shall survive the expiration or termination of the Lease.

3. Access Roadway Easement

The premises under the Lease including the Added Area shall be subject to a vehicular roadway easement in favor of the Port Authority and its employees, contractors, agents and representatives and other persons who may be authorized by the Port Authority to use said roadway ***("Access Roadway Users")***, for the purposes of vehicular access to, and passage on and through, and ingress to and egress from, the premises over the vehicular roadway area shown in cross-hatch on Exhibit A-4 (said easement and

easement area as shown in cross-hatch on Exhibit A-4, being herein referred to as the "*Access Roadway Easement*"). The Access Roadway Easement shall be available to the Access Roadway Users, without any charge or cost to the Access Roadway Users, for said vehicular roadway use on an unrestricted basis at all times (24 hours a day, 7 days a week) during the term of the letting under the Lease, and the Lessee shall, and hereby agrees, to keep and maintain, in accordance with the terms and provisions of the Lease, the Access Roadway Easement during the term of the Lease, as hereby amended, free and clear of obstructions or impediments, and the Lessee shall not change or alter the Access Roadway Easement or park or place, or allow any Approved Sublessee or any other sublessee or person or entity to park or place, any aircraft, equipment, vehicles or other property on the Access Roadway Easement or in any way to impede or obstruct the Access Roadway Easement. The Lessee acknowledges and has been advised by the Port Authority that such Access Roadway Easement is or may be required at any time and without any notice by the Port Authority in connection with emergency operations at the Airport and accordingly the Lessee hereby agrees, without limiting the foregoing, that the Port Authority shall have the right to remove any Lessee or sublessee or other equipment, vehicles or property obstructing the Access Roadway Easement. Any failure by the Lessee to keep and maintain the Access Roadway Easement in accordance with the foregoing and other terms and conditions of the Lease shall constitute a material breach of this Lease. Neither the foregoing nor any act or actions taken by the Port Authority pursuant thereto shall or shall be deemed to limit or impair Section 24 of the Lease or any other term or provision of the Lease or any right or remedy of the Port Authority thereunder, nor shall the same be or be construed to reduce or limit any of the duties, liabilities or obligations of the Lessee under the Lease, as herein amended, or constitute an eviction of the Lessee or be made the grounds of any abatement of rental or any claim or demand for damages, consequential or otherwise; and the Lessee shall continue to be responsible for all care and maintenance of the area constituting the Access Roadway Easement.

4. Surrendered Premises

(a) Effective as of the Effective Date (hereinafter in this Paragraph 4 referred to as the "Surrender Date"), the Lessee hereby surrenders and yields up and does by these presents grant, bargain, sell, surrender and yield up to the Port Authority, its successors and assigns forever the portion of the premises shown in diagonal-hatching on Exhibit A-4 (hereinafter referred to as the "Surrendered Premises"), and the term of the letting with respect thereto under the Lease yet to come and has given, granted and surrendered and by these presents does give, grant and surrender to the Port Authority, its successors and assigns, all the rights, rights of renewal, licenses, privileges and options of the Lessee granted by the Lease with respect to the Surrendered Premises, all to the intent and purpose that the said term under the Lease and the said rights of renewal, licenses, privileges and options may be wholly

merged, extinguished and determined on the Surrender Date with the same force and effect as if the said term were in and by the provisions of the Lease originally fixed to expire on such date;

TO HAVE AND TO HOLD the same unto the Port Authority, its successors and assigns forever.

(b) The Lessee hereby covenants on behalf of itself, its successors and assigns that (i) it has not done or suffered and will not do or suffer anything whereby the Surrendered Premises, or the Lessee's leasehold therein, has been or shall be encumbered as of the Surrender Date in any way whatsoever; (ii) the Lessee is and will remain until the Surrender Date the sole and absolute owner of the leasehold estate in the Surrendered Premises and of the rights, rights of renewal, licenses, privileges and options granted by the Lease with respect thereto and that the same are and will remain until the Surrender Date free and clear of all liens and encumbrances of whatsoever nature; and (iii) the Lessee has full right and power to make this Agreement.

(c) All promises, covenants, agreements and obligations of the Lessee with respect to the Surrendered Premises, under the Lease or otherwise, which under the provisions thereof would have matured upon the date originally fixed in the Lease for the expiration of the term thereof, or upon the termination of the Lease prior to the said date, or within a stated period after expiration or termination, shall, notwithstanding such provisions, mature on the Surrender Date and shall survive the execution and delivery of this Agreement.

(d) The Lessee does by these presents release and discharge the Port Authority from any and all obligations of every kind, past, present or future on the part of the Port Authority to be performed under the Lease with respect to the Surrendered Premises. The Port Authority does by these presents release and discharge the Lessee from any and all obligations on the part of the Lessee to be performed under the Lease with respect to the Surrendered Premises for that portion of the term subsequent to the Surrender Date, except, however, for obligations of the Lessee with regard to Environmental Requirements relating to Hazardous Substances and Environmental Damages with respect to the Surrendered Premises; it being understood that nothing herein contained shall release, relieve or discharge the Lessee from any liability for rentals or for other charges that may be due or become due to the Port Authority for any period or periods prior to the Surrender Date, or for breach of any other obligation on the Lessee's part to be performed under the Lease for or during such period or periods or maturing pursuant to paragraph (c) above.

(e) In consideration of the making of this Agreement by the Port Authority, the Lessee hereby agrees to terminate its occupancy of the Surrendered Premises and to deliver actual physical possession of the same to the Port Authority on or

before the Surrender Date, in the condition required by the Lease upon surrender. The Lessee further agrees that it will remove from the Surrendered Premises prior to the Surrender Date all equipment, inventories, removable fixtures and other personal property of the Lessee or for which the Lessee is responsible. With respect to any such property not so removed, the Port Authority may at its option, as agent for the Lessee and at the risk and expense of the Lessee, remove such property to a public warehouse or may retain the same in its own possession and in either event, after the expiration of thirty (30) days, may sell or consent to the sale of the same at a public auction; the proceeds of any such sale shall be applied first to the expenses of removal, sale and storage, and second to any sums owed by the Lessee to the Port Authority; any balance remaining shall be paid to the Lessee. The Lessee shall pay to the Port Authority any excess of the total cost of removal, storage and sale over the proceeds of sale.

5. The A380 construction work

A new paragraph (l) shall be added at the end of Section 2 of the Lease to read as follows:

"(l) The A380 construction work:

(i) It is recognized that the Lessee intends to perform at its sole cost and expense certain new construction work on the premises involving modifications to four aircraft gate positions to accommodate new A380 aircraft at the premises, other terminal building and passenger load bridges modifications, fuel pit modifications and relocations, aircraft apron modifications, and paving of the Added Area (as defined in Paragraph 2 of Supplement No. 3 of the Lease). The Lessee shall design and construct the A380 construction work at its sole cost and expense on the premises in accordance with all applicable provisions of the Lease and this Supplement 3 and the approved TAAs; such design and construction of said work being herein called the "***A380 construction work***". The Lessee acknowledges that it will be continuing its operations at the premises under the Lease during the period of time it is performing the A380 construction work hereunder. The Lessee further acknowledges that this may involve among other things inconvenience, noise, dust, interference and disturbance to the Lessee in its operations at the premises as well as to its customers, patrons, invitees and employees and possibly other risks as well. The Lessee hereby expressly assumes all of the foregoing risks and agrees that there will be no reduction or abatement of any of the rentals, fees or charges payable by the Lessee under the Lease or otherwise on account of its performance of the A380 construction work and that the performance of the A380 construction work shall not constitute an eviction or constructive eviction of the Lessee nor be grounds for any abatement of rents, fees or charges payable by the Lessee under the Lease or otherwise nor give rise to or be the basis of any claim or demand by the Lessee against the Port Authority, its

Commissioners, officers, employees or agents for damages, consequential or otherwise.

(ii) The Lessee shall deliver to the Port Authority its complete plans and specifications for the A380 construction work including all required supporting information including but not limited to drawings, reports, calculations and computer printout of analysis therefor. The following terms and provisions of this Section 2 (and the amendments thereof and additions thereto set forth below) as they apply to the original construction work shall apply to the A380 construction work and are hereby incorporated by reference as if fully set forth herein, and the words "construction work" as used in the following cited paragraphs shall be deemed to mean the "A380 construction work": paragraph (a) (submission of a comprehensive plan covering the A380 construction work; paragraph (c) (2) (plans and specifications for the submission of a comprehensive plan covering the A380 construction work; paragraph (d) (terms and conditions set forth in subparagraphs (1)(as set forth below) through (18) thereof, and the additional subparagraphs (19) and (20) thereof set forth below); paragraph (f) (partial approvals); paragraph (g) (as amended below in this Supplement No. 3); paragraph (h) (anti-pollution); paragraph (i) (title); paragraph (j) completion certificates; paragraph (k) utility lines. The Lessee shall, and hereby agrees to, comply with all of the said terms and provisions.

(iii) The following additions and amendments to Section 2 shall also apply to the A380 construction work:

(aa) Subparagraph (1) of paragraph (d) of this Section 2 of the Lease is hereby amended to add at the end thereof the following:

"With respect to the A380 construction work, the Lessee hereby assumes the risk of loss or damage to all of the A380 construction work prior to the completion thereof and the risk of loss or damage to all property of the Port Authority and others and the risk of personal injury and death to all persons arising out of or in connection with the performance of the A380 construction work including, without limitation, for all Environmental Requirements and Environmental Damages. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the A380 construction work and the property of the Port Authority without cost or expense to the Port Authority. The Lessee shall itself and shall also require its contractors to indemnify and hold harmless the Port Authority, its Commissioners, officers, agents and employees from and against all claims and demands, just or unjust, of third persons (including employees, officers, and agents of the Port Authority) arising or alleged to arise out of the performance of the A380 construction work and for all

expenses incurred by it and by them in the defense, settlement or satisfaction thereof, including without limitation thereto, claims and demands for death, for personal injury or for property damage, direct or consequential, all the foregoing to include without limitation all claims and demands arising out of or in connection with any Hazardous Substance and whether they arise from the acts or omissions of the Lessee, of any contractors of the Lessee, of the Port Authority, or of third persons, or from acts of God or of the public enemy, or otherwise (including claims of the City of New York against the Port Authority pursuant to the provisions of the Basic Lease whereby the Port Authority has agreed to indemnify the City against claims), excepting only claims and demands which result solely from affirmative willful acts done by the Port Authority, its Commissioners, officers, agents and employees with respect to the A380 construction work, provided, however, that the Lessee shall not be required to indemnify the Port Authority where indemnity would be precluded pursuant to the provisions of Section 5-322.1 of the General Obligations Law of the State of New York.

If so directed, the Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such suit, claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance written permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority."

(bb) Subparagraph (9) of paragraph (d) of Section 2 of the Lease is hereby amended by adding at the end thereof the following:

"With respect to the A380 construction work: (i) Without limiting the generality of any other term or condition of this Lease, title to any soil, dirt, sand, asbestos or other material on the premises or the Airport removed or excavated by the Lessee during the course of the A380 construction work (all the foregoing being hereinafter called the 'Removed Material') and not used at the premises shall vest in the Lessee upon the removal or excavation thereof and all such Removed Material shall be delivered and deposited by the Lessee at the Lessee's sole cost and expense to a location off the Airport in accordance with the terms and conditions of this Lease, including without limitation this Section 2 and all applicable Environmental Requirements (including, if required, disposal of asbestos in a long-term disposal facility at the Lessee's sole cost and expense) and all in a manner satisfactory to the Port Authority. The entire proceeds, if any, of the sale or other disposition of the Removed Material shall belong to the Lessee.

(ii) Promptly upon final disposition of any Hazardous Substance from the Premises or the Airport in the performance of the A380 construction work, the Lessee shall submit to the Port Authority a "Certification of Final Disposal" stating the type and amount of material disposed, the method of disposal and the owner and location of the disposal facility. The format of such certification shall follow the requirements, if any, of governmental agencies having jurisdiction as if the Port Authority were a private organization and the name of the Port Authority shall not appear on any certificate or other document as a generator or owner of such material. (iii) In the event any Hazardous Substance is discovered in the performance of the A380 construction work, the Lessee in reporting such Hazardous Substance shall direct such report to the attention of such individual at the subject governmental authority as the General Manager of the Airport shall require in order to assure consistency in the environmental management of the Airport."

(cc) Subparagraph (11) of paragraph (d) of Section 2 is hereby amended by adding at the end thereof the following:

"(iv) With respect to the A380 construction work the Lessee in its own name as insured and including the Port Authority as an additional insured shall procure and maintain Commercial General Liability Insurance, including but not limited to property damage liability, premises-operations, products liability, broad form property damage, completed operations, explosion, collapse and underground property damages personal injury (including death) and independent contractors in not less than the minimum limit set forth below, and with a contractual liability endorsement covering the obligations assumed by the Lessee pursuant to subparagraphs (1) and (5) of this paragraph (d) and the obligations required of the Lessee's contractors pursuant to subparagraph (1) of this paragraph (d), and Commercial Automobile Liability Insurance covering owned, non-owned and hired vehicles and automatically covering newly acquired vehicles in not less that the minimum limit set forth below, and such other insurance as the Port Authority may require in connection with the performance of the A380 construction work. The Lessee may provide such insurance by requiring each contractor engaged by it for the A380 construction work to procure and maintain such insurance including such contractual liability endorsement, said insurance, whether procured by the Lessee or by a contractor engaged by it as aforesaid, not to contain any care, custody or control exclusions, and not to contain any exclusion for bodily injury to or sickness, disease or death of any employee of the Lessee or of any of its contractors which would conflict with or in any way impair coverage under the contractual liability endorsement. The said policy or policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with

like effect with respect to any claim or action against the Lessee by the Port Authority, and shall also provide or contain an endorsement providing that the protections afforded the Port Authority thereunder with respect to any claim or action against the Port Authority by the Lessee shall be the same as the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person as if the Port Authority were the named insured thereunder, but such provision or endorsement shall not limit, vary or affect the protections afforded the Port Authority thereunder as an additional insured. In addition, each of the said policy or policies of insurance shall be endorsed to state they are primary in relation to any insurance carried or maintained by the Port Authority, including without limitation, any self-insurance, regardless of type. All the foregoing insurance requirements shall be in addition to all policies of insurance otherwise required by the Lease.

	Minimum Limits
Commercial General Liability Combined single limit per occurrence for death, bodily injury and property damage liability:	$25,000,000.00
Commercial Automobile Liability (covering owned, non-owned and hired vehicles) Combined single limit per occurrence or death, bodily injury and property damage liability:	$25,000,000.00

Without limiting the provisions hereof, in the event the Lessee maintains the foregoing insurance in limits greater than aforesaid, the Port Authority shall be included therein as an additional insured to the full extent of all such insurance in accordance with all the terms and provisions hereof.

The Lessee shall also procure and maintain in effect, or cause to be procured and maintained in effect, Workers' Compensation Insurance and Employer's Liability Insurance in accordance with and as required by law and including coverage for asbestos exposure.

The insurance required hereunder in this sub-subparagraph (iv) shall be maintained in effect during the performance of the A380 construction work and a certified copy of each of the policies or a certificate or certificates evidencing the existence thereof, or binders, shall be delivered to the Port Authority at least

fifteen (15) days prior to the commencement of the A380 construction work or any portion thereof. In the event any binder is delivered, it shall be replaced within thirty (30) days by a certified copy of the policy or a certificate. Each such copy, certificate and binder shall bear the endorsement of or be accompanied by evidence of payment of the premium thereof and, also, contain a valid provision or endorsement that the policy may not be canceled, terminated, changed or modified without giving thirty (30) days' written advance notice thereof to the Port Authority and the City of New York. Each such copy and each such certificate with respect to the insurance required under this subparagraph (11) shall contain an additional endorsement providing that the insurance carrier shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority. Any renewal policy or certificate shall be delivered to the Port Authority prior to the expiration of each expiring policy. The aforesaid policies of insurance shall be written by a company or companies approved by the Port Authority, the Port Authority agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority agreeing not to act unreasonably hereunder. If the Port Authority at any time so requests, a certified copy of each of the policies shall be delivered to the Port Authority.

(v) The Lessee shall procure and maintain Builder's Risk (All Risk) Completed Value Insurance covering the A380 construction work during the performance thereof including material delivered to the premises or the construction site but not attached to the realty. Such insurance shall be in compliance with and subject to the applicable provisions of Section 15 of the Lease entitled "Insurance" and shall name the Port Authority, the City of New York and the Lessee and its contractors and subcontractors as insureds as their interests may appear and such policy shall provide that the loss shall be adjusted with and payable to the Lessee. Such proceeds shall be used by the Lessee for the repair, replacement or rebuilding of the A380 construction work and any excess shall be paid over to the Port Authority. The policies or certificates representing insurance covered by this sub-subparagraph (v) shall be delivered by the Lessee to the Port Authority at least thirty (30) days prior to the commencement of construction of the A380 construction work or any portion thereof, and each policy or certificate delivered shall bear the endorsement of or be accompanied by evidence of payment of the premium thereof and also contain a valid provision

obligating the insurance company to furnish the Port Authority and the City of New York thirty (30) days' advance notice of the cancellation, termination, change or modification of the insurance evidenced by said policy or certificate. Renewal policies or certificates shall be delivered to the Port Authority at least thirty (30) days before the expiration of the insurance which such policies are to renew.

The insurance covered by this sub-subparagraph (v) shall be written by companies approved by the Port Authority, the Port Authority covenanting and agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to the form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If at any time the Port Authority so requests, a certified copy of each of the said policies shall be delivered to the Port Authority."

(dd) Subparagraph (18) of paragraph (d) of Section 2 is hereby amended as follows:

(A) The following shall be deemed inserted before the second (2nd) sentence of clause (i) thereof:

"Without limiting any other terms, provisions and conditions of the Lease, the Lessee understands and agrees that it shall put into effect prior to the commencement of any of the A380 construction work an affirmative action program and Minority Business Enterprise (MBE) program and Women-owned Business Enterprise (WBE) program in accordance with the provisions of Schedule E attached to Supplement No. 3 of the Lease and hereby made a part hereof (hereinafter "Schedule E"); as used in Schedule E the term "construction work" shall apply to the A380 construction work."

(B) A new clause "(iii)" shall be deemed added thereto reading as follows:

"(iii) The Lessee in the performance of the A380 construction work shall commit itself to and use good faith efforts to implement an extensive program to utilize Local Business Enterprises in accordance with and as set forth the schedule attached hereto, hereby made a part hereof and marked 'Schedule F'."

(ee) Paragraph (d) of Section 2 of the Lease is herby further amended by adding at the end thereof new subparagraphs "(19)" and "(20)" reading as follows:

"(19) In connection with the performance of the A380 construction work, the Lessee shall be responsible for identifying the location of all utilities and shall prior to the commencement of any of the A380 construction work coordinate the A380 construction work with the New York City and Long Island One Call toll free information service (1-800-272-4480) and ascertain the location of underground utilities, if any, at the premises and off the premises in the vicinity where any of the A380 construction work is to be performed. The Lessee shall provide the Port Authority with the written evidence of such coordination."

(20) The Lessee acknowledges that the Port Authority as well as other users, lessees, tenants, airport patrons and invitees and others will be continuing their operations in the Central Terminal Area during the period of time the Lessee is performing the A380 construction work hereunder and that this will involve among other things inconvenience, noise, dust, interference and disturbance to said operations and possibly other risks as well. The Lessee hereby expressly assumes all of the foregoing risks. Without limiting the foregoing, the Lessee shall and expressly hereby agrees to perform, and to require each of its contractors and subcontractors to perform, the A380 construction work and each portion thereof in such a manner so as to minimize the impact and any disruption resulting therefrom on said operations and on traffic control and traffic flow in the CTA. The Lessee shall, without limiting any other term or provision hereof, communicate and cooperate (and require each of its contractors to communicate and cooperate) with the Port Authority and with each of the users, lessees, tenants, airport patrons, invitees and others in all aspects of the A380 construction work, and the Lessee shall coordinate and work in harmony with all said persons, including without limitation the users and occupants of the premises and Port Authority contractors. The Lessee shall include in each of its contracts and subcontracts covering the A380 construction work or any portion thereof the foregoing requirements for minimization of disruption and for contractor cooperation, communication and coordination.

The Lessee acknowledges that the A380 construction work may impact on the fuel distribution system at the Airport. The Lessee hereby expressly assumes all of the risks from any disruption, interference and interruption of said fuel distribution system resulting from the A380 construction work. Without limiting the foregoing, the Lessee shall and expressly hereby agrees to perform, and to require each of its contractors and subcontractors to perform the A380 construction work and each portion thereof in such a manner so as to minimize the disruption, interference and interruption resulting therefrom on said fuel distribution system. The Lessee shall include in each of its contracts and

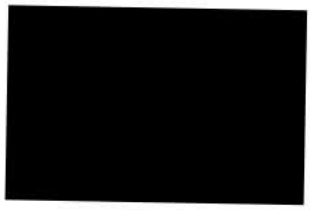
subcontracts covering the A380 construction work or any portion thereof the foregoing requirements for minimization of disruption, interference and interruption and for contractor cooperation, communication and coordination."

(ff) Paragraph (g) of Section 2 of the Lease is hereby amended by adding at the end thereof the following:

"(g) The Port Authority may assign to the A380 construction work a full time field engineer or engineers during any time that any A380 construction work is being performed pursuant to this Section. The Lessee shall pay to the Port Authority for the services of said engineer or engineers, the sum of Eight Hundred Dollars and No Cents ($800.00) per engineer for each day or part thereof that the engineer or engineers are so assigned during the calendar year 2005; and the sum of Eight Hundred Fifteen Dollars and No Cents ($815.00) per engineer for each day or part thereof that the engineer or engineers are so assigned during the calendar year 2006; and the sum of Eight Hundred Thirty Dollars and No Cents ($830.00) per engineer for each day or part thereof that the engineer or engineers are so assigned during the calendar year 2007; and the sum of Eight Hundred Fifty Dollars and No Cents ($850.00) per engineer for each day or part thereof that the engineer or engineers are so assigned during the calendar year 2008; and the sum of Eight Hundred Eighty-five Dollars and No Cents ($885.00) per engineer for each day or part thereof that the engineer or engineers are so assigned during the calendar year 2009; and the sum of Nine Hundred Twenty Dollars and No Cents ($920.00) per engineer for each day or part thereof that the engineer or engineers are so assigned during the calendar year 2010; provided, however, and notwithstanding the foregoing, in the event any such field engineer shall be so assigned for a half-day or less, then the rate the Lessee shall pay to the Port Authority for such day for such engineer shall be equal to one half of the applicable daily rate set forth above for such engineer. Nothing contained herein shall affect any of the provisions of paragraph (k) hereof or the rights of the Port Authority thereunder."

6. (a) Subparagraph (2) of paragraph (a) of Subdivision I of Section 4 of the Lease, as previously amended, is hereby further amended by adding at the end thereof the following:

"(2) Effective as of the Effective Date of Supplement No. 3 to the Lease (as defined therein) the annual basic rental, in the amount then in effect, shall be increased by adding thereto the amount of Ninety-Five Thousand Four Hundred Forty-one Dollars and Eight Cents ($95,441.08), and accordingly the Lessee hereby agrees and shall pay to the Port Authority effective as of said Effective



Date basic rental at the annual rate of Two Million Nine Hundred Seventy-nine Thousand Five Hundred Ninety-six Dollars and No Cents ($2,979,596.00) subject to increase as provided in paragraph (b) hereof."

(b) Item (ii) of subparagraph (2) of Paragraph (e) of Subdivision I of Section 4 of the Lease as previously amended, is hereby further amended to read as follows:

"(ii) For the portion of the term of the letting hereunder commencing on December 1, 2015 through November 30, 2022, the Lessee shall pay the Deferred Basic Rental at an annual rate of Seven Hundred Thousand Two Hundred Ninety-two Dollars and Twenty-five Cents ($700,292.25)."

(d) Subparagraph (3) of paragraph (e) of Subdivision I of Section 4 of the Lease is hereby amended as follows:

(1) The second sentence thereof shall be deemed amended to read as follows:

"The Deferred Basic Rental payment set forth in the foregoing item (ii) of subparagraph (2) of this paragraph (e) shall be payable by the Lessee in equal monthly installments on the first day of each and every calendar month during the portion of the term set forth in said item (ii) of subparagraph (2) of this paragraph (e)."

(2) The words "or in item (ii)" shall be deemed inserted in the third (3rd) sentence thereof following the words "item (i)" appearing therein.

7. With respect to subparagraph (5) of paragraph (b) of Subdivision III of Section 4 of the Lease, it is acknowledged and agreed that effective as of July 1, 1995 the Lessee's Airline Partner then named Compagnie Nationale Air France disposed of all of its stock in Société Anonyme Belge D'Exploitation de la Navigation Aerienne (named and described therein and herein as "SABENA"), and that SABENA thus ceased to be a Subsidiary Airline (as defined in subparagraph (5) of paragraph (b) of Subdivision III of Section 4 of the Lease), and accordingly, effective from and after said date there shall not be any exemption from the percentage fees provisions of the Lease with respect to said SABENA; and said SABENA shall not be a Subsidiary Airline under the Lease.

8. With respect to the warranties and representations made by the Lessee in subparagraph (c) (1) of Section 26 of the Lease, the Lessee hereby represents and warrants to the Port Authority, knowing that the Port Authority is relying on the accuracy of such representations and warranties:

(a) that effective as September 25, 1998 the Lessee's Airline Partner Compagnie Nationale Air France changed its corporate name to "Société Air France";

(b) that on May 5, 2004 Société Air France combined with KLM Royal Dutch Airlines (***"KLM"***) after completion of an exchange offer launched by Société Air France to acquire all of the outstanding common shares of KLM in exchange for Société Air France shares and warrants, such combination being more fully described in that certain agreement entitled "Agreement for Contribution of Assets" between Société Air France and Air France-Compagnie Aérienne, a corporation of the Republic of France, dated September 15, 2004 (***"Transfer Agreement"***), (such combination being sometimes denoted as "merger" in the portion of the Transfer Agreement denoted as "Presentation of the Transaction" in the English language version of the Transfer Agreement);

(c) that effective as of September 15, 2004 (i) said Société Air France transferred substantially all of its assets and obligations, including but not limited to the sublease ("Terminal One Facility Use and Lease Agreement") between it and the Lessee, to said Air France-Compagnie Aérienne, pursuant to the Transfer Agreement and changed its corporate name to Air France-KLM (the Assignor described in the Second Supplemental Agreement to Original Consent To Facility Sublease Agreement being entered into contemporaneously with this Supplement No. 3 among the Port Authority, the Lessee, Air France-KLM and Societe Air France); (ii) that said Air France-KLM became a holding company with wholly-owned subsidiaries consisting of said Air France-Compagnie Aérienne and KLM; and (iii) that said Air France-Compagnie Aérienne changed its corporate name to Société Air France (the Assignee described in the Second Supplemental Agreement to Original Consent To Facility Sublease Agreement being entered into contemporaneously with this Supplement No. 3 among the Port Authority, the Lessee, Air France-KLM and Societe Air France); all as described in the following documents which have been submitted to the Port Authority: the Shareholders Resolutions described in subparagraph (d) below; an opinion of special French legal counsel of Société Air France, August & Debouzy issued to the Port Authority dated December 6, 2005; an opinion of legal counsel of the Lessee, Clifford Chance US LLP dated December 6, 2005 issued to the Port Authority; and an opinion of legal counsel of Société Air France, Silverberg, Goldman & Bikoff, L.L.P. dated December 6, 2005 issued to the Port Authority (the foregoing opinions of legal counsel being collectively referred to as the ***"Legal Opinions"***);

(d) that the four Airline Partners of the Lessee have adopted and signed a shareholders resolution entitled "Shareholders Unanimous Written Consent in

Lieu of Meeting" dated June 29, 2005 and a shareholders resolution entitled "Shareholders Unanimous Written Consent in Lieu of Meeting" dated November 7, 2005, and have submitted copies of the same to the Port Authority, whereby said four Airline Partners constituting all of the Shareholders of Terminal One Management, Inc., the General Partner of the Lessee, adopted Resolutions approving the transfer to Société Air France (a wholly-owned subsidiary of Air France-KLM, and formerly named Air France-Compagnie Aérienne successor to Compagnie Nationale Air France by assignment from Air France-KLM) of the limited partnership interest of Air France-KLM in the Lessee, one hundred (100) shares of Class A common stock in the said General Partner, and all specified assets, rights and obligations and liabilities of Air France-KLM relating to the General Partner and the Lessee;

(e) that Société Air France (a wholly-owned subsidiary of Air France-KLM, and formerly named Air France-Compagnie Aérienne successor to Compagnie Nationale Air France by assignment from Air France-KLM) is on the date of the execution of this Supplemental Agreement a limited partner in the Limited Partnership that is the Lessee and an Airline Partner of the Lessee;

(f) that the four Airline Partners of the Lessee have adopted and signed a shareholders resolution entitled "Shareholders Unanimous Written Consent in Lieu of Meeting" dated April 20, 2005 approving the change of corporate name of the Lessee's Airline Partner named on the first page of the Lease and in Section 26 (c) (1) of the Lease as "Japan Airlines Company, Ltd." to "Japan Airlines International Co., Ltd."; (a copy of such Resolution having been submitted by the Lessee to the Port Authority) and as described in the aforesaid legal opinion of Clifford Chance US LLP dated December 6, 2005;

(g) that said Japan Airlines International Co, Ltd, notwithstanding its change of corporate name or any matter relating thereto, has at all times during the term of the Lease continued to be, and on the date of the execution of this Supplemental Agreement is, a limited partner in the Limited Partnership that is the Lessee and an Airline Partner of the Lessee;

(h) with respect to the General Partner, that there have been issued and are outstanding 400 voting securities which constitute all of the outstanding voting securities and that all of said voting securities are owned by the Airline Partners as follows:

Class A -- 100 Shares - Société Air France
Class B -- 100 Shares - Japan Airlines International Co., Ltd.
Class C -- 100 Shares - Korean Air Lines Co., Ltd.
Class D -- 100 Shares - Deutsche Lufthansa Aktiengesellschaft

and that said Voting Securities constitute all of the outstanding Voting Securities of the General Partner and that all of said Voting Securities are held by the Airline Partners as herein set forth; and

(i) that the foregoing representations and warranties are also being given by each of the Airline Partners in a supplement to each of the four Consent Agreements (as such term is described in paragraph (d) (1) of Section 28 of the Lease) which are being entered into contemporaneously with this Supplement No. 3 by and among the Port Authority, the Lessee and each of the Airline Partners.

9. Paragraph (a) of Section 10 of the Lease shall be deemed amended to read as follows:

"(a) The Lessee shall promptly comply with, observe and execute all laws and ordinances and governmental rules, regulations, orders, requirements and similar items, including, without limitation, all Environmental Requirements, now or at any time during the term of this Agreement which as a matter of law are applicable to or which affect (i) the premises or the groundwater thereunder, (ii) the operations of the Lessee at the premises or the Airport, (iii) the occupancy and use of the premises and/or (iv) any Hazardous Substance which has migrated from or from under the premises. The Lessee shall, in accordance with and subject to the provisions of Section 48 hereof entitled "Other Construction by the Lessee", make any and all structural and non-structural improvements, alterations or repairs of the premises and perform all remediation, containment and clean-up of Hazardous Substances required in order to fully satisfy the compliance obligations set forth herein."

10. Section 12 of the Lease shall be deemed amended by adding at the end thereof the following:

"(m) Without limiting any other of the Lessee's obligations under the Lease and except with respect to the matters for which the Lessee is not responsible as listed in clauses (1) through (7) of paragraph (c) of Section 87 hereof, the Lessee shall provide the General Manager of the Airport at the cost and expense of the Lessee with such information, documentation, records, correspondence, notices, reports, tests, results, and certifications and any other information as the Port Authority shall request in connection with any Environmental Requirements or Environmental Damages, and the Lessee shall promptly acknowledge, swear to, sign or otherwise fully execute the same. The Lessee agrees that any of the foregoing may be filed by the Port Authority with the appropriate governmental authority on behalf of the Lessee at the Lessee's cost and expense. Further, the Lessee agrees unless directed otherwise by the Port Authority, to provide the General Manager of the Airport with copies of all

information, documentation, records, correspondence, notice, certifications, reports, test results and all other submissions provided by the Lessee to a governmental authority and by a governmental authority to the Lessee within ten (10) business days that the same are made available to or received by the Lessee with respect to any Environmental Requirements.

(n) (1) In addition to and without limiting the generality of the obligations of the Lessee set forth above and elsewhere in the Lease and except with respect to the matters for which the Lessee is not responsible as listed in clauses (1) through (7) of paragraph (c) of Section 87 hereof, the Lessee shall at its sole cost and expense and in accordance with and subject to the provisions of Section 48 hereof, upon notice from the Port Authority, promptly take all actions to completely remove and remediate all Hazardous Substances on the premises or the Airport which result from the Lessee's use and occupancy of the premises or which have been disposed of, released, discharged or otherwise placed on, under or about the premises during the term of the letting hereunder, and to cleanup and remediate all other Hazardous Substances on, about or under the premises or which have migrated from the premises to any adjoining property, which any federal, state or local governmental agency or political subdivision or any Environmental Requirement or any violation thereof require to be remediated, and to cleanup and remediate all Hazardous Substances necessary to mitigate Environmental Damages. The foregoing obligations of the Lessee shall include without limitation the investigation of the environmental condition of the area to be remediated, the presentation of feasibility studies, reports and remedial plans, and the performance of any cleanup, remediation, containment, operation, maintenance, monitoring or restoration work; the standard for any of the foregoing to be that standard as required under Environmental Requirements and in the event that any Environmental Requirement sets forth more than one standard, the standard to be applied shall be that which requires the lowest level of a Hazardous Substance. Any actions of the Lessee under the foregoing shall be performed in a good, safe and workmanlike manner and shall minimize any impact on activities off the premises. The Lessee shall promptly provide to the Port Authority all copies of test results and reports generated in connection with such actions. Promptly upon completion of such investigation and remediation, the Lessee shall seal or cap all monitoring wells and test holes, remove all associated equipment and restore the remediated property.

Nothing herein shall limit, modify, waive or otherwise alter the rights, claims and remedies which the Port Authority or the Lessee may have against third parties or persons, whether at law, equity or otherwise.

(2) Without limiting the generality of any other provision contained in this Agreement and except with respect to the matters for which the Lessee is not

responsible as listed in clauses (1) through (7) of paragraph (c) of Section 87 hereof, the Lessee shall indemnify, hold harmless and reimburse the Port Authority, its Commissioners, officers, employees and representatives from all claims, demands, penalties, fines, liabilities (including strict liability), settlements, attorney and consultant fees, investigation and laboratory fees, removal and remediation costs, court costs and litigation expenses, damages, judgments, losses, costs and expenses of whatsoever kind or nature and whether known or unknown, contingent or otherwise, just or unjust, groundless, unforeseeable or otherwise, arising or alleged to arise out of or in any way related to any Environmental Damages or any Environmental Requirement which the Lessee is obligated to comply with pursuant to this Agreement, or the risks and responsibilities assumed hereunder by the Lessee for the condition of the premises or a breach or default of the Lessee's obligations under Section 87 hereof. If so directed, the Lessee shall at its own expense defend any suit based upon the foregoing, and in handling such it shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority."

11. (a) Section 13 of the Lease shall be deemed amended by adding at the end thereof the following:

"(o) The Lessee shall not dispose of, release or discharge nor permit anyone to dispose of, release or discharge any Hazardous Substance on the premises or at the Airport. Any Hazardous Substance disposed of, released or discharged by the Lessee (or permitted by the Lessee to be disposed of, released or discharged) on the premises or at the Airport, shall upon notice by the Port Authority to the Lessee and subject to the provisions of Section 48 hereof and all Environmental Requirements, be completely removed, cleaned up and/or remediated by the Lessee. The obligations of the Lessee pursuant to this paragraph (o) shall survive the expiration or termination of this Agreement."

12. Section 6 of the Lease is hereby amended as follows:

A new paragraph "(h)" shall be deemed inserted at the end thereof reading as follows:

"(b) In the event that upon conducting an examination and audit as described in this Section the Port Authority determines that unpaid amounts are due to the Port Authority by the Lessee, the Lessee shall be obligated, and hereby

agrees, to pay to the Port Authority a service charge in the amount of five percent (5%) of each amount determined by the Port Authority audit findings to be unpaid. Each such service charge shall be payable immediately upon demand (by notice, bill or otherwise) made at any time therefor by the Port Authority. Such service charge (s) shall be exclusive of, and in addition to, any and all other moneys or amounts due to the Port Authority by the Lessee under this Agreement or otherwise. No acceptance by the Port Authority of payment of any unpaid amount or of any unpaid service charge shall be deemed a waiver of the right of the Port Authority of payment of any late charge or late charges or other service charges payable under the provisions of this Section with respect to such unpaid amount. Each such service charge shall be and become additional rent, recoverable by the Port Authority in the same manner and with like remedies as if it were originally a part of the rental. Nothing in this Section is intended to, or shall be deemed to, affect, alter, modify or diminish in any way (i) any rights of the Port Authority under this Agreement, including, without limitation, the Port Authority's rights to terminate set forth in Section 29 of this Agreement or (ii) any obligations of the Lessee under this Agreement."

13. Subparagraph (7) of Paragraph (b) of Section 33 of the Lease is hereby amended to read as follows:

"(7) An amount equal to all costs and expenses reasonably incurred by the Port Authority in connection with such termination, cancellation, re-entry, regaining or resumption of possession, collecting all amounts due to the Port Authority, the restoration of the premises (on failure of the Lessee to have restored), the reletting of the premises, the care and maintenance of the premises during any period of vacancy of the premises, the foregoing to include without limitation, personnel costs and legal expenses (including but not limited to the cost to the Port Authority of in-house legal services), brokerage fees and commissions, repairing and altering the premises and putting the premises in order (such as but not limited to cleaning and decorating the premises)."

14. (a) Section 39 of the Lease is hereby amended to read as follows:

"Section 39. Basic Lease

(a) The Lessee acknowledges that it has received, and is familiar with the contents of, a copy of the Amended and Restated Agreement of Lease of the Municipal Air Terminals between The City of New York, as Landlord (the '***City***'), and The Port Authority of New York and New Jersey, as Tenant, dated as of November 24, 2004 (the "***Basic Lease***"). The rights of the Port Authority in the premises are those granted to it by the Basic Lease, and no greater rights are

granted or intended to be granted to the Lessee than the Port Authority has power thereunder to grant.

(b) In accordance with the provisions of the Basic Lease, the Port Authority and the Lessee hereby agree as follows:

(1) This Lease is subject and subordinate to the Basic Lease and to any interest superior to that of the Port Authority;

(2) The Lessee shall not pay rent or other sums under this Agreement for more than one (1) month in advance (excluding security and other deposits required under this Lease);

(3) With respect to this Agreement, the Lessee on the termination of the Basic Lease will, at the option of the City attorn to, or enter into a direct lease on identical terms with, the City;

(4) The Lessee shall indemnify the City with respect to all matters described in Section 31 of the Basic Lease;

(5) The Lessee shall not use the premises hereunder for any use other than as permitted under the Basic Lease;

(6) The Lessee shall use, operate and maintain the premises hereunder in a manner consistent with the Port Authority's obligations under Section 28 of the Basic Lease;

(7) The failure of the Lessee to comply with the forgoing provisions shall be an event of default under this Agreement, which, after the giving of reasonable notice, shall provide the Port Authority with the right to terminate this Agreement and exercise any other rights that the Port Authority may have as the landlord hereunder; and

(8) The City shall be named as an additional insured or loss payee, as applicable, under each policy of insurance procured by the Lessee pursuant to this Agreement."

(b) (1) Paragraph (c) of Section 19 of the Lease is hereby amended as follows: The seventh (7th) line of the first subparagraph thereof shall be deemed amended to read as follows:

"Port Authority and the City of New York as additional insureds shall maintain and pay".

(2) The fourth (4th) sentence of paragraph (e) of said Section 19 of the Lease shall be deemed amended to read as follows:

"Each such copy or certificate shall contain a valid provision or endorsement that the policy may not be cancelled, terminated, changed or modified without giving thirty (30) days' written advance notice thereof to the Port Authority and the City of New York."

(c) Section 25 of the Lease entitled "Condemnation" is hereby amended to read as follows:

"Section 25. Condemnation

(a) Definitions:

The following terms, when used in this Section 25, shall, unless the context shall require otherwise, have the respective meanings given below:

(1) "***Date of Taking***" shall be deemed to be the date on which title to all or a portion of the premises, as the case may be, shall have vested in any lawful power or authority pursuant a Taking.

(2) "***Material Part***" with reference to the premises or with reference to the Public Landing Area shall mean such portion of the premises or the Public Landing Area as when so taken would leave remaining a balance of the premises, due either to the area so taken or the location of the part so taken in relation to the part not so taken, that would not under economic conditions and after performance by the Lessee of all covenants, agreements, terms and provisions contained herein or required by law to be observed or performed by the Lessee, permit the restoration of the premises so as to enable the Lessee to operate, maintain and develop the premises in accordance with Sections 2 and 5 of this Agreement.

(3) "***Taking***" shall mean the acquisition of a real property interest, through condemnation or the exercise of the power of eminent domain, by any body having a superior power of eminent domain.

(b) Permanent Taking of All or a Portion of the Premises and the Public Landing Area

(1) If a Taking is permanent and covers the entire premises, then this Agreement shall, as of the Date of Taking, cease and determine in the same manner and with the same effect as if such date were the original date of expiration hereof.

(2) If a Taking is permanent but covers less than all of the premises, this Agreement and the term hereof shall continue as to the portion of the premises not so taken, and the letting as to the part of the premises so taken shall, as of the Date of Taking cease and determine in the same manner and with the same effect as if the term of the letting had on that date expired, and the rentals shall be abated as provided in Section 4 hereof.

(3) If a Taking covers only a Material Part of the premises or of the Public Landing Area, then the Lessee and the Port Authority shall each have an option exercisable by notice given within ten (l0) days after the Date of Taking to terminate the letting hereunder with respect to the premises not taken, as of the Date of Taking, and such termination shall be effective as if the Date of Taking were the original date of expiration hereof. If the Port Authority exercises this option, it shall purchase from the Lessee the Lessee's leasehold interest (excluding any personal property whatsoever) in the premises not taken for a consideration equal to the Lessee's Unamortized Capital Investment, if any, in the premises not taken. If the letting of the entire premises is not terminated, the rentals shall be abated in accordance with Section 4 hereof after the date of surrender of possession of the portion of the premises taken.

(4) If a Taking is permanent but covers less than the entire premises and the letting of the portion of the premises not taken is not terminated pursuant to paragraph (b)(3) of this Section, the Lessee (subject to Section 48 hereof entitled "Other Construction by the Lessee" and Section 73 hereof entitled "Force Majeure" and all other applicable terms and previsions of this Lease) shall proceed diligently to restore the remaining part of the premises not so taken so that the premises shall be a complete, operable, self-contained architectural unit in good condition and repair and the proceeds of that portion of any award paid in trust to the Port Authority pursuant to Section 23.3 of the Basic Lease attributable to the improvements on the premises not so taken shall be made available by the Port Authority to and be used by the Lessee for that purpose. The Port Authority shall retain any excess of such award over the costs of the restoration.

(5) If a Taking (x) covers all or "substantially all of a Municipal Air Terminal", as defined in the Basic Lease, and (y) the Basic Lease (with respect to the Airport) and this Agreement are consequently terminated, then the Port Authority shall pay to the Lessee its Unamortized Capital Investment, if any, in the premises, provided, however, that the Port Authority's foregoing payment

obligation to the Lessee shall be limited to a proportionate share (as determined by the Port Authority in its sole discretion following consultation with all of the Port Authority's tenants at the Airport) of the condemnation proceeds available to be paid to the Lessee and the Port Authority's other tenants at the Airport, and provided, further, that such available condemnation proceeds shall be limited to the amount of the condemnation proceeds received from the City remaining after the Port Authority has been compensated for (p) the value of its leasehold interest in the Airport or (q) the sum of the unamortized portion of the Port Authority's investment in improvements at the Airport and any remaining deferred charges for equipment acquired by the Port Authority for use at or in connection with its operation of the Airport, whichever of (p) or (q) is greater (such greater amount, the "**Port Authority Share**"). In making the determination of "proportionate share" provided in the first proviso of the preceding sentence, the Port Authority shall in no event be liable, in any respect, to the Lessee or any other party by reason of such determination or the resulting distribution of proceeds, and the Lessee shall, prior to receipt of any such distribution, execute and deliver to the Port Authority such form of waiver, release and indemnification as the Port Authority may request. The Lessee understands and accepts that after payment of the Port Authority Share, there may be insufficient condemnation proceeds (or none at all) remaining to pay all or any portion of the Lessee's Unamortized Capital Investment.

(c) Temporary Taking of All or Any Part of the premises or the Public Landing Area.

(1) If the temporary use of the whole or any part of the premises shall be taken for any public or quasi-public purpose by any lawful power or authority pursuant to a Taking or by agreement between the Port Authority and such lawful power or authority, (w) the Lessee shall give prompt notice thereof to the Port Authority, (x) the term of the letting hereunder shall not be reduced or affected in any way and (y) the Lessee shall continue to pay in full all rentals payable by the Lessee hereunder without reduction or abatement except as set forth in paragraph (c)(2) below.

(2) If a temporary Taking covers all or a Material Part of the premises or the Public Landing Area, then the Lessee and the Port Authority shall each have an option, exercisable by notice given within ten (10) days after the Date of Taking, to suspend the term of the letting of such of the premises as are not so taken during the period of the Taking, and, in that event, the rentals for such portion of the premises not so taken shall abate for the period of the suspension in accordance with Section 4. If the Port Authority exercises this option, it shall purchase from the Lessee the Lessee's leasehold interest (excluding any personal property whatsoever) in the premises not taken for the period of suspension for a

consideration equal to the Lessee's Unamortized Capital Investment, if any, in such premises which is to be amortized over the period of such suspension.

(d) Lessee's Cooperation

The Lessee shall execute any and all documents that may be reasonably required in order to facilitate collection by the appropriate party of awards or payments covered by this Section.

(e) Condemnation Claims by Lessee

To the extent a condemnation claim by the Lessee shall not diminish any claim, award, compensation or damages of or to the City or of the Port Authority on account of any condemnation and such condemnation claim is permitted by Section 23 of the Basic Lease, the Lessee may file a claim in a condemnation proceeding."

15. Amendment of Section 47 of the Lease

Section 47 of the Lease is hereby amended as follows:

(a) The title thereof shall be amended to read "The Lessee's Ongoing Affirmative Action-Equal Opportunity Commitment/ Local Business Enterprise Commitment/ Application of Schedule E to all construction work and all alteration work".

(b) The symbol "I" shall be deemed inserted before the symbol "(a)" appearing in the first line of the first paragraph thereof.

(c) New subdivisions "II" and "III" shall be added to said Section 47 reading as follows:

"II. The Lessee's Local Business Enterprise Commitment

The Lessee in connection with any construction work or tenant alteration work on the premises, or any portion thereof, shall throughout the term of the letting hereunder commit itself to and use good faith efforts to implement an extensive program to utilize Local Business Enterprises in accordance with and as set forth in Schedule F.

III. Continuing application of Schedule E to all construction and alteration work at the premises

The Lessee in connection with any construction work or tenant alteration work on the premises, or any portion thereof, shall throughout the term of the letting hereunder commit itself to putting into effect prior to the commencement of any such construction work or tenant alteration work an affirmative action program and Minority Business Enterprises (MBE) program and Women-owned Business Enterprise (WBE) program in accordance with the provisions of Schedule E (attached to Supplement No. 3 of the Lease); and in accordance with Section 2 (c) 18 of the Lease; and of the foregoing the terms and provisions of said Section 2 (c) (18) shall be deemed incorporated in and made a part of said Schedule E as if set forth therein in full."

16. Amendment of Section 61 of the Lease:

(a) The first sentence of the first paragraph of Section 61 of the Lease entitled "Vending Machines, Public Telephones, Advertising Displays" shall be amended to read as follows:

" If requested by the Lessee, the Port Authority, by itself or through contractors, lessees, or permittees, shall install and maintain in the premises public telephones (sometimes also referred to as 'pay phones', 'pay telephones' or 'public phones'), pre-paid phone cards, facsimile transmission machines and other public communications services, including without limitation, all voice and data communications services and facilities, whether wired or wireless and whether within licensed or unlicensed frequency allocations, and also including all Port Authority-owned or operated information and communications technology infrastructure for common Airport use, provided that the Lessee shall retain the right to control the placement of public telephones, phone banks, phone kiosks, facsimile transmission machines and other public communications services (e.g., internet kiosks) within the premises, and the right to deny, upon reasonable grounds, the placement of any particular public telephone facility, facsimile transmission machine or internet kiosk. The Lessee shall provide the necessary wires and conduits for the supply of electricity for such machines and displays."

(b) The words "other public communications services" shall be deemed inserted following the words "public telephones" in the second paragraph of Section 61 of the Lease.

17. Section 85 of the Lease entitled "Definitions" is hereby amended as follows:

(a) The definition of "Basic Lease" shall be deemed amended to read as follows:

"(d) '***Basic Lease***' shall have the meaning given to such term in Section 39 of the Lease (as set forth in Supplement Number 3 to the Lease)."

(b) The following new terms and definitions shall be deemed added to said Section 85 of the Lease.

"***Environmental Damages***" shall mean any one or more of the following: (i) the presence in, on, or under the premises of any Hazardous Substance whether such presence occurred prior to or during the term of the letting under this Agreement or resulted from any act or omission of the Lessee or others, and/or (ii) the disposal, discharge, release or threatened release of any Hazardous Substance from the premises or of any Hazardous Substance from under the premises and/or (iii) the presence of any Hazardous Substance in, on or under other property at the Airport as a result of (a) the Lessee's use and occupancy of the premises or the performance of the construction work or any other work or activities at the premises or (b) a migration of a Hazardous Substance from the premises or from under the premises or (c) the Lessee's operations at the Airport, and/or (iv) any personal injury, including wrongful death, or property damage, arising out of or related to any Hazardous Substance described in (i), (ii) or (iii) above, and/or (v) the violation of any Environmental Requirement pertaining to any Hazardous Substance described in (i), (ii) or (iii) above, the premises and/or the activities thereon.

"Environmental Requirement" shall mean in the singular and "***Environmental Requirements***" shall mean in the plural all common law and all past, present and future laws, statutes, enactments, resolutions, regulations, rules, directives, ordinances, codes, licenses, permits, orders, memoranda of understanding and memoranda of agreement, guidances, approvals, plans, authorizations, concessions, franchises, requirements and similar items of all governmental agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof, all pollution prevention programs, "best management practices plans", and other programs adopted and agreements made by the Port Authority (whether adopted or made with or without consideration or with or without compulsion), with any government agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof, and all judicial, administrative, voluntary and regulatory decrees, judgments, orders and agreements relating to the protection of human health or the environment, and in the event that there shall be more than one compliance standard, the standard for any of the foregoing to be that which requires the

lowest level of a Hazardous Substance, the foregoing to include without limitation:

(i) All requirements pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, releases or threatened releases of Hazardous Substances into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances, or the transfer of property on which Hazardous Substances exist;

(ii) All requirements pertaining to the protection from Hazardous Substances of the health and safety of employees or the public; and

(iii) The Atomic Energy Act of 1954, 42 U.S.C. Section 2011 et. seq.; the Clean Water Act also known as the Federal Water Pollution Control Act, 33 U.S.C. Section 1251 et. seq.; the Clean Air Act, 42 U.S.C. Section 7401 et. seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Section 136 et. seq.; the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et. seq.; the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), Section 2701 et. seq. ; the Emergency Planning and Community Right to Know Act, 42 U.S.C. Section 11001 et. seq.; the Occupational Safety and Health Act, 29 U.S.C. Section 651 et. seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et. seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et. seq.; the Toxic Substances Control Act, 15 U.S.C. Section 2601 et. seq.; the Safe Drinking Water Act of 1974, 42 U.S.C. Sections 300f-300h-11 et. seq.; the Oil Pollution Act, 33 U.S.C. Section 2701 et. seq.; the National Environmental Policy Act, 42 USC Section 4321 et. seq.; the State Environmental Quality Review Act (SEQRA), NY ECL Section 8-0101 et. seq; the New York State Environmental Conservation Law; the New York State Navigation Law; together, in each case, with any amendment thereto, and the regulations adopted, guidances, memoranda and publications promulgated thereunder and all substitutions thereof and any other analogous current or future federal, state municipal, city or local laws."

"***Hazardous Substance'*** shall mean and include in the singular and "***Hazardous Substances***" shall mean and include in the plural any pollutant, contaminant, toxic or hazardous waste, dangerous substance, noxious substance, toxic substance, flammable, explosive or radioactive material, urea formaldehyde foam insulation, asbestos, polychlorinated biphenyls ("PCBs"), radon, chemicals known to cause cancer, endocrine disruption or reproductive toxicity, petroleum and petroleum products, fractions, derivatives and constituents thereof, of any kind and in any form, including, but not limited to, oil, petroleum, fuel, fuel oil,

sludge, crude oil, gasoline, kerosene, and mixtures of, or waste materials containing any of the foregoing, and other gases, chemicals, materials and substances which have been or in the future shall be declared to be hazardous or toxic, or the removal, containment or restriction of which have been or in the future shall be required, or the manufacture, preparation, production, generation, use, maintenance, treatment, storage, transfer, handling or ownership of which have or in the future shall be restricted, prohibited, regulated or penalized by any federal, state, county, or municipal or other local statute or law now or at any time hereafter in effect as amended or supplemented and by the regulations adopted and publications promulgated pursuant thereto."

(c) The date appearing as "December 30, 2015" in the first (1st) sentence of paragraph "(w)" of Section 85 of the Lease shall be deemed amended to read "May 27, 2023".

18. Section 83 of the Lease is hereby amended to read as follows:

"Section 83. Security Deposit

(a) As used in this Section 83 the following terms shall have the following meanings:

(1) '***Agreements***' shall collectively mean this Lease and all other agreements now or in the future the Lessee shall have with the Port Authority, including any extensions thereof.

(2) '***Effective Period***' shall mean the period commencing on the Effective Date (as defined in Supplement No. 3 to the Lease) and expiring on the last day of the sixth full calendar month occurring after the expiration or earlier termination or revocation of this Lease.

(3) '***Letter of Credit***' shall mean in the singular each of and '***Letters of Credit***' shall mean in the plural all of the letters of credit required to delivered by the Lessee to the Port Authority pursuant to the provisions of this Section and which meet all the requirements set forth in paragraph (c) below.

(4) '***Obligations***' shall mean all of the provisions, terms and conditions of the Agreements on the part of the Lessee to be fulfilled, kept, performed or observed and (ii) the payment of all rentals, fees and other amounts, charges and obligations now or in the future to become due and owing to the Port Authority by the Lessee, and (iii) the performance of all other present and future obligations of

the Lessee to the Port Authority whether covered by a written agreement or otherwise.

(5) *'Security Amount'* shall mean the amount of Six Hundred Thousand Dollars and No Cents ($600,000.00).

(b) The Lessee hereby agrees that on or before the Effective Date the Lessee shall cause to be delivered to the Port Authority a Letter of Credit in the Security Amount meeting all the requirements set forth in paragraph (c) below as security for the full, faithful and prompt performance of and compliance with, on the part of the Lessee of all of the Obligations.

(c) Each Letter of Credit shall be clean, irrevocable and issued to and in favor of the Port Authority by a banking institution acceptable to the Port Authority and having its main office in the Port of New York District. The form and terms of each Letter of Credit, as well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. Each Letter of Credit shall provide that it shall continue until the last day of the Effective Period. Such continuance may be by provision for automatic renewal or by delivery to the Port Authority of a substitute letter of credit satisfactory to the Port Authority and meeting all the requirements set forth in this paragraph (c) in an amount so that at all times during the Effective Period the Port Authority shall have a Letter of Credit or Letters of Credit in the Security Amount. If requested by the Port Authority, any Letter of Credit delivered pursuant to this Section shall be accompanied by a letter expressing the opinion of counsel for the banking institution issuing the Letter of Credit that the issuance of said Letter of Credit is an appropriate and valid exercise by the banking institution of the corporate power conferred upon it by law.

(d) Upon notice of cancellation of a Letter of Credit or upon notice that a Letter of Credit will not be extended the Lessee agrees that unless, by a date thirty (30) days prior to the effective date of such cancellation or expiration, such Letter of Credit is replaced by another letter of credit satisfactory to the Port Authority and meeting all the requirements of paragraph (c) above in an amount so that at all times during the Effective Period the Port Authority shall have a Letter of Credit or Letters of Credit in the Security Amount, the Port Authority may draw down the full amount thereof and thereafter the Port Authority will hold the same as security under this Agreement.

(e) In addition to any and all other remedies available to it, the Port Authority shall have the right, at its option at any time and from time to time, with or without notice, to draw upon each Letter of Credit or any part thereof in whole or partial satisfaction of any of its claims or demands against the Lessee. There

shall be no obligation on the Port Authority to exercise such right and neither the existence of such right nor the holding of a Letter of Credit or Letters of Credit shall cure any default or breach of the Obligations.

(f) If at any time any bank shall fail to make any payment to the Port Authority in accordance with any Letter of Credit issued by any such bank, the Lessee shall cause to be delivered to the Port Authority on demand another letter of credit satisfactory to the Port Authority and meeting all the requirements set forth in paragraph (c) above in an amount so that at all times during the Effective Period the Port Authority shall have a Letter of Credit or Letters of Credit in the Security Amount.

(g) If at any time and from time to time during the Effective Period a payment is made to the Port Authority under any Letter of Credit, the Lessee within ten (10) days thereafter shall bring the Letter of Credit back up to the Security Amount or shall cause to be delivered to the Port Authority an additional letter of credit satisfactory to the Port Authority and meeting all the requirements set forth in paragraph (c) above, in such an amount so that at all times during the Effective Period the Port Authority shall have a Letter of Credit or Letters of Credit in the Security Amount.

(h) No action by the Port Authority pursuant to the terms of any Letter of Credit, or receipt by the Port Authority of funds from any bank issuing any Letter of Credit, shall be or be deemed to be a waiver of any breach or default by the Lessee of the Obligations and all rights and remedies under the Agreements, or otherwise consequent upon such breach or default shall not be affected by the existence of or recourse to any such Letter of Credit.

(i) After the expiration of the Effective Period, and upon the condition that the Lessee shall then be in no wise in default of any of the Obligations, and upon written request therefor by the Lessee, the Port Authority will return to the Lessee the Letter of Credit or Letters of Credit which have been caused to be delivered to the Port Authority by the Lessee hereunder and are in the possession of the Port Authority less the amount by partial or full drawings of any and all unpaid claims and demands (including estimated damages) of the Port Authority by reason of any default or breach by the Lessee of the Obligations.

(j) Anything to the contrary herein notwithstanding, nothing in this Section or in Section 58 or elsewhere in the Lease shall or shall be construed as preventing or precluding the Port Authority from requiring an increase in the Security Amount or from requiring the Lessee to submit new or additional security under and pursuant to the terms and provisions of, or as a condition of entering into, any agreement (including without limitation extensions,

amendments or supplements to existing agreements) which may be entered into between the Port Authority and the Lessee subsequent to the Effective Date. Nothing herein shall be deemed to limit or impair any rights under any other agreement with the Lessee that requires security or to impair or limit any rights or remedies of the Port Authority with respect to such security or to the Letter of Credit submitted hereunder.

(k) No failure by the Port Authority to insist upon the strict performance of any of the Obligations or any agreement, term, covenant, requirement or condition thereof or to exercise any right or remedy consequent upon a breach or default of any of the foregoing, and no extension, supplement or amendment of any of the Obligations during or after a breach thereof, unless expressly stated to be a waiver, and no acceptance by the Port Authority of rentals, fees, charges or other payments in whole or in part after or during the continuance of any such breach or default, shall constitute a waiver of any such breach or default of such Obligations or such agreement, term, covenant, requirement, obligation or condition. No agreement, term, covenant, requirement, obligation or condition of the Obligations to be performed or complied with by the Lessee and no breach or default thereof, shall be waived, altered or modified except by a written instrument executed by the Port Authority. No waiver by the Port Authority of any default or breach on the part of the Lessee in performance of any of the Obligations or any agreement, term, covenant, requirement, obligation or condition thereof shall affect or alter any Obligation, but each and every agreement, term, covenant, requirement, obligation and condition thereof shall continue in full force and effect with respect to any other then existing or subsequent breach or default thereof.

(l) The Lessee hereby agrees that a breach or failure to perform or comply with any of the terms and conditions of this Agreement, including without limitation, failure to provide a Letter of Credit or Letters of Credit in accordance with the terms and provisions of this Agreement at any time during the Effective Period valid and available to the Port Authority or any failure of any banking institution issuing a Letter of Credit to make one or more payments as provided in such Letter of Credit, shall constitute a material breach of each and every Obligation, including without limitation, each of the Agreements, thereby entitling the Port Authority to immediately exercise any and all rights available to it as fully as if such breach, failure or non-compliance was a breach of the Obligations, including without limitation, the right to terminate or revoke any or all of the Agreements for cause.

(m) The Lessee agrees that it will not assign or encumber any Letter of Credit and any such assignment or encumbrance shall be void as to the Port Authority.

(n) (i) In the event of any increase or increases of the rentals payable by the Lessee under the Lease from time to time so that rentals for two (2) consecutive months shall exceed the existing Security Amount (the amount of such rentals being herein called the "Increased 2-Month Rentals"), the Security Amount may be increased by the Port Authority upon ten (10) days notice from the Port Authority to the Lessee to an amount equal to the Increased 2-Month Rentals and the Lessee shall deliver to the Port Authority before the expiration of such 10 day period an amendment to the Letter of Credit then being held by the Port Authority providing for the increase in the Letter of Credit to the new Security Amount set forth in such notice.

(ii) In the event of any decrease or decreases of the rentals payable by the Lessee under the Lease from time to time made pursuant to an written supplement to the Lease so that the rentals payable by the Lessee under the Lease for two (2) consecutive months shall be less than the existing Security Amount (the amount of such rentals being herein called the "Decreased 2-Month Rentals"), the Security Amount may be decreased by the Port Authority after ten (10) days notice from the Port Authority to the Lessee to an amount equal to the Decreased 2-Month Rentals, provided, however, in no event shall the Security Amount be so decreased or such notice be effective if (x) the Lessee shall have been in default at any time in the twelve month period immediately preceding the date of the receipt of such notice by the Lessee in the performance or observance of any term, provision, covenant, condition or agreement of this Agreement and (y) the Port Authority has not at any time during such twelve month period paid any sum or sums or incurred any obligations, expense or cost by reason of the failure, neglect or refusal of the Lessee to perform or fulfill any one or more of such terms, provisions, covenants, conditions and agreements. Such decrease in the Security Amount shall be effectuated by the delivery by the Lessee to the Port Authority of an amendment to the Letter of Credit then being held by the Port Authority providing for the decrease in the Letter of Credit to the new Security Amount set forth in the aforesaid notice from the Port Authority."

(o) For purposes of the foregoing, the Lessee hereby certifies that its I.R.S. Employee Identification No. is [redacted]

19. Section 91 of the Lease entitled "Entire Agreement" shall be renumbered as Section 92 and the reference to "Section 91" therein shall be deemed changed to "Section 92, and the following new Section 91 shall be deemed inserted into the Lease reading as follows:

"Section 91. Storage Tanks

(a) All underground storage tanks and all above ground storage tanks installed in the premises as of the commencement of the Lessee's occupancy of the premises or any portion thereof, (other than the Existing Tanks as defined in paragraph (b) (3) of Section 87 hereof) together with all underground storage tanks and all above ground storage tanks installed in the premises during the term of the letting hereunder or during the letting or use of the premises by the Lessee under any previous agreement, and its or their appurtenances, pipes, lines, fixtures and other related equipment are hereinafter collectively called the "Tanks" and singularly called a "Tank". Notwithstanding any other facts or circumstances the contrary including without limitation any vesting of title to the Tanks in the City of New York pursuant to any construction or alteration application or otherwise, the Lessee hereby agrees that title and ownership of the Tanks shall be and remain in the Lessee, that all Tanks shall be registered by the Lessee in the name of the Lessee as operator and owner and that the Lessee shall have full and sole responsibility for all the Tanks, and shall release and relieve the Port Authority from all costs and responsibility for the Tanks. The Port Authority has made no representations or warranties with respect to the Tanks or their location and shall assume no responsibility for the Tanks. All Tanks installed by the Lessee shall be installed pursuant to the terms and conditions of the Lease including without limitation Section 48 hereof entitled "Other Construction by the Lessee" and nothing in this Section shall or shall be deemed to be permission or authorization to install any Tanks.

(b) Without limiting the generality of any of the provisions of the Lease, the Lessee agrees that it shall be solely responsible for maintaining, testing and repairing the Tanks. The Lessee shall not perform any servicing, repair or non-routine maintenance to the Tanks without the prior written approval of the Port Authority provided that in the event of an emergency the Lessee, in accordance with Environmental Requirements and this Lease, shall immediately notify the Port Authority as well as all other applicable Governmental Authorities and immediately perform servicing, repair and maintenance to properly address such emergency. In addition, the Lessee, at its sole cost and expense, shall make all modifications to the Tanks and take all other actions so that the Tanks shall at all times comply with all applicable Environmental Requirements.

(c) (1) The Lessee shall remove all the Tanks from the premises on or before the expiration of the Lease (unless the Lessee shall have received the prior written approval of the Port Authority to have abandoned a tank in place and such abandonment continues to meet all applicable Environmental Requirements) and the Lessee agrees to dispose of the Tanks off the Airport in accordance with all applicable Environmental Requirements.

(2) Any removal of the Tanks shall be performed pursuant to an alteration application prepared by the Lessee and submitted to the Port Authority for the Port Authority's approval and in connection with such removal, the Lessee shall restore the premises to the same condition existing prior to the installation of the Tanks, shall perform such testing of the Tanks and of the soil, sub-soil and ground water in the vicinity of the Tanks as shall be required by the Port Authority and shall clean-up and remediate any contamination disclosed by said testing. In the event the Lessee does not remove the Tanks as required by subparagraph (l) above, the Port Authority may enter upon the premises and effect the removal and disposal of the Tanks, restoration of the premises and such remediation and the Lessee hereby agrees to pay all costs and expenses of the Port Authority arising out of such removal, disposal, restoration and remediation.

(d) Without limiting the generality of any other term or provision of the Lease, the Lessee shall at its cost and expense comply with all Environmental Requirements applicable to the Tanks, including without limitation any modifications or closures required thereby, and any Discharge (as defined in paragraph (i) hereof) including without limitation testing the Tanks and registering the Tanks in the name of the Lessee as owner and operator, submitting all required clean-up plans, bonds and other financial assurances, performing all required clean-up and remediation of Discharges and filing all reports, making all submissions to, providing all information required by, and complying with all requirements of, all Governmental Authorities pursuant to all such Environmental Requirements. Nothing in the foregoing shall be construed as a submission by the Port Authority to the application to itself of the Environmental Requirements, provided, however, no immunity or exemption of the Port Authority from the Environmental Requirements shall excuse the compliance therewith by the Lessee or shall be grounds for non-compliance therewith by the Lessee.

(e) (1) Without limiting the terms and provisions of Section 2 hereof entitled "Construction by the Lessee" and Section 13 hereof entitled "Indemnity and Liability Insurance", the Lessee hereby assumes all risks arising out of or in connection with the Tanks and all Discharges whether or not foreseen or unforeseen and shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents and employees from and against (and shall reimburse the Port Authority for their costs and expenses including without limitation penalties, fines, liabilities, settlements, damages, attorney and consultant fees, investigation and laboratory fees, clean-up and remediation costs, court costs and litigation expenses), all claims and demands, just or unjust, of third persons (such claims and demands being hereinafter in this Section referred to as "Claims" and singularly referred to as a "Claim") including but not limited to those for personal injuries (including death), property damages, or environmental impairment, arising or alleged to arise out of or in any way related

to, the failure of the Lessee to comply with each and every term and provision of the Lease, or the Tanks, or any Discharge, or any lawsuit brought or threatened, settlement reached or any governmental order relating to the Tanks or a Discharge, or any violation of any Environmental Requirement or demands of any Governmental Authority based upon or in any way related to the Tanks or a Discharge, and whether such arise out of the acts or omissions of the Lessee or of the contractors of the Lessee or of third persons or out of the acts of God or the public enemy or otherwise including Claims by the City of New York against the Port Authority pursuant to the provisions of the Basic Lease whereby the Port Authority has agreed to indemnify the City against claims. It is understood the foregoing indemnity shall cover all claims, demands, penalties, settlements, damages, fines, costs and expenses of or imposed by any Governmental Authority under the aforesaid Environmental Requirements.

(2) If so directed the Lessee shall at its expense defend any suit based upon any such Claim (even if such Claim is groundless, false or fraudulent) and in handling such it shall not without first having express advance permission from the General Counsel of the Port Authority raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority.

(3) The terms and conditions of this paragraph (e) are intended to allocate obligations and responsibilities between the Lessee and the Port Authority only, and nothing in this paragraph (e) shall limit, modify or otherwise alter the rights and remedies which the Port Authority or the Lessee may have against third parties at law, equity or otherwise.

(f) Without limiting or affecting the terms and provisions of Section 33 hereof entitled "Survival of the Obligations of the Lessee", the Lessee's obligations under this Section shall survive the expiration or earlier termination of the Lease.

(g) In addition to the requirements of Section 10 hereof entitled "Compliance with Governmental Regulations" and paragraph (d) of this Section, the Port Authority shall have the right upon notice to the Lessee to direct the Lessee, at the Lessee's sole cost and expense, (i) to perform such reasonable testing of the Tanks as the Port Authority shall direct and to perform such testing of the soil, subsoil and ground water of the premises and of such surrounding area as the Port Authority shall direct, and (ii) to clean-up and remediate any Discharge, regardless of whether any Environmental Requirement or Governmental Authority shall require such testing, clean-up or remediation,

which testing, clean-up and remediation shall be performed pursuant to an alteration application prepared by the Lessee and submitted to the Port Authority for the Port Authority's approval.

(h) In the Lessee's use and operation of the Tanks, the Lessee shall not permit any Hazardous Substance from entering the ground including without limitation (subject to Section 48 hereof entitled "Other Construction by the Lessee") installing appropriate spill and overfill devices and placing an impervious material, such as asphalt or concrete, over the ground area above or under, as the case shall be, and in the vicinity of the Tanks.

(i) As used in this Section, "Discharge" shall mean the presence, pumping, pouring, venting, emitting, emptying, leakage, deposit, spill, discharge or other release of Hazardous Substances from the Tanks or in connection with their use, operation, maintenance, testing or repair.

20. Effective as of January 1, 2004: Amendments to various sections of the Lease relating to or resulting from the new Freedom Agreement (JFK Flight Fees Agreement)

Effective as of January 1, 2004, the following amendments shall be made to the Lease in recognition that the Freedom Agreement (JFK Flight Fees Agreement as hereinafter defined), became effective and replaced the General Airport Agreement (except as to certain provisions thereof covering the aviation fuel system at the Airport) as of as of January 1, 2004.

(a) Section 90 of the Lease entitled "General Airport Agreement" shall be deemed amended to read as follows:

"It is recognized that the JFK Flight Fees Agreements and the principles and formula set forth therein for the calculation of flight fees, including the costs recovery accounting principles, have by agreement become the basis for determining flight fees payable by various Aircraft Operators at the Airport who are the actual signatories to JFK Flight Fees Agreements. In the event of the expiration and non-extension or non-renewal of the JFK Flight Fees Agreement, the same formula, accounting principles and costs recovery methodology now set forth in the JFK Flight Fees Agreements for the calculation of flight fees shall continue to be utilized for the calculation of flight fees at the Airport for the Approved Sublessees until such time as the JFK Flight Fees Agreements are formally replaced by a new agreement or agreements or by a new policy or policies. The Port Authority has advised the Lessee that it is the intention of the Port Authority that with respect to the formula, accounting principles and the costs recovery methodology for the calculation of flight fees upon the expiration and non-extension or non-renewal of the JFK Flight Fees Agreements all Aircraft

Operators at the Airport which are similarly situated will be treated in a similar manner. It is agreed that the foregoing provision shall be set forth in the Consent Agreement (by appropriate amendment thereto) of each of the Approved Sublessees.

(b) The parties hereto agree that in the event any provisions contained in the JFK Flight Fees Agreement conflict with any one or more provisions of this Lease, the provisions this Lease shall control with respect to all areas and subject matters covered by this Lease, except only as to the Lessee's operations on the Public Aircraft Facilities at the Airport and to the extent that any of the provisions of this Lease conflict with the provisions of the JFK Flight Fees Agreement concerning the rights and obligations as to operations on the Public Aircraft Facilities at the Airport, the Lessee's JFK Flight Fees Agreement shall control with respect to rights and obligations as to operations on the Public Aircraft Facilities at the Airport".

(c) Section 80 of the Lease entitled "Restrictions on Use of Passenger Terminal Frontage Roadways - Use of Airport Taxi Dispatchers and Addition of Roadway Area to the Premises" shall be deemed amended by inserting the phrase, "or the JFK Flight Fees Agreements, as applicable," immediately after the word "Agreement" and before the word "and" appearing in paragraph (b) thereof and immediately after the word "Agreement" and before the period appearing at the end of paragraph (b) thereof.

(d) Section 79 of the Lease entitled "Future Airport Transportation Facilities and Operations Use of Portions of the Premises" shall be deemed amended by inserting the phrase, "or the JFK Flight Fees Agreements, as applicable," immediately after the word "Agreement" and before the word "for" appearing in paragraph (d) thereof and immediately after the word "Agreement" and before the period appearing at the end of paragraph (d) thereof.

(e) The following amendments shall be deemed to have been made to Section 85 of the Lease as of January 1, 2004:

(i) The definition of "Distribution Portion of the System" shall be amended to read as follows:

"*Distribution Portion of the System*' shall mean the Distribution Portion of the System as described in the Airport Fueling Agreements."

(ii) The definition of "*General Airport Agreement*" shall be amended by inserting the following phrase after the term "Airport" and before the period appearing at the end thereof.

", as the same has been extended by the Standstill Agreement and the Second Standstill Agreement"

(iii) The definition of Runways shall be amended to read as follows:

"*Runways*" shall mean runways (including aerial approaches) at the Airport used for the purpose of the landing and taking-off of Aircraft.

(iv) The definition of Taxiways shall be amended to read as follows and the definition of "Public Aircraft Parking and Storage Space added to read as follows:

"*Taxiways*" shall mean taxiways at the Airport for the purpose of the ground movement of Aircraft to, from and between the Runways, the Public Ramp and Apron Area, the Public Aircraft Parking and Storage Space and other portions of the Airport (not including, however, any taxilanes, the exclusive use of which is granted to the Lessee or any other Person by lease, permit or otherwise)."

"Public Aircraft Parking and Storage Space" shall mean areas at the Airport for public and common use for the purpose of parking and storing aircraft, for the purpose of servicing aircraft with fuel and lubricants and other supplies for use thereon, and for the purpose of making minor or emergency repairs to aircraft."

(v) The following new definitions shall be deemed added to Section 85 to read as follows:

"*Aircraft*" shall mean airplanes, helicopters and every other contrivance now or hereafter used for the navigation of or flight in air or space.

"*JFK Flight Fees Agreement*" and *"JFK Flight Fees Agreements"* (and *"Freedom Agreement")* shall mean the agreement or agreements designated therein as the JFK Flight Fees Agreement effective as of January 1, 2004 entered into between the Port Authority and each of the Approved Sublessees covering the payment of flight fees at the Airport and other matters covered therein.

"*Airport Fueling Agreements*" shall mean such of the separate agreement or agreements if and when entered into by the Port Authority and airlines operating at the Airport which would cover the operations of the Airport Fuel Storage and Distribution System in replacement of the aviation fuel provisions of the General Airport Agreement.

"*Second Standstill Agreement*" shall mean the certain agreement entered into between the Port Authority and the Lessee covering the extension of the General Airport Agreement through September 30, 2004, or through such later date as may thereafter be agreed upon by extension, restatement or modification of such agreement, with the extension of the fuel fee provisions of the General Airport Agreement extended through December 31, 2004, or through such later date as may thereafter be agreed upon by extension, restatement or modification of such agreement.

"*Standstill Agreement*" shall mean the certain agreement entered into between the Port Authority and the Lessee (or the Approved Sublessees) covering the extension of the General Airport Agreement through March 31, 2004.

"*Standstill Agreements*" shall mean collectively the Standstill Agreement and the Second Standstill Agreement.

21. Section 44 of the Lease entitled "Notices" is hereby amended as follows: The address for delivery of notices to the Port Authority appearing on the 16th through 18th lines thereof shall be deemed amended to read "225 Park Avenue South, New York, New York, 10003".

22. Section 49 of the Lease entitled "Place of Payments" is hereby amended to read as follows:

"All payments required of the Lessee by this Agreement shall be sent to the following address:

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY
P.O. BOX 95000-1517
PHILADELPHIA, PENNSYLVANIA 19195-1517

or via the following wire transfer instructions:

Bank: Commerce Bank
Bank ABA Number: 026013673
Account Number: [redacted]

or to such other address, office or location as may hereafter be substituted therefor by the Port Authority, from time to time, by notice to the Lessee."

23. As hereby amended, all the terms, provisions, covenants and conditions of the Lease shall continue in full force and effect.

24. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation or execution of this Supplemental Agreement.

25. Neither the Commissioners of the Port Authority nor any of them nor any officer, agent or employee thereof, shall be charged personally by the Lessee with any liability, or held liable to the Lessee under any term or provision of this Supplemental Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach thereof.

26. This Supplemental Agreement together with the Lease to which it is supplementary constitutes the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by an instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or in this Supplemental Agreement.

27. Each of the Lessee's Airline Partners by its consent endorsement hereof hereby affirms the continuance in full force and effect of its Obligor's Agreement (as defined and described in Section 58 of the Lease) during the extended term of the letting of the Lease as herein provided.

28. This Supplemental Agreement may be simultaneously executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first above written.

ATTEST:

Asst. Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By Joanne Cucolella

(Title) Manager, Properties and Commercial Development

(Seal)

ATTEST:
(Lessee)

Secretary

TERMINAL ONE GROUP ASSOCIATION, L.P.

By: TERMINAL ONE MANAGEMENT, INC.
GENERAL PARTNER

By _____

(Title) Chief Executive Officer
(Corporate Seal)

APPROVED	
FORM	TERMS

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first above written.

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____
Secretary

By _____

(Title) _____
(Seal)

ATTEST:
(Lessee)

TERMINAL ONE GROUP ASSOCIATION, L.P.

By: TERMINAL ONE MANAGEMENT, INC.
GENERAL PARTNER

_____
Secretary

By _____

(Title) Chief Executive Officer
(Corporate Seal)

CONSENT ENDORSEMENT OF EACH AIRLINE PARTNER
OF THE LESSEE AS OBLIGOR UNDER ITS OBLIGOR'S AGREEMENT

~~ATTEST:~~ WITNESS

Richard A. Pascuito

~~Secretary~~
Richard A. Pascuito
Vice President Marketing and Distribution, Air France

SOCIÉTÉ AIR FRANCE
(Airline Partner/Obligor)

By Marie Joseph Malé

(Title) Vice President & General Manager, USA
~~(Corporate Seal)~~ no corporate seal

ATTEST:

DEUTSCHE LUFTHANSA
AKTIENGESELLSCHAFT
(Airline Partner/Obligor)

AIR FRANCE ★ NYC . AJ ★ AFFAIRES JURIDIQUES

Secretary

By _____

(Title) President
(Corporate Seal)

Secretary

By _____

(Title) President
(Corporate Seal)

ATTEST:

JAPAN AIRLINES INTERNATIONAL CO., LTD.
(Airline Partner/Obligor)

Secretary

By _____

(Title) President
(Corporate Seal)

ATTEST:

KOREAN AIR LINES CO., LTD.
(Airline Partner/Obligor)

Secretary

By _____

(Title) President
(Corporate Seal)

CONSENT ENDORSEMENT OF EACH AIRLINE PARTNER
OF THE LESSEE AS OBLIGOR UNDER ITS OBLIGOR'S AGREEMENT

ATTEST:

Secretary

SOCIÉTÉ AIR FRANCE
(Airline Partner/Obligor)

By _____

(Title) President
(Corporate Seal)

~~ATTEST:~~
WITNESS!

~~Secretary~~
GENERAL COUNSEL, NORTH AMERICA

~~Secretary~~
GENERAL COUNSEL, NORTH AMERICA

DEUTSCHE ~~LUFTHANSA~~
AKTIENGESELLSCHAFT
(Airline Partner/Obligor)

By _____

(Title) Vice President the Americas
(Corporate Seal)

By _____

(Title) Director Passenger Sales North America
(Corporate Seal)

ATTEST:

Secretary

JAPAN AIRLINES INTERNATIONAL CO., LTD.
(Airline Partner/Obligor)

By _____

(Title) President
(Corporate Seal)

ATTEST:

Secretary

KOREAN AIR LINES CO., LTD.
(Airline Partner/Obligor)

By _____

(Title) President
(Corporate Seal)

CONSENT ENDORSEMENT OF EACH AIRLINE PARTNER
OF THE LESSEE AS OBLIGOR UNDER ITS OBLIGOR'S AGREEMENT

ATTEST:

SOCIÉTÉ AIR FRANCE
(Airline Partner/Obligor)

_____
Secretary

By _____

(Title) President
(Corporate Seal)

ATTEST:

DEUTSCHE LUFTHANSA
AKTIENGESELLSCHAFT
(Airline Partner/Obligor)

_____
Secretary

By _____

(Title) President
(Corporate Seal)

_____
Secretary

By _____

(Title) President
(Corporate Seal)

~~ATTEST~~: WITNESS:

JAPAN AIRLINES INTERNATIONAL CO., LTD.
(Airline Partner/Obligor)

~~Secretary~~ Yasuyuki Kuwahara
Director, Administration

By T. Oshima
Toshiaki Oshima

(Title) Vice President
(Corporate Seal)

ATTEST:

KOREAN AIR LINES CO., LTD.
(Airline Partner/Obligor)

_____
Secretary

By _____

(Title) President
(Corporate Seal)

CONSENT ENDORSEMENT OF EACH AIRLINE PARTNER
OF THE LESSEE AS OBLIGOR UNDER ITS OBLIGOR'S AGREEMENT

ATTEST:

SOCIÉTÉ AIR FRANCE
(Airline Partner/Obligor)

_____
Secretary

By _____

(Title) President
(Corporate Seal)

ATTEST:

DEUTSCHE LUFTHANSA
AKTIENGESELLSCHAFT
(Airline Partner/Obligor)

_____
Secretary

By _____

(Title) President
(Corporate Seal)

_____
Secretary

By _____

(Title) President
(Corporate Seal)

ATTEST:

JAPAN AIRLINES INTERNATIONAL CO., LTD.
(Airline Partner/Obligor)

_____
Secretary

By _____

(Title) President
(Corporate Seal)

ATTEST:

KOREAN AIR LINES CO., LTD.
(Airline Partner/Obligor)

Secretary GM+ Stn Mgr

By _____

(Title) Managing V- President
(Corporate Seal)

SCHEDULE E

AFFIRMATIVE ACTION-EQUAL OPPORTUNITY---MINORITY BUSINESS ENTERPRISES ---WOMEN-OWNED BUSINESS ENTERPRISES REQUIREMENTS

Part I. Affirmative Action Guidelines - Equal Employment Opportunity

Without limiting any of the terms and conditions of the Lease between The Port Authority of New York and New Jersey (the "***Port Authority***") and **TERMINAL ONE GROUP ASSOCIATION, L.P.** (the "***Lessee***") under Lease No. AYC-190 (the "***Lease***"), the Lessee understands and agrees that it shall put into effect prior to the commencement of any construction work (including but not limited to any work under a Tenant Alteration Application) an affirmative action program and Minority Business Enterprise (MBE) program and Women-owned Business Enterprise (WBE) program in accordance with the provisions of this Schedule E. As used in this Schedule E the term "***construction work***" shall be deemed to mean also any and all construction work and/or alteration work under each Tenant Alteration Application. The provisions of this Schedule E shall be applicable to the Lessee's contractor or contractors and subcontractors at any tier of construction as well as to the Lessee itself and the Lessee shall include the provisions of this Schedule E within all of its construction contracts so as to make said provisions and undertakings the direct obligation of the construction contractor or contractors and subcontractors at any tier of construction. The Lessee shall and shall require its said contractor, contractors and subcontractors to furnish to the Port Authority such data, including but not limited to compliance reports relating to the operation and implementation of the affirmative action, Minority Business Enterprise (MBE) and Women-owned Business Enterprise (WBE) programs called for hereunder as the Port Authority may request at any time and from time to time regarding the affirmative action, Minority Business Enterprises (MBE) and Women-owned Business Enterprises (WBE) programs of the Lessee and its contractor, contractors, and subcontractors at any tier of construction, and the Lessee shall and shall also require that its contractor, contractors and subcontractors at any tier of construction make and put into effect such modifications and additions thereto as may be directed by the Port Authority pursuant to the provisions hereof and this Schedule E to effectuate the goals of affirmative action and Minority Business Enterprise (MBE) and Women-owned Business Enterprise (WBE) programs.

In addition to and without limiting any terms and conditions of the Lease, the Lessee shall provide in its contracts and all subcontracts covering the construction work or any portion thereof, that:

(aa) The contractor shall not discriminate against employees and applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status, and shall undertake or continue existing programs of affirmative action to ensure that minority group persons are afforded equal employment opportunity without discrimination. Such programs shall include, but not be limited to, recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff, termination, rates of pay or other forms of compensation, and selections for training or retraining, including apprenticeships and on-the-job training;

(bb) At the request of either the Port Authority or the Lessee, the contractor shall request such employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding and which is involved in the performance of the contract with the Lessee to furnish a written statement that such employment agency, labor union or representative shall not discriminate because of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will cooperate in the implementation of the contractor's obligations hereunder;

(cc) The contractor will state, in all solicitations or advertisements for employees placed by or on behalf of the contractor in the performance of the contract, that all qualified applicants will be afforded equal employment opportunity without discrimination because of race, creed, color, national origin, sex, age, disability or marital status;

(dd) The contractor will include the provisions of subparagraphs (aa) through (cc) of this paragraph in every subcontract or purchase order in such a manner that such provisions will be binding upon each subcontractor or vendor as to its work in connection with the contract;

(ee) 'Contractor' as used herein shall include each contractor and subcontractor at any tier of construction.

I. As a matter of policy the Port Authority hereby requires the Lessee and the Lessee shall require the Contractor, as hereinafter defined, to comply with all of the provisions of this Schedule E, the foregoing provisions set forth above and the provisions set forth hereinafter in this Schedule E. The provisions set forth in this Part I are similar to the conditions for bidding on federal government contract adopted by the Office of Federal Contract Compliance and effective May 8, 1978.

The Lessee as well as each bidder, contractor and subcontractor of the Lessee and each subcontractor of a contractor at any tier of construction (herein collectively referred to as "the Contractor") must fully comply with the following conditions set forth herein as to each construction trade to be used on the construction work or any portion thereof (said conditions being herein called "Bid Conditions"). The Lessee hereby commits itself to the goals for minority and female utilization set forth below and all other requirements, terms and conditions of the Bid Conditions. The Lessee shall likewise require the Contractor to commit itself to the said goals for minority and female utilization set forth below and all other requirements, terms and conditions of the Bid Conditions by submitting a properly signed bid.

II. The Lessee and the Contractor shall each appoint an executive of its company to assume the responsibility for the implementation of the requirements, terms and conditions of the following Bid Conditions:

(a) The goals for minority and female participation expressed in percentage terms for the Contractor's aggregate workforce in each trade on all construction work are as follows:

(1)	Minority participation	
	Minority, except laborers	30%
	Minority, laborers	40%
(2)	Female participation	
	Female, except laborers	6.9%
	Female, laborers	6.9%

These goals are applicable to all the Contractor's construction work performed in and for the premises.

The Contractor's specific affirmative action obligations required herein of minority and female employment and training must be substantially uniform throughout the length of the contract, and in each trade, and the Contractor shall make good faith efforts to employ minorities and women evenly on each of its projects. The transfer of minority or female employees or trainees from contractor to contractor or from project to project for the sole purpose of meeting the Contractor's goals shall be a violation of the contract. Compliance with the goals will be measured against the total work hours performed.

(b) The Contractor shall provide written notification to the Lessee and the Lessee shall provide written notification to the Manager of the Office of Business and Job

Opportunity of the Port Authority within 10 working days of award of any construction subcontract in excess of $10,000 at any tier for construction work. The notification shall list the name, address and telephone number of the subcontractor; employer identification number; estimated starting and completion dates of the subcontract; and the geographical area in which the subcontract is to be performed.

(c) As used in these specifications:

(1) "Employer identification number" means the Federal Social Security number used on the Employer's Quarterly Federal Tax Return, U.S. Treasury Department Form 941:

(2) "Minority" includes:

(i) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);

(ii) Hispanic (all persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American culture or origin, regardless of race);

(iii) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and

(iv) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).

(d) Whenever the Contractor, or any subcontractor at any tier, subcontracts a portion of the construction work involving any construction trade, it shall physically include in each subcontract in excess of $10,000 those provisions which include the applicable goals for minority and female participation.

(e) The Contractor shall implement the specific affirmative action standards provided in subparagraphs (1) through (16) of Paragraph (h) hereof. The goals set forth above are expressed as percentages of the total hours of employment and training of minority and female utilization the Contractor should reasonably be able to achieve in each construction trade in which it has employees in the premises. The Contractor is expected to make substantially uniform progress toward its goals in each craft during the period specified.

(f) Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the Contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the Contractor's obligations hereunder.

(g) In order for the nonworking training hours of apprentices and trainees to be counted in meeting the goals, such apprentices and trainees must be employed by the Contractor during the training period, and the Contractor must have made a commitment to employ the apprentices and trainees at the completion of their training subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor.

(h) The Contractor shall take specific affirmative actions to ensure equal employment opportunity ("EEO").

The evaluation of the Contractor's compliance with these provisions shall be based upon its good faith efforts to achieve maximum results from its actions. The Contractor shall document these efforts fully, and shall implement affirmative action steps at least as extensive as the following:

(1) Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the Contractor's employees are assigned to work. The Contractor, where possible, will assign two or more women to each Phase of the construction project. The Contractor, shall specifically ensure that all foremen, superintendents, and other supervisory personnel at the premises are aware of and carry out the Contractor's obligation to maintain such a working environment, with specific attention to minority or female individuals working at the premises.

(2) Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations when the Contractor or its unions have employment opportunities available, and maintain a record of the organizations' responses.

(3) Maintain a current file of the names, addresses and telephone number of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefor, along with whatever additional actions the Contractor may have taken.

(4) Provide immediate written notification to the Lessee when the union or unions with which the Contractor has a collective bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other information that the union referral process has impeded the Contractor's efforts to meet its obligations.

(5) Develop on-the-job training opportunities and/or participate in training programs for the area which expressly include minorities and women, including upgrading programs and apprenticeship and training programs relevant to the Contractor's employment needs, especially those programs funded or approved by the Department of Labor. The Contractor shall provide notice of these programs to the sources compiled under subparagraph (2) above.

(6) Disseminate the Contractor's EEO Policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Contractor in meeting its EEO obligations; by including it in any policy manual and collective bargaining agreement; by publicizing it in the Contractor's newspaper, annual report, etc.; by specific review of the policy with all management personnel and with all minority and female employees at least once a year; and by posting the Contractor's EEO policy on bulletin boards accessible to all employees at each location where construction work is performed.

(7) Review, at least every six months the Contractor's EEO policy and affirmative action obligations hereunder with all employees having any responsibility for hiring, assignment, layoff, termination or other employment decision including specific review of these items with on-premises supervisory personnel such as Superintendents, General Foremen, etc., prior to the initiation of construction work at the premises. A written record shall be made and maintained identifying the time and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.

(8) Disseminate the Contractor's EEO policy externally by including it in any advertising in the news media, specifically including minority and female news media, and providing written notification to and discussing the Contractor's EEO policy with other Contractors and Subcontractors with whom the Contractor does or anticipates doing business.

(9) Direct its recruitment efforts, both oral and written, to minority, female and community organizations, to schools with minority and female students and to minority and female recruitment and training organizations and to State-certified minority referral agencies serving the Contractor's recruitment area and employment needs. Not

later than one month prior to the date for the acceptance of applications for apprenticeship or other training by any recruitment source, the Contractor shall send written notification to organizations such as the above, describing the openings, screening procedures, and tests to be used in the selection process.

(10) Encourage present minority and female employees to recruit other minority persons and women and, where reasonable, provide after school, summer and vacation employment to minority and female youth both on the premises and in areas of a Contractor's workforce.

(11) Tests and other selecting requirements shall comply with 41 CFR Part 60-3.

(12) Conduct, at least every six months, an inventory and evaluation at least of all minority and female personnel for promotional opportunities and encourage these employees to seek or to prepare for, through appropriate training, etc., such opportunities.

(13) Ensure that seniority practices, job classifications, work assignments and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the EEO policy and the Contractor's obligations hereunder are being carried out.

(14) Ensure that all facilities and company activities are nonsegregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.

(15) Document and maintain a record of all solicitations of offers for subcontracts from minority and female construction contractors and suppliers, including circulation of solicitations to minority and female contractor associations and other business associations.

(16) Conduct a review, at least every six months, of all supervisors' adherence to and performance under the Contractors' EEO policies and affirmative action obligations.

(i) Contractors are encouraged to participate in voluntary associations which assist in fulfilling one or more of their affirmative action obligations (subparagraphs (1)-(16) of Paragraph (h) above). The efforts of a contractor association, joint contractor-union, contractor-community, or other similar group of which the Contractor is a member and participant, may be asserted as fulfilling any one or more of its obligations under Paragraph (h) hereof provided that: the Contractor actively participates

in the group, makes good faith efforts to assure that the group has a positive impact on the employment of minorities and women in the industry, ensures that the concrete benefits of the program are reflected in the Contractor's minority and female workforce participation, makes good faith efforts to meet its individual goals and timetables, and can provide access to documentation which demonstrates the effectiveness of actions taken on behalf of the Contractor. The obligation to comply, however, is the Contractor's and failure of such a group to fulfill an obligation shall not be a defense for the Contractor's non-compliance.

(j) A single goal for minorities and a separate single goal for women have been established. The Contractor, however, is required to provide equal opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and non-minority. Consequently, the Contractor may be in violation hereof if a particular group is employed in a substantially disparate manner (for example, even though the Contractor has achieved its goals for women generally, the Contractor may be in violation hereof if a specific minority group of women is underutilized).

(k) The Contractor shall not use the goals and timetables or affirmative action standards to discriminate against any person because of race, color, religion, sex or national origin.

(l) The Contractor shall not enter into any subcontract with any person or firm debarred from Government contracts pursuant to Executive Order 11246.

(m) The Contractor shall carry out such sanctions and penalties for violation of this clause including suspension, termination and cancellation of existing subcontracts as may be imposed or ordered by the Lessee. Any Contractor who fails to carry out such sanctions and penalties shall be in violation hereof.

(n) The Contractor, in fulfilling its obligations hereunder shall implement specific affirmative actions steps, at least as extensive as those standards prescribed in paragraph (h) hereof so as to achieve maximum results from its efforts to ensure equal employment opportunity. If the Contractor fails to comply with the requirements of these provisions, the Lessee shall proceed accordingly.

(o) The Contractor shall designate a responsible official to monitor all employment related activity to ensure that the company EEO policy is being carried out, to submit reports relating to the provisions hereof as may be required and to keep records. Records shall at least include for each employee the name, address, telephone numbers, construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status (e.g. mechanical apprentice, trainee,

helper, or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and location at which the work is performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, contractors shall not be required to maintain separate records.

(p) Nothing herein provided shall be construed as a limitation upon the application of any laws which establish different standards of compliance or upon the application of requirements for the hiring of local or other area residents (e.g., those under the Public Works Employment Act of 1977 and the Community Development Block Grant Program).

(q) Without limiting any other obligation, term or provision under the Lease, the Contractor shall cooperate with all federal, state or local agencies established for the purpose of implementing affirmative action compliance programs and shall comply with all procedures and guidelines established or which may be established by the Port Authority.

PART II.

MINORITY BUSINESS ENTERPRISES/WOMEN-OWNED BUSINESS ENTERPRISES

As a matter of policy the Port Authority requires the Lessee and the Lessee shall itself and shall require the general contractor or other construction supervisor and each of the Lessee's contractors to use every good faith effort to provide for meaningful participation by Minority Business Enterprises (MBEs) and Women-owned Business Enterprises (WBEs) in the construction work pursuant to the provisions of this Schedule E. For purposes hereof, "Minority Business Enterprise" "(MBE)" shall mean any business enterprise which is at least fifty-one percentum owned by, or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by citizens or permanent resident aliens who are minorities and such ownership is real, substantial and continuing. For the purposes hereof, "Women-owned Business Enterprise" "(WBE)" shall mean any business enterprise which is at least fifty-one percentum owned by, or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by women and such ownership is real, substantial and continuing. A minority shall be as defined in paragraph II(c) of Part I of this Schedule E. "Meaningful participation" shall mean that at least seventeen percent (17%) of the total dollar value of the construction contracts (including subcontracts) covering the construction work are for the participation of Minority Business Enterprises and Women-owned Business Enterprises, of which at least twelve percent (12%) are for

the participation of Minority Business Enterprises. Good faith efforts to include meaningful participation by MBEs and WBEs shall include at least the following:

(a) Dividing the work to be subcontracted into smaller portions where feasible.

(b) Actively and affirmatively soliciting bids for subcontracts from MBEs and WBEs, including circulation of solicitations to minority and female contractor associations. The Contractor shall maintain records detailing the efforts made to provide for meaningful MBE and WBE participation in the work, including the names and addresses of all MBEs and WBEs contacted and, if any such MBE or WBE is not selected as a joint venturer or subcontractor, the reason for such decision.

(c) Making plans and specifications for prospective construction work available to MBEs and WBEs in sufficient time for review.

(d) Utilizing the list of eligible MBEs and WBEs maintained by the Port Authority or seeking minorities and women from other sources for the purpose of soliciting bids for subcontractors.

(e) Encouraging the formation of joint ventures, partnerships or other similar arrangements among subcontractors, where appropriate, to insure that the Lessee and Contractor will meet their obligations hereunder.

(f) Insuring that provision is made to provide progress payments to MBEs and WBEs on a timely basis.

(g) Not requiring bonds from and/or providing bonds and insurance for MBEs and WBEs, where appropriate.

Certification of MBEs and WBEs hereunder shall be made by the Office of Business and Job Opportunity of the Port Authority. If the Contractor wishes to utilize a firm not already certified by the Port Authority, it shall submit to the Port Authority a written request for a determination that the proposed firm is eligible for certification. This shall be done by completing and forwarding such form as may be then required by the Port Authority. All such requests shall be in writing addressed to the Office of Business and Job Opportunity, the Port Authority of New York and New Jersey, 225 Park Avenue South, New York, New York 10003 or such other address as the Port Authority may specify by notice to the Lessee. Certification shall be effective only if made in writing by the Director in charge of the Office of Business and Job Opportunity of the Port Authority. The determination of the Port Authority shall be final and binding.

The Port Authority has compiled a list of the firms that the Port Authority has determined satisfy the criteria for MBE and WBE certification. This list may be supplemented and revised from time to time by the Port Authority. Such list shall be made available to the Contractor upon request. The Port Authority makes no representation as to the financial responsibility of such, firms, their technical competence to perform, or any other performance-related qualifications.

Only MBE's and WBE's certified by the Port Authority will count toward the MBE and WBE goals.

Please note that only sixty percent (60%) of expenditures to MBE or WBE suppliers will count towards meeting the MBE and WBE goals. However, expenditures to MBE or WBE manufacturer's (i.e. suppliers that produce goods from raw materials or substantially alter them before resale) are counted dollar for dollar.

For the Port Authority

Initialled:

For the Lessee

SCHEDULE F
LOCAL BUSINESS ENTERPRISES COMMITMENT

As a matter of policy the Port Authority hereby requires the Lessee and the Lessee shall require any Contractor utilized by the Lessee to perform construction work on the premises to comply with the provisions set forth hereinafter in this Schedule F.

(1) The Lessee and each Contractor shall use every good faith effort to maximize the participation of Local Business Enterprises (LBEs) in all construction work on the premises, including without limitation the A380 construction work. In order to assure familiarity with the services and materials provided by LBEs, the Contractor shall attend such meetings as may be called by the General Manager of the Airport on LBEs and shall contact the Queens Air Services Development Office (ASDO), located at John F. Kennedy International Airport, Bldg. 80, First Floor, South Service Court, Jamaica, NY 11430 to obtain LBE Vendor Profiles and access ASDO's on-line vendor retrieval system (BASIS). The Port Authority has not checked the references, capabilities or financial background of the LBEs registered with the ASDO, but is referring the Contractor to the ASDO and BASIS solely for the purpose of advising Contractors of LBDs who may be interested in providing services and/or materials to the Contractor.

(2) Good faith efforts to include participation by LBEs in construction work shall include at least the following:

(i) Dividing the work to be subcontracted and services and materials to be procured into small portions, where feasible

(ii) Soliciting bids on portions of the work to be subcontracted and services and materials to be procured from LBE's registered with ASDO and such other LBEs as the Contractor deems appropriate.

(3) The Port Authority is committed to making employment opportunities available to local residents and expects that the Contractor will utilized LBEs.

(4) It is specifically understood and agreed that the requirements set forth herein for the participation of LBEs shall not alter, limit, diminish or modify any of the obligations under this Lease including, without limitation, the obligation to put into

effect the affirmative action program and the MBE and WBE programs in accordance with the provisions set forth above in Schedule E hereof.

For the Port Authority

Initialed:

For the Lessee

TOGA supp 3 ayc-190
exec

Form - All-Purpose Ack. N.Y. (rev 1/4/2000)

FOR THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 5th day of December in the year 2005, before me, the undersigned, a Notary Public in and for said state, personally appeared Joanne Ciccolello, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Howard G. Kadin
(notarial seal and stamp)

HOWARD G. KADIN
Notary Public, State of New York
No. 02KA4753066
Qualified in New York County
Commission Expires July 31, 2009

FOR TERMINAL ONE GROUP ASSOCIATION, L.P.

STATE OF)
) ss.
COUNTY OF)

On the day of in the year 2005, before me, the undersigned, a Notary Public in and for said state, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

(notarial seal and stamp)

Form - All-Purpose Ack. N.Y. (rev 1/4/2000)

FOR THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the day of in the year 2005, before me, the undersigned, a Notary Public in and for said state, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

(notarial seal and stamp)

FOR TERMINAL ONE GROUP ASSOCIATION, L.P.

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 5TH day of DECEMBER in the year 2005, before me, the undersigned, a Notary Public in and for said state, personally appeared ARTHUR J. MOLLS personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

(notarial seal and stamp)

GARY R. BASSO
NOTARY PUBLIC, State of New York
No. 4680911
Qualified in Westchester County
Commission Expires Dec. 29, 2006

FOR DEUTSCHE LUFTHANSA AKTIENGESELLSCHAFT

STATE OF NEW YORK)
) ss.
COUNTY OF NASSAU)

On the 2nd day of December in the year 2005, before me, the undersigned, a Notary Public in and for said state, personally appeared JONAS WINKELMANN, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

(notarial seal and stamp) NS
Notary Public, State of New York
No. 4731752
Qualified in Queens County
Commission Expires July 31, 2006

FOR DEUTSCHE LUFTHANSA AKTIENGESELLSCHAFT

STATE OF NEW YORK)
) ss.
COUNTY OF NASSAU)

On the 2nd day of December in the year 2005, before me, the undersigned, a Notary Public in and for said state, personally appeared MATHIAS FRIESS, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

(notarial seal and stamp)
ARTHUR J. MOLINS
Notary Public, State of New York
No. 4731752
Qualified in Queens County
Commission Expires July 31, 2006

TOGA supp 3 ayc-190
exec

FOR ~~COMPAGNIE NATIONALE~~ SOCIÉTÉ AIR FRANCE

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 2nd day of December in the year 2005, before me, the undersigned, a Notary Public in and for said state, personally appeared Marie-Joseph Malé, personally known to me or proved to me on the basis of satisfactory evidence to be the individual~~(s)~~ whose name~~(s)~~ is ~~(are)~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ capacity~~(ies)~~, and that by his/~~her/their~~ signature(s) on the instrument, the individual~~(s)~~, or the person upon behalf of which the individual~~(s)~~ acted, executed the instrument.

(notarial seal and stamp)

JOAN GALIEL
Notary Public, State of New York
No. 31-4938452
Qualified in New York County
Commission Expires May 2, 2006

FOR KOREAN AIR LINES CO., LTD.

STATE OF)
) ss.
COUNTY OF)

On the day of in the year 2005, before me, the undersigned, a Notary Public in and for said state, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

(notarial seal and stamp)

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exec

FOR COMPAGNIE NATIONALE AIR FRANCE

STATE OF)
) ss.
COUNTY OF)

On the day of in the year 2005, before me, the undersigned, a Notary Public in and for said state, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
(notarial seal and stamp)

FOR KOREAN AIR LINES CO., LTD.

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 5th day of December in the year 2005, before me, the undersigned, a Notary Public in and for said state, personally appeared Jong S. Lee, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Geraldine M Brody
(notarial seal and stamp)

GERALDINE M. BRODY
Notary Public, State of New York
No. 24-5009478
Qualified in Kings County
Commission Expires March 15, 20 07

FOR JAPAN AIRLINES INTERNATIONAL CO., LTD.

STATE OF New York)
) ss.
COUNTY OF New York)

On the 30th day of November in the year 2005, before me, the undersigned, a Notary Public in and for said state, personally appeared Toshinari Oshima, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

(notarial seal and stamp)

JASON D. JONES
Notary Public, State of New York
No. 01JO6122905
Qualified in Queens County
Commission Expires Feb. 22, 2009

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Port Authority Lease No. AYC-190
Supplement No. 4
Port Authority Facility-- John F. Kennedy International Airport

FOURTH SUPPLEMENTAL AGREEMENT

THIS AGREEMENT ("Supplement No. 4" or "Supplemental Agreement"), made as of October 10, 2006 ("***Effective Date***") by and between **THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY** (hereinafter referred to as "***the Port Authority***") and **TERMINAL ONE GROUP ASSOCIATION, L.P.**, a limited partnership formed under the laws of the State of New York (hereinafter called "***the Lessee***"), having an office and place of business at Terminal One, JFK International Airport, Jamaica, New York 11430 and having one general partner, Terminal One Management, Inc., a corporation organized and existing under the laws of the State of New York, and four limited partners, as follows: Société Air France (a wholly-owned subsidiary of Air France-KLM, and formerly named Air France-Compagnie Aérienne successor to Compagnie Nationale Air France by assignment from Air France-KLM), Japan Airlines International Co., Ltd. (formerly named Japan Airlines Company, Ltd., a wholly-owned subsidiary of Japan Airlines Corporation), Korean Air Lines Co., Ltd., and Deutsche Lufthansa Aktiengesellschaft, and the Lessee's representative is Mr. Arthur J. Molins, Chief Executive Officer of said Terminal One Management, Inc.

WITNESSETH, That:

WHEREAS, by an Agreement of Lease made as of July 13, 1994 (as the same has been supplemented and amended is hereinafter called the "Lease"), the Port Authority let to the Lessee and the Lessee hired and took from the Port Authority certain premises (the "***premises***") at John F. Kennedy International Airport (the "***Airport***"), all as more particularly described in the Lease; and

WHEREAS, The Port Authority and the United States of America as represented by the Transportation Security Administration (the "***TSA***") have, prior to the execution of this Supplement No. 4, entered into a separate agreement denominated as an Other Transaction Agreement ("***OTA***") effective as of the date set forth therein (a copy of which is attached hereto as an exhibit); and

WHEREAS, The OTA covers payment obligations and other responsibilities of the TSA and the Port Authority, as more fully set forth therein, relating to (1) 100% design effort and (2) the construction and site preparation effort to remove and dispose of four integrated and two semi-integrated x-ray units which will be replaced with four inline Explosives Detection Systems ("***EDS***") CTX-9000 units, including, but not limited to, the installation of the four inline EDS CTX-9000 units, as well as the removal and disposal of the four VIVID x-ray units and the two inline CTX-5500s and the required modifications to the Explosive Trace Detection ("***ETD***") resolution room at the premises (the "***Project***") in order to achieve continued compliance with the Aviation and Transportation Security Act (ATSA) Public Law 107-71, November 19, 2001; and

WHEREAS, the Lessee is responsible for the operation, maintenance and management of the premises pursuant to the Lease, the Lessee will, and the Lessee hereby agrees to, perform the entire scope of work as set forth in Article II B of the OTA subject to and in accordance with all of the terms and provisions and conditions of the OTA, the Lease and of the terms and provisions set forth herein; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects;

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of the Effective Date except as otherwise stated, as follows:

1. It is hereby acknowledged and agreed that the Lessee shall perform the Work (as defined in Paragraph 2 below) at its sole cost and expense, subject to the terms and conditions set forth in the OTA for payment by TSA to the Port Authority and subject to the terms and conditions of this Supplement No. 4 covering the release by the Port Authority to the Lessee of sums, if any, paid to the Port Authority by the TSA for the Work. The TSA, pursuant to Article II A (1) of the OTA, will review all Project design drawings and specifications and construction contract documents ("***Design Documents***") for conformity with the Checked Baggage Inspection Performance and Commissioning Requirements "('Test Plan"), which Test Plan as been provided by the TSA to the Port Authority's General Manager of the Airport.

2. The Lessee hereby agrees to perform the entire scope of work as set forth in Article II B of the OTA, including, but not limited to, all work as may be needed for the Project to pass the TSA's site acceptance test ("***ISAT***") of integrated systems EDS as set forth in Article II A 4 of the OTA and the system test referred to in Article III of the OTA (collectively the "***Work***"). The Lessee shall perform the Work in accordance with the Tenant Alteration Application(s), described in Paragraph 4 below, as approved by the Port Authority. The Work shall be performed and completed by the Lessee strictly in accordance with the Lease, the OTA and with the following further terms and conditions contained in this Supplement No. 4.

3. The Lessee hereby assumes, and shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents and employees, against the following distinct and several risks, whether such risks arise from acts or omissions of the Lessee, of any contractors of the Lessee, of the Port Authority, or of third persons, or from acts of God or of the public enemy, or otherwise:

(a) The risk of loss or damage to all such Work prior to the completion thereof and the risk of loss or damage of any property of the Port Authority or others arising out or in connection with the performance of the Work. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the Work and the property of the Port Authority or others without cost or expense to the Port Authority;

(b) The risk of death, injury or damage, direct or consequential, to the Port Authority, its Commissioners, officers, agents and employees, and to its or their property, arising out of or in connection with the performance of the Work. The Lessee shall indemnify the Port Authority, its Commissioners, officers, agents and employees for all such injuries and damages, and for all loss suffered by reason thereof;

(c) The risk of all claims and demands, just or unjust, by the TSA and all other third persons (including, but not limited to, employees, officers and agents of the Port Authority and each *qui tam person* as defined in Paragraph 29 (d) hereof) against the Port Authority, its Commissioners, officers, agents and employees arising or alleged to arise out of the performance of the Work or out of any breach or other default by Lessee of this Supplement No. 4 or the Lease, or out of any payment made or requested to be made under this Supplement No. 4 or the OTA. The Lessee shall indemnify the Port Authority, its Commissioners, officers, agents and employees against and from all such claims and demands, and for all loss and expenses incurred by it and by them in the defense, settlement or satisfaction thereof, including without limitation thereto, claims and demands for death, for personal injury or for property damage, direct or consequential. If so directed, the Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such suit, claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provision of any statutes respecting suits against the Port Authority.

(d) The duties, responsibilities and obligations of the Lessee set forth in sub-subparagraphs (a) through (c) of this Paragraph 3 shall survive termination or expiration of the Lease, as herein amended.

4. The Lessee shall submit to the Port Authority for its approval one or more Tenant Alteration Application or Applications, in the form supplied by the Port Authority and containing such terms and conditions as the Port Authority may include, setting forth in detail and by appropriate plans and specifications the Work, and the manner of and

time periods for performing the same. The Lessee shall comply with all the terms and provisions of the approved Tenant Alteration Application(s) and the Lease. In the event of any inconsistency between the terms of any Tenant Alteration Application covering the Work (or portion thereof) and the terms of this Supplement No. 4, the terms of this Supplement No. 4 and the Lease shall prevail and control. The Lessee shall also comply with all applicable governmental laws, ordinances, orders, enactments, resolutions, rules and directives including, but not limited to, all requirements of the TSA. The data to be supplied by the Lessee shall describe in detail the Work. The Lessee shall be responsible at its sole cost and expense for retaining all architectural, engineering and other technical consultants and services as may be directed by the Port Authority and for developing, completing and submitting detailed plans and specifications for the Work, including but not limited to the Design Documents. The plans and specifications to be submitted by the Lessee to the Port Authority shall bear the seal of a qualified architect or professional engineer and shall be in sufficient detail for a contractor to perform the Work. The Lessee shall not engage any contractor or permit the use of any subcontractor unless and until each such contractor or subcontractor has been approved by the Port Authority and the Lessee upon request will furnish the Port Authority with a copy of each of its proposed contracts with its contractors. The Lessee shall include in any such contract or subcontract such provisions as required by this Supplement No. 4 and also such other provisions as the Port Authority and the TSA may require. The Lessee shall file with the Port Authority a copy of its contracts and subcontracts covering the Work or any portion thereof. The Lessee or its contractors and subcontractors shall obtain and maintain in force such insurance coverages and performance bonds in such amounts as the Port Authority may specify. All of the Work hereunder shall be done in accordance with the said Tenant Alteration Application(s) and final plans and specifications approved by the Port Authority and reviewed by the TSA, shall be subject to inspection by the Port Authority and the TSA during the progress of the said Work and after the completion thereof; and the Lessee shall redo or replace at its own expense any of said work not done in accordance therewith, or as otherwise required to be redone or replaced by the TSA. Upon approval of such plans and specifications by the Port Authority, and review thereof by the TSA, the Lessee shall proceed diligently at is sole cost and expense to perform and complete the Work.

5. (a) Without limiting any of the terms and conditions of this Supplement No. 4 or the Lease, the Lessee understands and agrees that it shall put into effect prior to the commencement of the Work an affirmative action program and Minority Business Enterprise (MBE) program and Women-owned Business Enterprise (WBE) program in accordance with the provisions of Schedule E attached to Supplement No. 3 of the Lease. As used in said Schedule E, the term "construction work" shall be deemed to include the Work.

(b) The Lessee in the performance of the Work shall commit itself to and use good faith efforts to implement an extensive program to utilize Local Business Enterprises in accordance with and as set forth the Schedule F attached to Supplement No. 3 of the Lease.

6. All of the Work, including workmanship and materials, shall be of first class quality.

7. Upon completion of the Work, including successful completion of testing by the TSA under Article II A (4) and Article III of the OTA and acceptance by the TSA pursuant thereto, the Lessee shall supply the Port Authority with (i) as-built plans and drawings in form and number requested by the Port Authority, and (ii) an additional duplicate set of such "as built" drawings to be attached to the final Certificate, as hereinafter defined, in accordance with the provisions of Paragraph 15 (a)(xv) of this Supplement No. 4. Notwithstanding the submission by the Lessee to the Port Authority of the contracts to be entered into by the Lessee or the incorporation therein of Port Authority requirements or recommendations, and notwithstanding any rights the Port Authority may have reserved to itself hereunder, the Port Authority shall have no liabilities or obligations of any kind to the Lessee or to any contractors engaged by the Lessee or to others in connection with any proposed or actual contracts entered into by the Lessee for the Work or for any other matter in connection therewith and the Lessee hereby releases and discharges the Port Authority, its Commissioners, officers, representatives and employees of and from any and all liability, claim for damages or losses of any kind, whether legal or equitable, or from any action or cause of action arising or alleged to arise out of the performance of any of the Work by the Lessee or pursuant to the contracts between the Lessee and its contractors.

8. The Lessee shall pay all claims lawfully made against it by its contractors, subcontractors, materialmen and workmen, and all claims lawfully made against it by other third persons arising out of or in connection with or because of the performance of the Work; and shall cause its contractors and subcontractors to pay all such claims lawfully made against them. The Lessee shall indemnify the Port Authority against all claims, damages or losses that may arise or result therefrom, including interest thereon, and costs and expenses including attorneys' fees and penalties or fines. Nothing herein contained shall be deemed to constitute consent to the creation of any lien or claim against the Work or the Airport, or any portion thereof nor to create any rights in said third persons against the Port Authority.

9. The Lessee shall be solely responsible for obtaining the acceptance of the TSA of the Work pursuant to Article II A 4 and Article III of the OTA. The Lessee shall be solely responsible for the plans and specifications used by it, and for the adequacy or sufficiency of such plans, specifications and all the improvements, alterations, installations and decorations depicted thereon or covered thereby, regardless of the consent thereto or approval thereof by the Port Authority or the incorporation therein of any Port Authority requirements or recommendations. The Port Authority shall have no obligations or liabilities in connection with the performance of the improvements, alterations, decorations and installations constituting the Work, whether performed by the Lessee or on its behalf, or the contracts for the performance thereof entered into by the Lessee. Any warranties extended or available to the Lessee in connection with the Work shall be for the benefit of the Port Authority as well as the Lessee.

10. In accordance with and pursuant to the provisions of Paragraph 15 of this Supplement No. 4, the Lessee hereby agrees and acknowledges that it shall submit with respect to the Work no more than three Certificates, as defined in subparagraph (a) of said Paragraph 15. When a portion of the Work for which the Lessee is submitting a Certificate, as defined in said Paragraph 15 (a), has been completed, including successful completion of all testing under Article II A (4) and Article III of the OTA, and acceptance by the TSA in accordance therewith, the Lessee shall deliver to the Port Authority a certificate to such effect signed by an authorized officer of the Lessee and also signed by the Lessee's licensed architect or engineer certifying that each such portion of the Work has been performed in accordance with the approved Tenant Alteration Application(s) and the approved plans and specifications, data and materials forming a part thereof, the Design Documents and the provisions of this Supplement No. 4 and in compliance with all applicable laws, ordinances and governmental rules, regulations, orders and directives, and that each such portion of the Work has been accepted by the TSA after successful completion of all testing in accordance with Article II A 4 and Article III of the OTA. Thereafter each such portion of the Work will be inspected by the Port Authority and if the same has been completed as certified by the Lessee and the Lessee's licensed architect or engineer, as aforesaid, and has been accepted by the TSA pursuant to Article II A 4 and Article III of the OTA, a certificate to such effect shall be delivered to the Lessee by the Port Authority subject to the condition that all risks thereafter with respect to each such portion of the Work and any liability therefor for negligence or other reason shall be borne by the Lessee. The date specified in the first such certificate or the date of delivery of such first certificate to the Lessee, whichever is later, shall constitute the "***First Work Completion Date***" for purposes of this Supplement No. 4; the date specified in the second such certificate or the date of delivery of such second certificate to the Lessee, whichever is later, shall constitute the "***Second Work Completion Date***" for purposes of this Supplement No. 4; and the date specified in the third such certificate or the date of delivery of such third certificate to the Lessee, whichever is later, shall constitute the "***Final Work Completion Date***" for purposes of this Supplement No. 4.

11. Without limiting Paragraph 12 hereof or any other term or provision of this Supplement No. 4 or of the Lease or the OTA, the Lessee hereby expressly acknowledges and agrees:

(a) that the total maximum of the costs of the Work eligible for reimbursement to the Lessee under the OTA for federal funds is Eight Million Three Hundred Twenty-eight Thousand Dollars and No Cents ($8,328,000.00); that said maximum amount includes the costs of the Project as defined in the OTA as well as the items listed in Article II B of the OTA that the TSA will not be responsible for under the OTA. Under the OTA, the TSA agrees to reimburse the Port Authority 100% percent of the actual allowable, allocable and reasonable costs of the Work incurred by the Lessee in the performance and completion of the Work, including the cost of all necessary design, supervision and construction management associated therewith, but not to exceed a total reimbursement of Eight Million Three Hundred Twenty-eight Thousand Dollars and No Cents ($8,328,000.00); that determination of allowable, allocable and reasonable costs

shall be governed the "FAA's Cost Principles" as referred to in Article V D of the OTA); and that the TSA will determine the costs that will be eligible for reimbursement in accordance with said FAA's Cost Principles; that the TSA will reimburse the Port Authority on an actual incurred-cost actual expense basis when supported by one or more proper invoices submitted by the Port Authority in accordance with the OTA; that 100% percent of all allowable, allocable, and reasonable costs of the Work will be paid by the TSA up to the not-to-exceed ceiling amount of Eight Million Three Hundred Twenty-eight Thousand Dollars and No Cents ($8,328,000.00); that all costs in excess of that amount as well as any costs that do not comply with said FAA's Cost Principles, shall not be borne by the TSA, unless otherwise agreed by the TSA in a modification to the OTA in accordance with Article XII; and that should the TSA contributions of the total amount represent more than 100% percent of the total final allowable, allocable, and reasonable costs, the Port Authority will refund TSA the difference to achieve a 100% percent level and the Lessee shall have the obligation to refund such difference to the Port Authority;

(b) that the TSA will hold back from the Port Authority the amount of One Hundred Fifty Thousand Dollars and No Cents ($150,000.00) from the last invoice until such time as the Port Authority delivers to the TSA final and complete "as built" drawings of the Project.

(c) that the TSA will provide maintenance, repair, and refurbishment of the EDS equipment throughout the equipment's life cycle at no cost to the Port Authority; that to the extent that the EDS equipment can no longer be used at the end of the equipment's life cycle, the TSA will provide for the removal and disposition of the units at no cost to the Port Authority, subject to the availability of funds, however, the costs associated with facility or conveyor modifications necessary to facilitate the removal and disposition of the screening equipment will not be the responsibility of the TSA; that the Lessee shall, subject to this Supplement No. 4 and the Lease, have the obligation to provide full ingress and egress to the TSA and its contractors for the installation, operation, testing, maintenance, and repair of EDS equipment at all times during the term of the letting under the Lease;

(d) that except for the EDS and the ETD Security Equipment owned by the TSA and separately provided for use at the Airport (the "***Security Equipment***"), the City of New York or the Port Authority, as applicable, shall own and have title to all personal property, improvements to real property, or other assets which are acquired under the OTA, subject to and in accordance with the provisions of the Lease, and that it shall be the responsibility of the Lessee, pursuant to and in accordance with the provisions of this Supplement No. 4 and the Lease, to operate, maintain, and if it becomes necessary, replace such property to support the efficient use of the Security Equipment;

(e) that title to the non-security equipment such as ancillary equipment or infrastructure that was purchased or reimbursed using Federal funds, or installed by the TSA, or its agents or contractors at the TSA's expense, or by the Port Authority or its agents or contractors, or the Lessee or its agents or contractors, will vest in the City of

New York or the Port Authority, as applicable, upon acceptance in accordance with Article II A 4 and Article III of the OTA, as applicable, and Paragraph 10 of this Supplement No. 4, subject to and in accordance with the provisions of the Lease;

(f) that except for the responsibilities of the TSA as outlined in Article II A of the OTA, the Project will be managed by the Lessee, who will oversee, perform and complete the Work, including, but not limited to, the responsibilities outlined in Article II B of the OTA, subject to the provisions of the OTA, the Lease and of this Supplement No. 4;

(g) that the Lessee shall have the obligation to use its best efforts to have the Work completed within the prescribed costs and schedule contained in, or provided pursuant to, the OTA.

12. Without limiting any term or provision hereof, it is expressly understood and agreed that certain obligations, duties, requirements, and responsibilities recited, stated or otherwise described or deemed to be included in the OTA are incorporated herein as obligations, duties, requirements and responsibilities of the Lessee under this Supplement No. 4, and the Lessee hereby accepts and agrees to the same, including but not limited to the following: the obligation to perform the obligations set forth in Article II B of the OTA; the obligation to refund to the Port Authority the amount of any and all payments required by the TSA to be refunded to the TSA by the Port Authority pursuant Article V D (1)(b) of the OTA; the obligation to comply with the audit and record-keeping provisions of Article VI of the OTA; the obligation to comply with the Flow Down Provisions of Article VII of the OTA; the obligation under Article V D (1)(d) of the OTA to contact the TSA Contracting Officer immediately in the event the Lessee receives, or the Port Authority advises the Lessee that the Port Authority has received, any communication which it interprets as a direction to change the work addressed by the OTA, or to incur costs not covered by funding obligated at that time and to refrain from taking any action as a result of that communication as described in said Article V D (1)(d) of the OTA; and the obligation pursuant to Article VIII A of the OTA to inform the TSA "Contracting Officer" (as named in the OTA) in the event the Contracting Officer's Representative (the "***COR***" as defined in the OTA) takes any action which is interpreted by the Lessee, or which the Port Authority has advised the Lessee that the Port Authority has interpreted, as a change in scope or liability of the Port Authority or the TSA.

The foregoing references to specific sections or provisions of the OTA shall not limit, or be construed as limiting, the obligations, duties, responsibilities and liabilities of the Lessee under this Supplement No. 4 or the Lease.

13. As used herein the term "***Cost of the Work***" shall mean the sum of the following actually paid or incurred by the Lessee to the extent that the inclusion of the same is permitted by generally accepted accounting principles consistently applied:

(a) amounts actually paid and costs actually incurred by the Lessee to independent contractors for work actually performed and labor and materials actually furnished in connection with the Work;

(b) amounts actually paid and costs actually incurred by the Lessee in connection with the Work, for engineering, architectural, professional and consulting services and supervision of construction, provided, however, that the Work shall include only that work performed by the Lessee as part of the Work in accordance with of all the terms and provisions of this Supplement No. 4, the Lease and the Tenant Alteration Applications (including the final plans and specifications forming a part thereof) as approved by the TSA and the Port Authority; and the Cost of the Work shall in no event include any amounts paid or incurred for or in connection with any trade fixtures or other personal property of the Lessee.

14. It is specifically understood and agreed that notwithstanding anything to the contrary herein, all costs and expenses of the Work shall be borne fully and solely by the Lessee without reimbursement or payment by the Port Authority except to the extent federal funds have been paid to the Port Authority by the TSA and except to the extent provided for herein with respect to, and properly includable in, the Cost of the Work, and also subject to the limitations set forth in Paragraph 15 of this Supplement No. 4, and Articles IV and V of the OTA.

15. If, and only if, and to the extent the Port Authority receives payment from the TSA for each portion of the Work pursuant to Article V of the OTA, the Port Authority shall reimburse the Lessee for the Cost of the Work for the applicable portion of the Work from the federal funds paid by TSA pursuant to the OTA in accordance with the following:

(a) After completion of each portion the Work, the Lessee shall deliver to the Port Authority a single certificate with respect to each portion of the Work, and each such certificate shall be signed by a responsible fiscal officer of the Lessee, sworn to before a notary public and which shall set forth a representation by the Lessee that it will apply the reimbursement payment made by the Port Authority from the federal funds received by the Port Authority from the TSA only to the Cost of the Work applicable to that portion of the Work, and for no other purpose or purposes whatsoever, and shall contain and have attached thereto all of the certifications and other documentation and items required to be attached thereto as described in this Paragraph 15, and under Article V of the OTA (each such certificate being hereinafter referred to as the "***Certificate***"). In addition, and without limiting any other requirements of this Paragraph 15, each Certificate,

(i) shall contain the Lessee's certification as to each of the amounts, payments and expenses and costs contained therein and that the same constitute the final statement of the Cost of the Work with respect to the portion of the Work covered by such Certificate in accordance with and as described and defined in Paragraph 10 above;

(ii) shall also have attached thereto reproduction copies or duplicate originals of the invoices of the independent contractors of the Lessee for the Cost of the Work that has been incurred and paid by the Lessee, and for such invoices an acknowledgment by the said independent contractors of the receipt by them of such amounts and payments, and such invoices shall also conform with all of the requirements set forth in Article V of the OTA;

(iii) shall contain the Lessee's certification that the work for which payment is requested has been accomplished and that the amounts requested have been paid to the Lessee's contractors, and, subject to the concurrence of the Port Authority, that said work is in place and has a value of not less than the amount(s) requested to be paid to the Lessee by the Port Authority;

(iv) shall set forth the total cumulative payments made by the Lessee as aforesaid from the commencement of the Work to the date of the Certificate;

(v) shall set forth by itemization and reference to each contract, and cumulatively the amounts of retainage, if any with specific identification as to the applicable contract;

(vi) shall contain the Lessee's certification that the entire and complete Cost of the Work for the portion of the Work covered by such Certificate has been paid by the Lessee; that there are no outstanding liens, mortgages, conditional bills of sale, or other encumbrances of any kind with respect to the Work; and that there are no unpaid claims of any kind whatsoever with respect thereto.

(vii) shall contain a certification by the Lessee that the portion of the Work covered by the Certificate, has been performed and completed strictly in accordance with the terms of this Supplement No. 4, the Lease, the Tenant Alteration Applications and the OTA;

(viii) shall have attached thereto accurate, readable and complete copies of all change estimates, change orders, extra work authorizations, design change authorizations, purchase orders in connection with the Work;

(ix) shall have attached thereto true copies of any and all reports and schedules of any type submitted or kept, or required to be submitted or kept, by the Lessee or any contractor, architect, engineer or other consultant of the Lessee;

(x) shall also contain such further information and documentation with respect to the Cost of the Work, as the Port Authority or the TSA at any time and from time to time may require;

(xi) shall have attached thereto true copies of the items described in and required under subparagraph (b) below;

(xii) shall contain the Lessee's certification that the portion of the Work covered by the Certificate has been successfully completed and accepted by the TSA pursuant to Article II A 4 and Article III of the OTA, as applicable, and Paragraph 10 above and is ready for installation by TSA of the EDS and ETD;

(xiii) shall contain the Lessee's certification that the Certificate conforms with the FAA's Cost Principles;

(xiv) shall contain the Lessee's certification and warranty that the Certificate is complete and proper for delivery by the Port Authority to TSA for purposes of payment by TSA to the Port Authority of federal funds under Article V of the OTA, and that the Certificate is in accordance with all of the requirements and provisions of the OTA and all applicable governmental regulations;

(xv) shall have attached thereto a duplicate set of "as built" drawings for the entire work, in accordance with Paragraph 7 above, when the portion of the Work covered by the final Certificate submitted by the Lessee has been successfully completed and accepted by the TSA and the Port Authority pursuant to Article II A 4 and Article III of the OTA and Paragraph 10 above; and

(xvi) shall, in accordance with Article V C of the OTA, contain the following certification language: *"This is to certify that all services set forth herein were performed during the period stated and that incurred costs billed were actually expended for the Project (as defined in the OTA)/ the Work as defined in Supplement No. 4 to the Lease"*.

(b) In addition to and without limiting any term or provision of the Lease, it is hereby expressly agreed that the Port Authority shall have, and the Lessee hereby conveys to the Port Authority full and unrestricted ownership, free and clear of any and all security interests, liens, or other encumbrances, and all proprietary rights and interests in and to all documents produced for the design and construction of the Work; and each and every portion thereof, including without limitation drawings and specifications, work product, and the like, (including such which are or are to become the property of any "***Owner***" named as such in such a contract or other agreements,) upon any payment made hereunder or otherwise therefor, or upon such earlier time or times as may be provided under the applicable contract(s)or other agreement(s), by the Port Authority for any item of the Work or applicable portion thereof, and each contract, purchase order, consultant agreement, architectural agreement, or any other type of agreement entered into by or on behalf of the Lessee for the Work, or of any portion thereof, shall reflect and or provide for the foregoing, except for any contract, purchase order, consultant agreement, architectural agreement, or any other type of agreement entered into by or on behalf of the Lessee for the Work, prior to the date of this Supplement No. 4. It is further hereby expressly agreed that if the applicable contract or other agreement gives to the Lessee any such rights of ownership that the same shall be

deemed given to the Port Authority automatically without the requirement for any execution of any further documentation. The Lessee shall and hereby agrees, without limiting the foregoing, to execute any and all documents which may be required by the Port Authority to transfer or evidence such ownership and proprietary rights of the Port Authority.

(c) In addition to and without limiting the foregoing, and in addition to any and all other information required to be submitted pursuant to this Supplement No. 4 and the Lease, the Lessee shall immediately furnish to the Port Authority information concerning budget, costs, costs estimates, timing and scheduling of construction of the Work and each portion of the Work (and any other information concerning the Work or any Certificate given in respect thereof), as may be requested by the Port Authority at any time and from time to time with respect to the Cost of the Work, including, but not limited to, the following:

(i) Reports of the construction manager hired by the Lessee and reports of the Lessee's architect, which reports must contain reports as to activity conducted in connection with the Work on a continuing basis from the commencement of the Work to the date of submission;

(ii) An independent MAI appraisal certifying the value of work in place;

(iii) A certification signed by the Lessee's licensed architects or licensed professional engineers that each portion of the Work is in compliance with the plans and specifications therefor as approved by the TSA and the Port Authority;

(iv) Accurate, readable and complete copies of all change estimates, change orders, extra work authorizations, design change authorizations, and purchase orders in connection with the Work,

(v) True copies of any and all reports and schedules of any type submitted or kept, or required to be submitted or kept, by the Lessee or any contractor, architect, engineer or other consultant of the Lessee; and

(vi) True copies of any and all of the items described in and required under subparagraph (c) above.

(d) (i) Within thirty (30) days after the delivery by the Lessee to the Port Authority of a duly and properly submitted Certificate, provided that such Certificate is complete and proper in form and content for submission to TSA in accordance with Article V of the OTA, the Port Authority will use commercially reasonable efforts to submit the Certificate to TSA, accompanied by the appropriate Port Authority invoices based on the Certificate, pursuant to the OTA, and with respect to the final Certificate, together with the "as built" drawings to be provided by the Lessee. In

the event the Port Authority determines that the Certificate is not in form and content complete or proper for delivery to TSA, the Port Authority shall so notify the Lessee.

(ii) Within thirty (30) days after the Port Authority has received payment from TSA of federal funds for the portion of the Work covered by the Certificate pursuant to Article V of the OTA, the Port Authority will make payment to the Lessee of the amounts paid by the Lessee for the Cost of the Work as certified in, and for the portion of the Work covered by, such Certificate, subject to the limitations stated in Article V of the OTA, including, but not limited to the retainage of One Hundred Fifty Thousand Dollars and No Cents ($150,000.00) set forth in Article V D(1)(c) of the OTA, and including, but not limited to, the limitations and conditions set forth in subparagraphs (a) through (c) above, in this subparagraph (d), and subparagraphs (e) and (f) below (each such amount for each portion of the Work for which a Certificate is submitted, the "***Reimbursement Amount***", and the sum of the Reimbursement Amounts for all three portions of the Work for which Certificates are submitted, the "***Total Reimbursement Amount***"). It is understood that no payment will be made to the Lessee in the event the Port Authority receives any notice or instruction from the TSA directing against such payment in whole or in part of the Cost of the Work.

(e) In addition to and without limiting the foregoing provisions and without limiting or impairing or waiving any other right or remedy of the Port Authority under this Supplement No. 4 or the Lease, or otherwise, the Port Authority shall have the right, in its discretion, to withhold from the Reimbursement Amount the amounts of any or all items contained in the Certificate in any one or more of the following events or upon any of the following bases relating to the Work, and the Port Authority shall notify the Lessee of the same and the basis therefor:

(i) Any contractor or other person included or covered by the Certificate is in default or under a notice of termination with respect to its contract or agreement, or has not complied with all of the applicable terms or provisions of its contract or agreement;

(ii) The Certificate, or any of the certifications and documentation and other items required to be contained therein, attached thereto or submitted therewith is not in accord with the terms of this Supplement No. 4, the Lease, or the applicable contract, or is not complete or is otherwise improper or inadequate, or the same fails to include or omits required items;

(iii) Inadequate or defective work or work not in accordance with this Supplement No. 4, the Lease or the approved Tenant Alteration Applications or the approved plans and specifications, or materials and equipment are not properly stored or protected;

(iv) Claims related to the Work made by the Port Authority, the TSA, the Government of the United States of America or a *qui tam* person (as defined in

Paragraph 29(d) of this Supplement No. 4) against a contractor included in such Certificate which are outstanding;

(v) Failure of the Lessee to make payments to the contractor in connection with the Work,

(vi) Work not performed but which was included in the Certificate;

(vii) Any notice, claim or allegation made by any governmental authority of violation or non-compliance by the Lessee of any Environmental Requirements (as defined in the Lease) with respect to the Work or any portion thereof;

(viii) Materials or supplies delivered to the premises but not incorporated in the realty.

(f) The entire obligation of the Port Authority under this Supplement No. 4 to reimburse the Lessee for the Cost of the Work is conditioned upon the payment to the Port Authority by TSA pursuant to the OTA of the Cost of the Work and conditioned upon the prior payment to the Port Authority of the Cost of the Work for the portion of the Work to be reimbursed, and shall be limited in amount to the actual amount received by the Port Authority from the TSA under Article V of the OTA; and the Total Reimbursement Amount for the Work and all three portions of the Work shall not in any event exceed a total maximum sum of Eight Million Three Hundred Twenty-eight Thousand Dollars and No Cents ($8,328,000.00). The said obligation of the Port Authority to pay each Reimbursement Amount and the Total Reimbursement Amount to the Lessee is also expressly conditioned on the authorization by the Lessee, hereby given, to the Port Authority for the submission by the Port Authority to the TSA of each Certificate for purposes of payment by the TSA of federal funds for the Cost of the Work and as to each portion of the Work, and on the warranty by the Lessee to the Port Authority that each such Certificate is proper and complete for such purposes. Notwithstanding anything to the contrary contained in this Supplement No. 4, other than with respect to the terms and conditions set forth in this Paragraph 15 for reimbursement to the Lessee, the Port Authority shall not have any responsibility or liability to the Lessee or any other person, and the Lessee shall not have any claim against the Port Authority for any cost or expense of or relating to the Work, or any part thereof, or for any failure or refusal of the TSA to make payment for the Work or any part thereof, or any failure of the TSA to perform or complete the Project or any portion thereof. Because the Lessee's right to receive the Total Reimbursement Amount is conditioned on the TSA's payment of such amounts to the Port Authority under and pursuant to the OTA, the Port Authority hereby agrees to give the Lessee ten (10) business days' prior written notice in the event the Port Authority elects to terminate the OTA without cause in accordance with the provisions of Article XI of the OTA, and to exercise such right of termination in good faith. In the event the Port Authority exercises such right of termination or the TSA exercises its right of termination under Article XI of the OTA, the Port Authority hereby agrees to release to the Lessee such amounts, if any, actually

received by the Port Authority from the TSA in accordance with the provisions of said Article XI of the OTA, for amounts due and owing and performance of obligations accrued on or prior to the termination date, subject to and in accordance with all of the terms, conditions and provisions of the OTA, this Supplement and the Lease. In the event the TSA exercises its right of termination under Article XI of the OTA, the Port Authority will send to the Lessee a copy of the TSA's termination notice given by the TSA under and subject to said Article XI of the OTA.

(g) The foregoing provisions with respect to submissions by the Port Authority to the TSA shall extend and apply only to Certificates submitted to the Port Authority by the Lessee prior to any expiration or termination of the Lease.

16. In addition to and without limiting any other right or remedy of the Port Authority or of the TSA under this Supplement No. 4, the Lease, the OTA or otherwise, the Port Authority shall have the right by its agents, employees and representatives to audit and inspect during regular business hours after the submission of each Certificate called for in Paragraph 15 hereof, the books and records and other data of the Lessee relating to the Cost of the Work, as aforesaid, or any portion thereof, and any and all invoices covering or relating to the Work or any portion thereof and the actual, original canceled checks of the Lessee, or microfiche copies (front and back) of said canceled checks as supplied to the Lessee by the drawee bank(s) covering the Work or any portion thereof or any invoice or invoices with respect thereto; it being specifically understood that the Port Authority shall not be bound by any prior audit or inspection conducted by it or the TSA. The Lessee agrees to keep such books, records and other data within the Port of New York District. The Lessee shall not be required to maintain any such books, records and other data for more for more than seven (7) years after it has delivered the Certificate called for under subparagraph (c) above; unless they are material to litigation initiated within that time, in which event they shall be preserved until the final determination of the controversy.

17. If the Lessee has included in any portion of the Cost of the Work any item as having been incurred, but which in the opinion of the Port Authority was not so incurred, or which in the opinion of the Port Authority if so incurred is not an item properly chargeable to such element of cost under sound accounting practice or to the Cost of the Work, or does not represent an appropriate division of the costs of a particular contract which are required to be designated according to time of performance or delivery, and the parties have been unable to resolve their differences within ninety (90) days after the Port Authority gave its notice objecting to the same, the Port Authority's decision as to the nature of the item of construction cost shall be final. The Port Authority hereby agrees that it shall not act in an arbitrary or capricious manner when rendering its final decision with respect to such unresolved differences.

18. (a) In the event that a Port Authority audit, or an audit by the TSA or any agency of the Government of the United States of America, shall disclose that amounts paid by the Port Authority exceed the Cost of the Work, or are otherwise improper or not in accord with the OTA or this Supplement No. 4, based upon certificates

or otherwise, then, upon ten (10) days demand, the Lessee shall immediately pay to the Port Authority an amount equal to the excess amount paid by the Port Authority; and from and after the date of such payment to the Port Authority the Reimbursement Amount shall be reduced by the amount of such payment. The foregoing shall not be or be deemed to be any limitation, impairment or waiver of any other right or remedy of the Port Authority under this Supplement No. 4, the Lease, the OTA or otherwise.

(b) In the event that a Port Authority audit, or an audit by the TSA or any agency of the Government of the United States of America, shall disclose that the Lessee has expended in the Cost of the Work under Paragraph 13 hereof amounts which total less than the amounts that the Lessee has been paid hereunder, then, upon demand of the Port Authority, the Lessee shall immediately pay to the Port Authority an amount equal to the difference between the amounts expended by the Lessee as disclosed by the Port Authority audit, or an audit by the TSA or any agency of the Government of the United States, as the case may be, and the amount previously paid hereunder to the Lessee, less any such amount, or portion thereof, which the Lessee shall have already repaid to the Port Authority, and effective from and after such date of repayment the Reimbursement Amount shall be reduced by the amount of such repayment.

(c) In the event the TSA, pursuant to Article VII of the OTA, shall demand the return of payments made under the OTA, then, upon demand of the Port Authority, the Lessee shall immediately pay to the Port Authority an amount equal to the amount paid by the Port Authority to the TSA under said Article VII of the OTA; and from and after the date of such payment the Reimbursement Amount shall be reduced by the amount of such payment. The foregoing shall not be or be deemed to be any limitation, impairment or waiver of any other right or remedy of the Port Authority under this Supplement No. 4, the Lease, the OTA or otherwise.

19. It is hereby understood and agreed that nothing herein shall or shall be deemed to be for the benefit of any contractor of the Lessee, or any other person or entity not a signatory to this Supplement No. 4.

20. (a) With respect to the Work, the Lessee in its own name as insured and including the Port Authority and the City of New York as additional insureds shall procure and maintain Commercial General Liability Insurance, including but not limited to property damage liability, premises-operations, products liability, broad form property damage, completed operations, explosion, collapse and underground property damages personal injury (including death) and independent contractors in not less than the minimum limit set forth below, and with a contractual liability endorsement covering the obligations assumed by the Lessee pursuant to Paragraphs 3 and 8 hereof and covering the obligations required of the Lessee's contractors pursuant to Paragraph 8 hereof, and Commercial Automobile Liability Insurance covering owned, non-owned and hired vehicles and automatically covering newly acquired vehicles in not less that the minimum limit set forth below, and such other insurance as the Port Authority may require in connection with the performance of the Work. The Lessee may provide such insurance

by requiring each contractor engaged by it for the Work to procure and maintain such insurance including such contractual liability endorsement, said insurance, whether procured by the Lessee or by a contractor engaged by it as aforesaid, not to contain any care, custody or control exclusions, and not to contain any exclusion for bodily injury to or sickness, disease or death of any employee of the Lessee or of any of its contractors which would conflict with or in any way impair coverage under the contractual liability endorsement. The said policy or policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority, and shall also provide or contain an endorsement providing that the protections afforded the Port Authority thereunder with respect to any claim or action against the Port Authority by the Lessee shall be the same as the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person as if the Port Authority were the named insured thereunder, but such provision or endorsement shall not limit, vary or affect the protections afforded the Port Authority thereunder as an additional insured. In addition, each of the said policy or policies of insurance shall be endorsed to state they are primary in relation to any insurance carried or maintained by the Port Authority, including without limitation, any self-insurance, regardless of type. All the foregoing insurance requirements shall be in addition to all policies of insurance otherwise required by the Lease.

	Minimum Limits
Commercial General Liability Combined single limit per occurrence for death, bodily injury and property damage liability:	$25,000,000.00
Commercial Automobile Liability (covering owned, non-owned and hired vehicles) Combined single limit per occurrence or death, bodily injury and property damage liability:	$25,000,000.00

Without limiting the provisions hereof, in the event the Lessee maintains the foregoing insurance in limits greater than aforesaid, the Port Authority shall be included therein as an additional insured to the full extent of all such insurance in accordance with all the terms and provisions hereof.

The Lessee shall also procure and maintain in effect, or cause to be procured and maintained in effect, Workers' Compensation Insurance and Employer's Liability

Insurance in accordance with and as required by law and including coverage for asbestos exposure.

The aforesaid insurance required hereunder in this Paragraph 20 shall be maintained in effect during the performance of the Work and a certified copy of each of the policies or a certificate or certificates evidencing the existence thereof, or binders, shall be delivered to the Port Authority at least fifteen (15) days prior to the commencement of the Work or any portion thereof. In the event any binder is delivered, it shall be replaced within thirty (30) days by a certified copy of the policy or a certificate. Each such copy, certificate and binder shall bear the endorsement of or be accompanied by evidence of payment of the premium thereof and, also, contain a valid provision or endorsement that the policy may not be canceled, terminated, changed or modified without giving thirty (30) days' written advance notice thereof to the Port Authority and the City of New York. Each such copy and each such certificate with respect to the insurance required under this Paragraph 20 shall contain an additional endorsement providing that the insurance carrier shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority. Any renewal policy or certificate shall be delivered to the Port Authority prior to the expiration of each expiring policy. The aforesaid policies of insurance shall be written by a company or companies approved by the Port Authority, the Port Authority agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority agreeing not to act unreasonably hereunder. If the Port Authority at any time so requests, a certified copy of each of the policies shall be delivered to the Port Authority.

(b) The Lessee shall procure and maintain Builder's Risk (All Risk) Completed Value Insurance covering the Work during the performance thereof including material delivered to the premises or the construction site but not attached to the realty. Such insurance shall be in compliance with and subject to the applicable provisions of Section 15 of the Lease entitled "Insurance" and shall name the Port Authority, the City of New York and the Lessee and its contractors and subcontractors as insureds as their interests may appear and such policy shall provide that the loss shall be adjusted with and payable to the Lessee. Such proceeds shall be used by the Lessee for the repair, replacement or rebuilding of the Work and any excess shall be paid over to the Port Authority. The policies or certificates representing insurance covered by this subparagraph (b) shall be delivered by the Lessee to the Port Authority at least thirty (30) days prior to the commencement of construction of the Work or any portion thereof, and each policy or certificate delivered shall bear the endorsement of or be accompanied by evidence of payment of the premium thereof and also contain a valid provision obligating the insurance company to furnish the Port Authority and the City of New York thirty (30)

days' advance notice of the cancellation, termination, change or modification of the insurance evidenced by said policy or certificate. Renewal policies or certificates shall be delivered to the Port Authority at least thirty (30) days before the expiration of the insurance which such policies are to renew.

The insurance covered by this subparagraph (b) shall be written by companies approved by the Port Authority, the Port Authority covenanting and agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to the form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If at any time the Port Authority so requests, a certified copy of each of the said policies shall be delivered to the Port Authority.

(c) The requirements for the insurance of Section 15 of the Lease shall also pertain to the Work as and to the full extent applicable.

21. Without limiting any term or provision hereof, the Lessee hereby acknowledges that portions of the premises upon which the Work is to be performed may involve active roadway areas and/or operations areas at the Airport, and, accordingly the Lessee in its performance of the Work shall at all times use its best efforts to complete the Work as quickly as possible and, further, shall use its best efforts and take all necessary precautions, including without limitation, compliance with all requirements, if any, of the applicable governmental authorities and all requirements of the Port Authority, to ensure the safety of operations on said areas to protect all persons and property at the Airport and to ensure that the Lessee and its contractors shall not disrupt or interfere with normal Airport operations.

22. The Lessee, in its operations under this Supplement No. 4 and in the performance of the Work shall comply with all Environmental Requirements (as defined in the Lease), and the Lessee shall not exacerbate the environmental condition of the premises or the Airport or interfere with any environmental clean-up or remediation work being performed at the premises whether by the Port Authority or others. Use by the Lessee of the Work, the EDS, and the ETD shall be subject to the terms and conditions of this Supplement No. 4 and the Lease, and without limiting the foregoing, in conformance with all Environmental Requirements (as defined in the Lease).

23. In the performance of the Work the Lessee shall not employ any contractor nor shall the Lessee or any of its contractors employ any persons or use or have any equipment or materials or allow any condition to exist if any such shall or, in the opinion of the Port Authority, may cause or be conducive to any labor troubles at the Airport which interfere, or in the opinion of the Port Authority are likely to interfere with the operations of others at the Airport or with the progress of other construction work thereat. The determinations of the Port Authority shall be conclusive to the Lessee.

Upon notice from the Port Authority, the Lessee shall immediately remove such contractor or withdraw or cause its contractors to withdraw from the Airport, the persons, equipment or materials specified in the notice and replace them with unobjectionable contractors, persons, equipment and materials and the Lessee shall or shall cause its contractor to immediately rectify any condition specified in the notice.

24. The Lessee shall, if requested by the Port Authority, take all reasonable measures to prevent erosion of the soil and the blowing of sand during the performance of the Work, including but not limited to the fencing of the area where the Work is performed or portions thereof or other areas and the covering of open areas with asphaltic emulsion or similar materials as Port Authority may direct.

25. In connection with the performance of the Work, the Lessee shall be responsible for identifying the location of all utilities and shall prior to the commencement of any of the Work coordinate the Work with the Location of Subsurface Utilities toll free information service (1-800-272-4480) and ascertain the location of underground utilities, if any, at the premises. The Lessee shall provide the Port Authority with the written evidence of such coordination.

26. Without limiting any of the terms and provisions of the Lease, the Lessee agrees to provide the General Manager of the Airport with copies of all information, documentation, records, correspondence, notices, certifications, reports, test results and all other submissions provided by the Lessee to a governmental authority and by a governmental authority to the Lessee with respect to the Work and any Environmental Requirements pertaining to the Lessee' obligations under this Supplement No. 4 within five (5) business days that the same are made available to or received by the Lessee.

27. No entity shall be a third party beneficiary of this Supplement No. 4.

28. Section 49 of the Lease entitled "Place of Payments", as previously amended, and is hereby further amended to read as follows:

"All payments required of the Lessee by this Agreement shall be sent to the following address:

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY
P.O. BOX 95000-1517
PHILADELPHIA, PENNSYLVANIA 19195-1517

or via the following wire transfer instructions:

Bank: Commerce Bank
Bank ABA Number: 026013673
Account Number: [redacted]

or to such other address, office or location as may hereafter be substituted therefor by the Port Authority, from time to time, by notice to the Lessee."

29. (a) The Lessee hereby acknowledges and agrees that if any failure of the Lessee to comply with the terms, conditions and provisions of this Supplement No. 4 and its attachments results in a demand being made by the TSA, the Government of the United States of America, or any *qui tam* person, as hereinafter defined, arising out of or relating to the OTA or the Project, or claims made in connection thereto, for the Port Authority to make a payment to the TSA, the Government of the United States of America, or any *qui tam* person, as hereinafter defined, as applicable, and if the Lessee thereafter fails, within ten (10) days after the Lessee's receipt of written notice from the Port Authority advising the Lessee of such demand made upon the Port Authority, either (i) to make payment to the Port Authority of the amount so demanded from the Port Authority by the TSA, the Government of the United States of America, or any *qui tam* person, as hereinafter defined, as applicable, or (ii) to cause the TSA, the Government of the United States, any *qui tam* person, as hereinafter defined, to retract such demand, then such failure shall constitute a material breach of the Lease, thus giving rise to all of the Port Authority's rights and remedies thereunder. Any payments made to the Port Authority by the Lessee as contemplated by this Paragraph 29 (a) (or pursuant to the applicable provisions of Paragraph 12 hereof) shall, be paid over by the Port Authority to the TSA, the Government of the United States, or any *qui tam* person, as hereinafter defined, as applicable, unless the Port Authority has previously paid said amount to the TSA, the Government of the United States, or any *qui tam* person, as hereinafter defined, in which case the Port Authority shall retain such payment (and if any rebates of any such payment are later made by the TSA, the Government of the United States of America, or any *qui tam* person, as hereafter defined, to the Port Authority, then the amount of any such rebate shall be paid by the Port Authority to the Lessee, unless the Port Authority has previously paid said amount to the Lessee , in which case the Port Authority shall retain such rebate). The foregoing shall not and shall not be deemed to limit, impair or alter any other right or remedy of the Port Authority under the Lease, this Supplement No. 4 or otherwise.

(b) The Lessee hereby acknowledges and agrees that if any failure of the Lessee to comply with the terms, conditions and provisions of this Supplement No. 4 and its attachments results in a demand being made by the TSA or the Government of the United States of America or any *qui tam* person, as hereinafter defined, arising out of or relating to the OTA or the Project, or claims made in connection thereto, for the Port Authority to perform an obligation arising out of the OTA or the Project, and if the Lessee thereafter fails, within ten (10) days after the Lessee's receipt of written notice from the Port Authority advising the Lessee of such demand made upon the Port Authority, either (i) to commence such performance of such demand (and thereafter to continue diligently to perform such demand until its satisfaction) or (ii) to cause the TSA or the Government of the United States of America or any *qui tam* person, as hereinafter defined, to retract such demand, then such failure shall constitute a material breach of the Lease, thus giving rise to all of the Port Authority's rights and remedies thereunder. The foregoing shall not and shall not be deemed to limit, impair or alter any other right or remedy of the Port Authority under the Lease, this Supplement No. 4 or otherwise.

(c) The Lessee hereby acknowledges and agrees that if any failure of the Lessee to comply with the terms, conditions and provisions of this Supplement No. 4 and its attachments or with respect to the Project results in a demand being made by the Port Authority for the Lessee to make a payment to the Port Authority, and if the Lessee thereafter fails within ten (10) days after the Lessee's receipt of written notice from the Port Authority of such demand to make payment to the Port Authority of the amount so demanded, then such failure shall constitute a material breach of the Lease, thus giving rise to all of the Port Authority's rights and remedies thereunder. The foregoing shall not and shall not be deemed to limit, impair or alter any other right or remedy of the Port Authority under the Lease, this Supplement No. 4 or otherwise.

(d) For the purposes of this Paragraph 29 and Paragraphs 3(c) and 15 (e)(iv) of this Supplement No. 4, the term "***qui tam person***" shall mean and include each "***person***" as described in 31 U.S.C.§ 3730 (b)(1) who may assert a claim or demand under and pursuant to the provisions of the Federal False Claims Act (31 U.S.C. §3729), or any successor or similar statute.

30. As hereby amended, all the terms, provisions, covenants and conditions of the Lease shall continue in full force and effect.

31. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplement No. 4 and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation or execution of this Supplement No. 4.

32. No Commissioner, director, officer, agent or employee of any party to this Supplemental Agreement shall be charged personally or held contractually liable by or to any other party under any term or provision of this Supplemental Agreement or of any supplement, modification or amendment to the Lease or because of its or their execution or attempted execution or because of any breach or alleged or attempted breach thereof.

33. This Supplemental Agreement together with the Lease to which it is supplementary constitutes the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by an instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or in this Supplemental Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first above written.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

Print Name David Kagan

(Title) Assistant Director ~~Business, Properties & Airport Development~~

(Seal)

ATTEST:

Secretary

LEROY W. LOCKWOOD

TERMINAL ONE GROUP ASSOCIATION, L.P.

(Lessee)

By: TERMINAL ONE MANAGEMENT, INC.
GENERAL PARTNER

By

Print Name ARTHUR J. MOLINS

(Title) Chief Executive Officer

(Corporate Seal)

APPROVED:
FORM | TERMS

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Form - All-Purpose Ack. N.Y. (rev 1/4/2000)

FOR THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 27TH day of OCTOBER in the year 2006, before me, the undersigned, a Notary Public in and for said state, personally appeared DAVID KAGAN, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Gail E. Mitchell
(notarial seal and stamp)

GAIL E. MITCHELL
NOTARY PUBLIC STATE OF NEW YORK
NO. 01MI6026210
QUALIFIED IN QUEENS COUNTY
COMMISSION EXPIRES JUNE 14, 2007

FOR TERMINAL ONE GROUP ASSOCIATION, L.P.

STATE OF NEW YORK)
) ss.
COUNTY OF QUEENS)

On the 18TH day of OCTOBER in the year 2006, before me, the undersigned, a Notary Public in and for said state, personally appeared ARTHUR T. MOLINS, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Marie E. DiCocco
(notarial seal and stamp)

MARIE E. DICOCCO
Notary Public, State of New York
No. 01DI6122325
Qualified in Queens County
Term Expires Feb. 7, 2009

AGREEMENT

BETWEEN

UNITED STATES OF AMERICA
DEPARTMENT OF HOMELAND SECURITY
TRANSPORTATION SECURITY ADMINISTRATION

AND

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

RELATING TO

JOHN F. KENNEDY INTERNATIONAL AIRPORT

TERMINAL 1

Negotiated by the TSA pursuant to
49 U.S.C. §106(l)(6), Homeland Security Act of 2002, and Pub.L.107-296, §102

HSTS04-06-A-DEP358

ACCOUNTING AND APPROPRIATION DATA
See Article IV – Funding and Limitations

ARTICLE I - PARTIES, PURPOSE AND SCOPE

This Other Transaction Agreement (hereinafter "Agreement" or "OTA") is entered into in order to achieve continued compliance with the requirements and purposes of the Aviation and Transportation Security Act ("ATSA") Public Law 107-71, November 19, 2001. The parties to this Agreement are the United States of America, by and through the Department of Homeland Security Transportation Security Administration (hereinafter the "TSA"), and The Port Authority of New York and New Jersey (hereinafter the "Port Authority"). (The TSA and the Port Authority are each referred to hereinafter as "party" and in the plural are hereinafter referred to as the "parties"). This Agreement relates to the work at Terminal One located in John F. Kennedy International Airport (hereinafter the "Airport" or "JFK").

Set forth in this Agreement are the respective obligations and responsibilities of the parties relating to the following work at Terminal One at the Airport: (1) 100% design effort and (2) the construction and site preparation effort to remove and dispose of four integrated and two semi-integrated x-ray units which will be replaced with four inline Explosives Detection Systems (EDS) CTX-9000 units. Airport infrastructure modifications include, but are not limited to, the installation of the four inline CTX-9000 units, as well as the removal and disposal of the four VIVID x-ray units and the two inline CTX-5500s and the required modifications to the Explosive Trace Detection ("ETD") resolution room (collectively, the "Project"). The Port Authority shall have the right to select the entity (or entities) that will perform the Project (or any portion thereof) as its contractor or lessee.

ARTICLE II - RESPONSIBLITIES

The parties agree to cooperate in good faith and use their best efforts to meet their respective obligations in furtherance of the purposes of this Agreement.

A. TSA Responsibilities:

The TSA will

1. Review Project design drawings and specifications and construction contract documents for conformity with TSA's Checked Baggage Inspection Performance and Commissioning Requirements Test Plan. The Port Authority hereby acknowledges the Test Plan has been provided to the JFK General Manager, Mr. Al Graser.
2. Approve the placement and installation of the CTX EDS units at Terminal One in accordance with the approved 100 % design documents and specifications and in accordance with the submitted project schedule;
3. Purchase, deliver and install four (4) in-line CTX 9000 units at JFK Terminal One;
4. Perform and approve integrated site acceptance test (ISAT) of integrated system before the CTX EDS equipment is deemed ready for operational use; and
5. Upon successful completion of the ISAT, TSA will repair, maintain and refurbish the four (4) CTX 9000 units throughout the units' life cycle. Refurbishment of the four (4) CTX 9000 units will be provided for by TSA per TSA's schedule for configuration upgrades.

B. Port Authority Responsibilities:

The Port Authority or its contractors or lessees at Terminal One shall:

1. Establish Project milestones that reasonably identify the pertinent dates for completion of the site preparation work for installation of the four new inline CTX units as well as estimated completion dates for the EDS resolution room. Project milestones shall be incorporated as Attachment A into this Agreement;
2. Submit monthly progress reports to the Contracting Officer and the Contracting Officer's Representative identified in Article VIII;
3. Provide the TSA Contracting Officer Representative with 30%, 60% , 90% and 100% design drawings;
4. Work with the Original Equipment Manufacturers (OEM), GE Invision and Vivid vendors to disassemble and remove the Vivid and GE InVision EDS units.
5. Facilitate the installation of the four CTX 9000 units by providing a clear path during rigging and installation, and providing sufficient space to allow for initial deployment activities (such as uncrating the devices);
6. Provide reasonable measures to protect the CTX 9000 equipment from harm in the screening area;
7. Complete all design efforts and construction work to prepare the site and complete infrastructure modifications to allow the phased installation of the four (4) in-line CTX9000 units including required modifications to the EDS resolution room.
8. Bear all costs associated with site restoration following removal of the four integrated and two semi-integrated EDS x-ray units;
9. Ensure completed project meets TSA's Checked Baggage Inspection Performance and Commissioning Requirements Test Plan.

ARTICLE III – EFFECTIVE DATE AND TERM

The effective date of this Agreement is the day and year upon which it shall have been signed by the parties hereto. This Agreement shall continue in effect until Project completion, which shall also include completion of the items set forth in Article II, unless earlier terminated by the parties as provided herein or extended by mutual agreement pursuant to Article XI. TSA will deem the Project complete upon successful completion of a system test conducted by an independent TSA contractor. In the event that the Project completion date is delayed due to a *force majeure* as provided in Article XVI, the termination date of this Agreement will be extended by the number of days that the Project completion date is so delayed. The Project is estimated to be completed by December 31st, 2007.

The TSA's obligations to operate and maintain the CTX EDS equipment arise pursuant to federal law and shall survive termination of this Agreement, but be contingent upon the continued legislative mandate. The responsibilities of the TSA and the Port Authority relating to the ultimate disposition of the CTX EDS equipment shall also survive termination of this Agreement.

SA will deem the Project complete upon successful completion of the tasks that confirm the

CTX 9000 units have been configured in accordance with TSA approved technical specifications as set forth in the Test Plan and that a system test conducted by an independent TSA contractor confirms that the EDS security equipment has been installed in accordance with the Test Plan.

ARTICLE IV – FUNDING AND LIMITATIONS

As provided in Article V, the cost to the TSA of this Project shall not exceed $8,328,000.00. In the event of termination or expiration of this Agreement, any TSA funds that have not been spent or obligated for allowable expenses prior to the date of termination and are not reasonably necessary to cover termination expenses will be de-obligated from this Agreement.

Funds in the amount of $8,328,000.00 are hereby obligated and made available for payment for the performance of this Agreement. The total cost to TSA of this Agreement shall not exceed $8,328,000.00 without a separate modification to this Agreement issued by the TSA Contracting Officer pursuant to Article XII. Expenses incurred in the Project identified herein are chargeable to:

PR: 21-06-206DEP358
Accounting Code:
5CFO6XB010D2006SWE041GE000923003F00DEP000-2B15JFK000000000-252R-TSA
DIRECT-DEF. TASK-D
Amount: $8,328,000.00

TSA's liability to make payments to the Port Authority for reimbursement to its contractors or lessees is limited to the amount of funds obligated and available for payment hereunder, including written modifications to this Agreement.

ARTICLE V – COST AND PAYMENTS

A. The TSA will reimburse the Port Authority all actual allowable costs incurred in support of the Project to a total of $8,328,000.00. In no event will the TSA reimburse for costs incurred in excess of the dollars stated in Article IV nor will the TSA reimburse for un-incurred costs. Allowable costs are those costs that are allocable, reasonable, and not otherwise unallowable. Costs that are otherwise unallowable include:

(1) Interest on borrowings (however represented);
(2) Fines or penalties;
(3) Any Profit to the Port (profit for the Port's or the Port's Lessee's contractor(s) and consultant(s) is an allowable cost);
(4) Costs incurred by the Port Authority or its subcontractors or its agents to perform work not in compliance with approved design documents and specifications.

B. Costs provisionally paid that are unallowable under paragraph A of this Article shall be refunded to the TSA on demand.

The TSA intends to make payment to the Port Authority within 45 days of receipt of each properly prepared invoice for reimbursement of incurred costs. The reimbursement process

consists of two steps.

Step 1: The United States Coast Guard Center performs the payment function of the invoice on behalf of the TSA. A Summary Invoice should be submitted to the following address:

United States Coast Guard Finance Center
TSA Commercial Invoices
P.O. Box 4111
Chesapeake, VA 23326-4111

For purposes of submission to the Coast Guard Finance Center, the Port Authority invoice formats are acceptable for the Summary Invoice. The Summary Invoice should contain the Agreement Number HSTS04-06-A-DEP358, invoice date, invoice number, the Port Authority Point of Contact with contact information, Tax Identification Number, dollar amount of reimbursement being requested from the TSA funding, Electronic Funds Transfer Banking Information, and signature of the Port's authorized representative along with the certification language "*This is to certify that all services set forth herein were performed during the period stated and that incurred costs billed were actually expended for the Project.*"

Step 2: TSA approval of the Summary Invoices submitted will be based on the Contracting Officer and Contracting Technical Representative review. To aid in this review, the Port Authority shall submit the Summary Invoice along with the receipts or other documentation for the work performed in connection with the Project, with all the appropriate identifications indicating that the obligations have been paid in full, to the following address:

Janet Curda, Contract Analyst
Transportation Security Administration
Office of Acquisition, TSA-25
701 South 12th Street
Arlington, VA 22202
Phone: 571-227-1310
Email: Janet.Curda@dhs.gov

D. Cost Reimbursement

1. (a) TSA agrees to reimburse the Port Authority 100 percent of the of the actual allowable, allocable, and reasonable costs of the Project incurred by the Port Authority or its contractors or lessees in the performance and completion of the Project, including the cost of all necessary design, supervision and construction management associated therewith, but not to exceed $8,328,000.00. The determination of allowable, allocable and reasonable costs shall be governed by the FAA's Cost Principles.

(b) Except as provided in paragraph (c) of this section, the TSA will reimburse the Port Authority on an actual incurred-cost basis, when supported by one or more proper invoices submitted by the Port Authority in accordance with this Agreement. The parties

understand and agree that the TSA will not be liable for, nor will it reimburse for any costs in excess of the amounts designated in Article V as well as any costs that do not comport with Article V of this Agreement. Should the TSA reimbursements of the total amount represent more that 100% percent of the total final allowable, allocable, and reasonable costs, the Port Authority will refund TSA the difference to achieve a 100% level.

(c) Notwithstanding any other provision of this Agreement, TSA will holdback from the Port Authority $150,000 from the last invoice(s) until such time the Port Authority delivers to the TSA final and complete "as built" drawings of the Project.

(d) If the Port Authority receives any communication that it interprets as direction to change the Project, or to incur costs not covered by funding obligated at that time, the Port Authority need not take any action as a result of that communication, and should contact the Contracting Officer immediately.

2. Operations and Maintenance Costs. The TSA will provide maintenance, repair and refurbishment of the EDS equipment throughout its life cycle at no cost to the Port Authority. To the extent that equipment can no longer be used at the end of its life cycle, the TSA will provide for the removal and disposition of the equipment at no cost to the Port Authority, subject to the availability of funds. However, the costs associated with facility or conveyor modifications necessary to facilitate the removal and disposition of the screening equipment will not be the responsibility of the TSA. The Port Authority shall require full ingress and egress be provided to the TSA and its contractors for the installation, operation, testing, maintenance, and repair of the EDS equipment at all times.

3. Except for the EDS equipment owned by the TSA and separately provided for use at the Airport (such equipment being referred to in this subparagraph 3 only as the "Security Equipment"), the Port Authority or the City of New York, as applicable, shall own and have title to all personal property, improvements to real property, or other assets which are acquired under this Agreement. It will be the responsibility of the Port Authority, or its contractor or lessee to operate, maintain, and if it becomes necessary, replace, remove or dispose of such property to support the efficient use of the Security Equipment.

4. Title to non-security equipment such as ancillary equipment or infrastructure appurtenances purchased or reimbursed using Federal funds, or installed by the TSA, or its agents or contractors at the TSA expense, or by the Port Authority or its agents or contractors, or its lessees, agents, or contractors, will vest in the Port Authority or the City of New York, as applicable.

ARTICLE VI - AUDITS

TSA shall have the right to examine or audit any and all Project records for a period of three (3) years after expiration of the term of this Agreement. The Port Authority shall maintain Project records pursuant to an established accounting system that complies with generally accepted accounting principles, for such period of time. If this Agreement is completely or partially

terminated, the records relating to the terminated portion of the Project shall be made available for three (3) years after any resulting final termination settlement. Records relating to the resolution of contract disputes and disagreements under Article X or to litigation or the settlement of contract disputes arising under or relating to this Agreement shall be made available until such appeals, litigation, or contract disputes are finally resolved.

As used in this provision, "records" includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or any other form.

The Port Authority shall maintain all records and other evidence sufficient to reflect costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this Agreement. The Contracting Officer, Contracting Officer's Representative, or the authorized representatives of these officers shall have the right to examine and audit those records at any time, or from time to time. This right of examination shall include inspection at all reasonable times at the offices directly responsible for managing the Project.

The Comptroller General of the United States, or the authorized representative thereof, shall also have access to and the right to examine any records related to this Agreement.

Nothing in this article will be construed to require the Port Authority, its contractors, subcontractors, or lessees or their contractors or subcontractors, to create or maintain any record that they do not maintain in the ordinary course of business pursuant to a provision of law, provided that these entities maintain records, which conform to generally accepted accounting procedures.

ARTICLE VII – FLOW DOWN PROVISIONS

It is understood that the audit rights of the TSA set forth in Article VI hereof are intended to be applicable to all contracts or subcontracts relating to this Agreement that exceed $100,000, and that:

(1) Include costs based on labor hours; or
(2) otherwise are a cost-based type contract, in whole or in part; or
(3) was awarded without competition, regardless of contract type.

In this regard, if for any reason a particular contract or subcontract does not provide for such rights (whether because a particular contract was entered into prior to finalization of this OTA or otherwise) and the TSA is not afforded access to any "records" (as the term is used in Article VI) that the TSA determines are needed to fully review and substantiate any payment to be made or previously made hereunder (and during the period of time such records would be required to be maintained as provided in Article VI hereof), then, without limiting any rights of the TSA under this Agreement, the TSA may demand the return of payments made hereunder to the extent such payment cannot be fully reviewed and substantiated because the TSA is not afforded with access to any such records. If a demand for return of any such payments is made, the Port Authority will have not less than 45 days to make the required payment to the TSA.

ARTICLE VIII – POINTS OF CONTACT

A. TSA Contracting Officer (CO)

All correspondence pertaining to the Agreement will reference the TSA Agreement Number HSTS04-06-A-DEP358 and be submitted to:

Connie Thornton, Contracting Officer
TSA – Office of Acquisition
4275 Airport Road, Suite C
Rapid City, SD 57703
Phone: 605-393-8191
Fax: 605-393-1199
Email: Connie.Thornton@dhs.gov

The technical administration and modification of this Agreement shall be accomplished by the Contracting Officer's Representative (COR) on behalf of the TSA.

John Reed
Transportation Security Administration, TSA-16
CTO Deployment Branch, TSA-16
701 South 12th Street
Arlington, VA 22202
Phone: 571-227-1563
Email: John.Reed1@dhs.gov

The COR is responsible for the technical administration of this Agreement and technical liaison with the Port Authority. The COR is not authorized to change the scope of the Project, to make any commitment or otherwise obligate the TSA, or authorize any changes which affect the liability of the TSA. The Port Authority promises to inform the Contracting Officer in the event that the COR takes any action which is interpreted by the Port Authority as a change in scope or liability to either party.

B. The Port Authority: All correspondence should be sent to:

William R. DeCota
Director
Aviation Department
The Port Authority of New York and New Jersey
225 Park Avenue South
New York, New York 10003
Phone: 212-435-3703
Fax: 212-435-3830
Email: wdecota@panynj.gov

With a copy to:

Alfred J. Graser
General Manager,
JFK International Airport
The Port Authority of New York and New Jersey
Bldg. 14, South Service Rd.,
Jamaica, New York 11430
Phone: 718-244-3501
Fax: 718-244-3505
Email: agraser@panynj.gov

ARTICLE IX – LIMITATIONS ON LIABILTY

A. The TSA and the Port Authority each expressly agrees without exception or reservation that it shall be solely and exclusively liable for the negligence of its own agents and or employees, in accordance with applicable law, and that neither party looks to the other to save or hold it harmless for the consequences of any negligence on the part of one of its own agents or employees.

B. In no event will either the TSA or the Port Authority be liable to the other for claims for consequential, punitive, special and incidental damages, claims for lost profits, or other indirect damages in connection with this Agreement.

ARTICLE X – RESOLUTION OF DISAGREEMENTS

Should disagreements arise on the interpretation of the provisions of this Agreement, or amendments and/or revisions thereto, that cannot be resolved at the operating level, the area(s) of disagreement shall be stated in writing by each party and presented to the other for consideration. If agreement on interpretation is not reached within thirty (30) days, the parties shall forward the written presentation of the disagreement to the respective higher officials for appropriate resolution.

If a dispute cannot be resolved through negotiations, the dispute shall be submitted to the Office of Dispute Resolution for Acquisition ("ODRA") (see http://www/faa/gov/agc/odra/default.htm). ODRA acts on behalf of TSA, pursuant to a Memorandum of Agreement dated September 22, 2002, to manage TSA's dispute resolution process and to recommend decisions on matters concerning contract disputes. Judicial review, where available, will be in accordance with 49.U.S.C. 46110 and shall apply to final agency decisions.

ARTICLE XI – EARLY TERMINATION

In addition to any other termination rights provided by this Agreement, either the TSA or the Port Authority may terminate this Agreement at any time prior to its expiration date, with or without cause, and without incurring any liability or obligation to the terminated party (other than payment of amounts due and owing and performance of obligations accrued, in each case on or prior to the termination date) by giving the other party at least thirty (30) days' prior written notice of termination. Upon receipt of a notice of termination, the receiving party shall take

immediate steps to stop the accrual of any additional obligations that might require payment.

ARTICLE XII – CHANGES AND/OR MODIFICATIONS

Any and all changes and/or modifications to this Agreement shall be in writing and signed by a TSA Contracting Officer and the authorized representative of the Port Authority. The modification shall cite the subject Agreement and shall state the exact nature of the modification. No oral statement by a person shall be interpreted as modifying or otherwise affecting the terms of this Agreement. Modifications of TSA administrative provisions may be issued unilaterally by the TSA.

ARTICLE XIII – TYPE OF AGREEMENT

This Agreement is an Other Transaction Agreement (OTA). It is not intended to be, nor shall it be construed as a creation of a partnership, corporation, or other business entity between the parties.

ARTICLE XIV – CONSTRUCTION OF THE AGREEMENT

This Agreement is issued in accordance with the Aviation and Transportation Security Act (ATSA) – Public Law 107-71.

The parties acknowledge that each has participated equally in the negotiation and drafting of this Agreement and amendments thereto, and that; accordingly, this Agreement shall not be construed more stringently against one party than against the other. Moreover, each party acknowledges that there are not exceptions taken or reserved and that this Agreement represents the complete meeting of the minds of the parties notwithstanding any contemporaneous writing, correspondence, or conversation to the contrary.

ARTICLE XV – PROTECTION OF INFORMATION

The Port Authority shall protect Sensitive Homeland Security Information, Law Enforcement Security Information, Sensitive Security Information, and any other information identified by the furnishing party as in need of special security controls. If such information is either created or provided by one party to the other, the furnishing party will mark the data accordingly, and the receiving party will protect it from unauthorized disclosure to third-parties.

ARTICLE XVI – FORCE MAJEURE

Neither party will be liable for any unforeseeable event not caused by the fault or the negligence of such party which causes such party to be unable to perform its obligations under this Agreement and which it has been unable to overcome by the exercise of due diligence, including but not limited to, flood, drought, earthquake, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, act of terrorism, strikes, labor disputes, or failure, threat of failure, or sabotage, or any order or injunction made by a court or public agency.

ARTICLE XVII – SURVIVAL OF PROVISIONS

The following provisions shall survive the expiration or termination of this Agreement: Articles VI, VII, IX, X, XIV, XV and XVII.

IN WITNESS WHEREOF, the parties have entered into this Agreement by their duly authorized officers as of the day and year described pursuant to the provisions of Article III of this Agreement.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By: _____

Title: Dep. Director - Aviation

Date: 8/28/2006

THE UNITED STATES OF AMERICA
Department of Homeland Security
Transportation Security Administration

By: _____
Connie Thornton

Title: Contracting Officer
Transportation Security Administration

Date: 8/29/2006

Attachment A

100% Design Effort

Preliminary Design (30%) Submission	July 14, 2006
Final Design (60%) Submission	September 1, 2006
Final Design (90%) Submission	October 27, 2006
Final Design (100%) Submission	November 17, 2006

Construction and Site Preparation Effort

Anticipated Start of Construction	January 1, 2007
Final Inspection	TBD
Integrated Site Acceptance Test	TBD

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Port Authority Lease No. AYC-190
Supplement No. 5
Port Authority Facility-- John F. Kennedy International Airport

FIFTH SUPPLEMENTAL AGREEMENT

THIS AGREEMENT ("Supplement No. 5" or "Supplemental Agreement"), made as of March 14, 2007 ("***Effective Date***") by and between **THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY** (hereinafter referred to as "***the Port Authority***") and **TERMINAL ONE GROUP ASSOCIATION, L.P.**, a limited partnership formed under the laws of the State of New York (hereinafter called "***the Lessee***"), having an office and place of business at Terminal One, JFK International Airport, Jamaica, New York 11430 and having one general partner, Terminal One Management, Inc., a corporation organized and existing under the laws of the State of New York, and four limited partners, as follows: Société Air France (a wholly-owned subsidiary of Air France-KLM, and formerly named Air France-Compagnie Aérienne successor to Compagnie Nationale Air France by assignment from Air France-KLM), Japan Airlines International Co., Ltd. (formerly named Japan Airlines Company, Ltd., a wholly-owned subsidiary of Japan Airlines Corporation), Korean Air Lines Co., Ltd., and Deutsche Lufthansa Aktiengesellschaft, and the Lessee's representative is Mr. Arthur J. Molins, Chief Executive Officer of said Terminal One Management, Inc.

WITNESSETH, That:

WHEREAS, by an Agreement of Lease made as of July 13, 1994 (as the same has been supplemented and amended is hereinafter called the "Lease"), the Port Authority let to the Lessee and the Lessee hired and took from the Port Authority certain premises (the "***premises***") at John F. Kennedy International Airport (the "***Airport***"), all as more particularly described in the Lease; and

WHEREAS, The Port Authority and the United States of America as represented by the Transportation Security Administration (the "***TSA***") entered into a separate agreement denominated as an Other Transaction Agreement ("***OTA***") effective as of the date set forth therein; and

WHEREAS, The OTA covers payment obligations and other responsibilities of the TSA and the Port Authority, as more fully set forth therein, relating to (1) 100% design effort and (2) the construction and site preparation effort to remove and dispose of four integrated and two

semi-integrated x-ray units which will be replaced with four inline Explosives Detection Systems ("*EDS*") CTX-9000 units, including, but not limited to, the installation of the four inline EDS CTX-9000 units, as well as the removal and disposal of the four VIVID x-ray units and the two inline CTX-5500s and the required modifications to the Explosive Trace Detection ("*ETD*") resolution room at the premises (the "*Project*") in order to achieve continued compliance with the Aviation and Transportation Security Act (ATSA) Public Law 107-71, November 19, 2001; and

WHEREAS, the Lessee is responsible for the operation, maintenance and management of the premises pursuant to the Lease, and the Lessee has agreed to, perform the entire scope of work as set forth in Article II B of the OTA subject to and in accordance with all of the terms and provisions and conditions of the OTA and the Lease; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects;

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of the Effective Date, as follows:

1. Effective from and after the Effective Date, paragraph 10 of Supplement No.4 of the Lease is hereby deleted, and the following paragraph 10 shall be substituted in lieu thereof:

"In accordance with and pursuant to the provisions of Paragraph 15 of Supplement No. 4, the Lessee hereby agrees and acknowledges that it shall submit with respect to the Work no more than five Certificates, as defined in subparagraph (a) of said Paragraph 15. When a portion of the Work for which the Lessee is submitting a Certificate, as defined in said Paragraph 15 (a), has been completed, including successful completion of all testing under Article II A (4) and Article III of the OTA, and acceptance by the TSA in accordance therewith, the Lessee shall deliver to the Port Authority a certificate to such effect signed by an authorized officer of the Lessee and also signed by the Lessee's licensed architect or engineer certifying that each such portion of the Work has been performed in accordance with the approved Tenant Alteration Application(s) and the approved plans and specifications, data and materials forming a part thereof, the Design Documents and the provisions of Supplement No. 4 and in compliance with all applicable laws, ordinances and governmental rules, regulations, orders and directives, and that each such portion of the Work has been accepted by the TSA after successful completion of all testing in accordance with Article II A 4 and Article III of the OTA. Thereafter each such portion of the Work will be inspected by the Port Authority and if the same has been completed as certified by the Lessee and the Lessee's licensed architect or engineer, as aforesaid, and has been accepted by the TSA pursuant to Article II A 4 and Article III of the OTA, a certificate to such effect shall be delivered to the Lessee by the Port Authority subject to the condition that all risks thereafter with respect to each such portion of the Work and any liability therefor for negligence or other reason shall be borne by the Lessee. The date specified in the first such certificate or the date of delivery of such first certificate to the Lessee, whichever is later, shall constitute the "***First Work Completion Date***" for purposes of Supplement No. 4; the date specified in the second such certificate or the date of delivery of such second certificate to

the Lessee, whichever is later, shall constitute the "***Second Work Completion Date***" for purposes of Supplement No. 4; the date specified in the third such certificate or the date of delivery of such third certificate to the Lessee, whichever is later, shall constitute the "***Third Work Completion Date***" for purposes of Supplement No. 4, the date specified in the fourth such certificate or the date of delivery of such fourth certificate to the Lessee, whichever is later, shall constitute the "***Fourth Work Completion Date***" for purposes of Supplement No. 4; and the date specified in the fifth such certificate or the date of delivery of such fifth certificate to the Lessee, whichever is later, shall constitute the "***Final Work Completion Date***" for purposes of Supplement No. 4."

2. No entity shall be a third party beneficiary of this Supplement No. 5.

3. As hereby amended, all of the terms, provisions, covenants and conditions of the Lease shall continue in full force and effect.

4. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplement No. 5 and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation or execution of this Supplement No. 5.

5. No Commissioner, director, officer, agent or employee of any party to this Supplemental Agreement shall be charged personally or held contractually liable by or to any other party under any term or provision of this Supplemental Agreement or of any supplement, modification or amendment to the Lease or because of its or their execution or attempted execution or because of any breach or alleged or attempted breach thereof.

6. This Supplemental Agreement together with the Lease to which it is supplementary constitutes the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by an

instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or in this Supplemental Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first above written.

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

Secretary

By _____

Print Name David Kagan

(Title) Assistant Director Business Properties & Airport Development

(Seal)

ATTEST:

TERMINAL ONE GROUP ASSOCIATION, L.P.

(Lessee)

By: TERMINAL ONE MANAGEMENT, INC.
GENERAL PARTNER

Secretary LEROY W. LOCKWOOD

By _____

Print Name ARTHUR J. MOLINS

(Title) Chief Executive Officer

(Corporate Seal)

Port Authority Use Only:	
Approval as to Terms:	Approval as to Form:

Form - All-Purpose Ack. N.Y. (rev 1/4/2000)

FOR THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 25TH day of APRIL in the year 2007, before me, the undersigned, a Notary Public in and for said state, personally appeared DAVID KAGAN, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

GAIL E. MITCHELL
NOTARY PUBLIC STATE OF NEW YORK
NO. 01MI6026210
QUALIFIED IN QUEENS COUNTY
COMMISSION EXPIRES JUNE 14, 2007

Gail E. Mitchell
(notarial seal and stamp)

FOR TERMINAL ONE GROUP ASSOCIATION, L.P.

STATE OF NEW YORK)
) ss.
COUNTY OF QUEENS)

On the 29TH day of MARCH in the year 2007, before me, the undersigned, a Notary Public in and for said state, personally appeared ARTHUR J. HOLLIS, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Marie E. DiCocco
(notarial seal and stamp)

MARIE E. DICOCCO
Notary Public, State of New York
No. 01DI6122325
Qualified in Queens County
Term Expires Feb. 7, 2009

TOGA supp 5 ayc-190
3/14/07

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING
UPON THE PORT AUTHORITY UNTIL DULY EXECUTED
BY AN EXECUTIVE OFFICER THEREOF AND
DELIVERED TO THE LESSEE BY AN AUTHORIZED
REPRESENTATIVE OF THE PORT AUTHORITY

John F. Kennedy International Airport
Port Authority Lease No. AYC-190
Supplemental Agreement No. 6

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT ("Supplement No. 6" or "Supplemental Agreement"), made as of December 31, 2007, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called the "Port Authority") and TERMINAL ONE GROUP ASSOCIATION, L.P., a limited partnership formed under the laws of the State of New York (hereinafter called the "Lessee"), having an office and place of business at Terminal One, JFK International Airport, Jamaica, New York 11430 and having one general partner, Terminal One Management, Inc., a corporation organized and existing under the laws of the State of New York, and four limited partners, as follows: Societe Air France (a wholly-owned subsidiary of Air France-KLM), Japan Airlines International Co., Ltd. (formerly named Japan Airlines Company, LTD., a wholly-owned subsidiary of Japan Airlines Corporation), Korean Air Lines Co., Ltd., and Deutsche Lufthansa Aktiengesellschaft, and the the Lessee's representative is Edward Paquette.

WITNESSETH, That:

WHEREAS, by an agreement of lease dated as of July 13, 1994 (which lease, as the same has been supplemented and amended is hereinafter called the "Lease") the Port Authority let to the Lessee and the Lessee hired and took from the Port Authority certain premises (the "premises") at John F. Kennedy International Airport (the "Airport"), all as more particularly described in the Lease; and

WHEREAS, The Port Authority and the United States of America as represented by the Transportation Security Administration (the "TSA") entered into a separate agreement denominated as an Other Transaction Agreement ("OTA") effective as of the date set forth therein; and

WHEREAS, The OTA covers payment obligations and other responsibilities of the TSA and the Port Authority, as more fully set forth therein, relating to (1) 100% design effort and (2) the construction and site preparation effort to remove and dispose of four integrated and two semi-integrated x-ray units which will be replaced with four inline Explosive Detection Systems ("EDS") CTX-9000 units, including, but not limited to, the installation of the four inline EDS CTX-9000 units, as well as the removal and disposal of the four VIVID x-ray units and the two inline CTX-5500s and the required modifications to the Explosive Trace Detection ("ETD") resolution room at the premises

(the "Project") in order to achieve continued compliance with the Aviation and Transportation Security Act (ATSA) Public Law 107-71, November 19, 2001; and

WHEREAS, the Lessee is responsible for the operation, maintenance and management of the premises pursuant to the Lease, and the Lessee has agreed to, perform the entire scope of work as set forth in Article II B of the OTA subject to and in accordance with all of the terms and provisions and conditions of the OTA and the Lease; and

WHEREAS, The Port Authority and the TSA entered into a separate agreement denominated as an Amendment of Solicitation/Modification of Contract effective as of May 8th, 2009 (a copy of which is attached to hereto as an exhibit), extending the OTA to September 10, 2013; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects;

NOW, THEREFORE, for in consideration of the covenants and agreements herein obtained, the Port Authority and the Lessee hereby agree, effective as of the dates set forth hereinafter as follows:

1. Effective December 31, 2007 the term of the Agreement shall be extended to and including September 10, 2013, subject to the right of either party to terminate the Agreement at any time, without cause, upon thirty (30) days written notice to the other party and subject to the further right of the Port Authority to terminate the Agreement pursuant to Section 5 thereof.

2. Effective from and after the effective date, paragraph C of Article V of the Lease is hereby deleted, and the following paragraph C shall be substituted in lieu thereof:

"C. Reimbursement by TSA is conditioned upon submission to TSA of an invoice identifying the Project costs that have been incurred and paid. The TSA intends to make payment to the Port Authority within 45 calendar days of receipt of each properly prepared invoice for reimbursement of incurred costs. The TSA reimbursement process consists of two steps:

a. Step 1- "Summary" invoice Submittal to the U.S. Coast Guard Finance Center for Payment

The United States Coast Guard Center performs the payment function on behalf of the TSA. For purposes of submission to the Coast Guard Finance Center, the Port Authority's invoice format is acceptable for the "Summary" invoice. Central Contractor Registration is mandatory for invoice payment; for further information, please refer to http://www.ccr.gov.

At a minimum the "Summary" invoice should contain:

(1) Agreement Number HSTS04-06-A-DEP358
(2) Invoice Number and Invoice Date.

(3) Complete Business Name and Remittance Address.
(4) Point of Contact with address, telephone, fax and e-mail address contact information
(5) Tax Identification Number and DUN's Number.
(6) Dollar Amount of Reimbursement being requested.
(7) Signature of Port Authority's authorized representative and the following certification language: "This is to certify that the services set forth herein were performed during the period stated and that the incurred costs billed were actually expended for the project."

The "Summary" Invoice may be submitted by standard email or by electronic transmission to the following address(s):

Mailing Address: TSA Commercial Invoices
USCG Finance Center
P.O. Box 4111
Chesapeake, VA 23327-4111
E-mail: FIN-SMB-TSAINVOICES@uscg.mil

b. Step 2- "Summary" Invoice and Supporting Documentation Submittal to TSA for Approval of Payment.

The TSA Contracting Officer and the Contracting Officer's Technical Representative are required to review and approve all invoices prior to payment. To aid in this review, the Port Authority and/or its designee shall provide a copy of the "Summary" Invoice along with all receipts, contractor pay requests and other supporting information which specify the vendor, services provided, and products delivered as well as the appropriate identifications that the Airport has paid these obligations. The Port Authorityand/or its designee are encouraged to provide this supporting information simultaneously with Step 1 in order to expedite the payment process.

The Support Documentation should contain the following items:

- Summary Invoice from Step 1.
- An executive summary Project overview with the first invoice.
- Spreadsheet listing the invoices being submitted, with totals.
- Individual, signed and approved contractor invoices, with scope of values or statement of work (copies of contracts and change orders provide support for the work being actual, allowable, allocable and reasonable).
- Copies of subcontractors' invoice if listed on a prime contractor's invoice as a single amount (copies of timesheets and detailed backup not required if descriptions are clear and specific).
- Proof of payment by the Port Authority and/or its designee for each invoice in the form of copies of checks/warrants, banks wire transfers, or accounting system transactions.

The "Summary" Invoice and supporting documentation may be submitted by mail via CD or paper documents or electronic transmission to the following address; the final closeout invoice should include proof that all required deliverables have been provided:

John Gebhart
Jacobs Carter & Burgess, Inc.
2231 Crystal Drive, Suite 300
Arlington, VA 22202
Phone: 571-721-1269
E-mail: johngebhart@jacobs.com

Upon Completion of the review of the supporting documentation for the "Summary" Invoice, the TSA Contracting Officer and Contracting Officer Technical Representative will advise the Coast Guard Finance Center regarding payment of the "Summary" Invoice. TSA has the right to recoup any payments made to the Port Authority if the TSA determines that the invoices exceed the actual costs incurred."

3. The TSA Contracting Officer's Representative is changed from John Reed to Terry Spradlin. Also, the Port Authority's point of contact for correspondence is changed from William DeCota to Jeanne Olivier. Contact information is provided below.

TSA Contracting Officer's Representative (COR):
Terry Spradin
Transportation Security Administration
Office of Security Technology, TSA-16
601 South 12th Street
Arlington, VA 20598-6016
Telephone: 571-227-4108
E-mail: terry.spradlin@dhs.gov

Port Authority Point of Contact for all correspondence:
Jeanne M. Olivier, A.A.E.
General Manager, Aviation Security and Technology
Aviation Department
The Port Authority of New York and New Jersey
233 Park Ave. South, 9th Floor, New York, New York 10003
Telephone: 212-435-3726
E-mail: jolivier@panynj.gov

4. As hereby amended, all of the terms, covenants, provisions, conditions and agreements of the Lease shall be and remain in full force and effect.

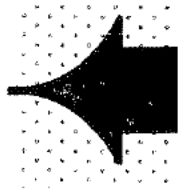
5. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation and execution of this Supplemental Agreement.

6. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Lessee with any liability or held liable to it under any term or condition of this Agreement, or because its execution or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Agreement shall be binding upon the Port Authority unless expressed in writing herein.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first above written.

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY



_____
Secretary

By_____

(Title)_____

(Seal)

WITNESS
~~ATTEST~~:

TERMINAL ONE GROUP ASSOCIATION, L.P.
(Lessee)
By: TERMINAL ONE MANAGEMENT, INC. GENERAL PARTNER

_____
~~Secretary~~
EXECUTIVE DIRECTOR-TOMI

By_____
ARTHUR J. HOLINS

(Title) CEO

(Corporate Seal)

Don

Port Authority Use Only:	
Approval as to Terms:	Approval as to Form:

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT	1. CONTRACT ID CODE	PAGE OF PAGES
		1 of 4

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE		5. PROJECT NO. (if applicable)
P00001	SEE BLOCK 16C	2109209ST2097	

6. ISSUED BY CODE	7. ADMINISTERED BY (If other than Item 6) CODE
TSA-Office of Acquisition/TSA-25 4275 Airport Road, Suite C Rapid City, SD 57703 Attn: Connie Thornton (605-393-8191)	TSA-Office of Security Technology/TSA-16 Electronic Baggage Screening Program 601 South 12th Street Arlington, VA 20598-6016

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)	(✓)	9A. AMENDMENT OF SOLICITATION NO.
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY AVIATION DEPARTMENT 225 PARK AVENUE SOUTH NEW YORK, NEW YORK 10003		9B. DATED (see item 11)
	X	10A. MODIFICATION OF CONTRACT/ORDER NO. HSTS04-06-A-DEP358
CODE: FACILITY CODE		10B. DATED (see item 13) August 28, 2006

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

[ ] The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers [ ] is extended, [ ] is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

Not Applicable – no funding is associated with this modification.

13. THIS ITEM APPLIES ONLY TO MODIFICATION OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

[ ]	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGE SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
[ ]	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
[ ]	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
X	D. OTHER (Specify type of modification and authority) ARTICLE XII- Changes and/or Modifications

E. **IMPORTANT:** The Port Authority is required to sign and return two copies of this document.

14. DESCRIPTION OF AMENDMENT –

In accordance with Article XII the purpose of this modification is to: 1) extend the date of the Other Transaction Agreement from December 31, 2007 to September 10, 2013; 2) revise paragraph C of Article V – Cost and Payments; and 3) update Article VIII- Points of Contact. See attached pages. All other terms and conditions remain the same.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A as heretofore changed, remains unchanged and in full force and effect.

15A NAME AND TITLE OF SIGNER (Type or print)		16A. Connie Thornton Contracting Officer	
Ernesto L. Butcher, Chief Operating Officer			
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED
(Signature of person authorized to sign)	5/5/09	BY (Signature of Contracting Officer)	5/8/09

In accordance with Article XII the purpose of this modification is to: 1) extend the date in Article III – Effective Date and Term of the Other Transaction Agreement from December 31, 2007 to September 10, 2013; 2) revise paragraph C of Article V – Cost and Payments; and 3) update Article VIII- Points of Contact. See attached pages. Accordingly the following changes are made:

1. **Article 1. EFFECTIVE DATE AND TERM:**
The effective date and term of the Other Transaction Agreement is revised from December 31, 2007 to September 10, 2013.

2. **Article V – COST AND PAYMENT**: Paragraph C of this Article is deleted and replaced with the following:

C. Reimbursement by TSA is conditioned upon submission to TSA of an invoice identifying the Project costs that have been incurred and paid. The TSA intends to make payment to the PANYNJ within 45 calendar days of receipt of each properly prepared invoice for reimbursement of incurred costs. The TSA reimbursement process consists of two steps:

a. Step 1 – "Summary" Invoice Submittal to the U.S. Coast Guard Finance Center for Payment

The United States Coast Guard Center performs the payment function on behalf of the TSA. For purposes of submission to the Coast Guard Finance Center, the PANYNJs invoice format is acceptable for the "Summary" Invoice. Central Contractor Registration is mandatory for invoice payment; for further information, please refer to http://www.ccr.gov

At a minimum the "Summary" Invoice should contain:

(1) Agreement Number HSTS04-06-A-DEP358
(2) Invoice Number and Invoice Date
(3) Complete Business Name and Remittance Address.
(4) Point of Contact with address, telephone, fax and e-mail address contact information
(5) Tax Identification Number and DUN's Number
(6) Dollar Amount of Reimbursement being requested
(7) Signature of PANYNJ's authorized representative and the following certification language: *"This is to certify that the services set forth herein were performed during the period stated and that the incurred costs billed were actually expended for the Project."*

The "Summary" Invoice may be submitted by standard email or by electronic transmission to the following address(s):

Mailing Address: TSA Commercial Invoices
USCG Finance Center
P.O. Box 4111
Chesapeake, VA 23327-4111

Email: FIN-SMB-TSAINVOICES@uscg.mil

b. Step 2 – "Summary" Invoice and Supporting Documentation Submittal to TSA for Approval of Payment

The TSA Contracting Officer and the Contracting Officer's Technical Representative are required to review and approve all invoices prior to payment. To aid in this review, the PANYNJ and/or its designee shall provide a copy of the "Summary" Invoice along with all receipts, contractor pay requests and other supporting information which specify the vendor, services provided, and products delivered as well as the appropriate identifications that the Airport has paid these obligations. The PANYNJ and/or its designee are encouraged to provide this supporting information simultaneously with Step 1 in order to expedite the payment process.

The Support Documentation should contain the following items:

- Summary Invoice from Step 1
- An executive summary Project overview with the first invoice
- Spreadsheet listing the invoices being submitted, with totals
- Individual, signed and approved contractor invoices, with scope of values or statement of work (copies of contracts and change orders provide support for the work being actual, allowable, allocable and reasonable.)
- Copies of subcontractors' invoice if listed on a prime contractor's invoice as a single amount (copies of timesheets and detailed backup not required if descriptions are clear and specific).
- Proof of payment by the PANYNJ and/or its designee for each invoice in the form of copies of checks/warrants, bank wire transfers, or accounting system transactions.

The "Summary" Invoice and supporting documentation may be submitted by mail via CD or paper documents or electronic transmission to the following address; the final closeout invoice should include proof that all required deliverables have been provided:

John Gebhart
Jacobs Carter & Burgess, Inc
2231 Crystal Drive, Suite 300
Arlington, VA 22202
Phone: 571-721-1269
Email: john.gebhart@jacobs.com

Upon completion of the review of the supporting documentation for the "Summary" Invoice, the TSA Contracting Officer and Contracting Officer Technical Representative will advise the Coast Guard Finance Center regarding payment of the "Summary" Invoice. TSA has the right to recoup any payments made to the PANYNJ if the TSA determines that the invoices exceed the actual costs incurred.

3. **Article VIII – POINTS OF CONTACT**: The TSA Contracting Officer's Representative is changed from John Reed to Terry Spradling. Also the Port Authority's point of contact for correspondence is changed from William DeCota to Jeanne Olivier. Contact information is provided below.

TSA Contracting Officer's Representative (COR):
Terry Spradlin
Transportation Security Administration
Office of Security Technology, TSA-16
601 South 12th Street
Arlington, VA 20598-6016
Telephone: 571-227-4108
E-mail: terry.spradlin@dhs.gov

Port Authority Point of Contact for all correspondence:
Jeanne M. Olivier, A.A.E.
General Manager, Aviation Security and Technology
Aviation Department
The Port Authority of New York and New Jersey
233 Park Avenue South, 9th Floor, New York, New York 10003
Telephone: 212-435-3726
E-Mail: jolivier@panynj.gov

4. All other terms and conditions remain unchanged.

For the Port Authority

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

On the _____ day of _____ in the year 2009, before me, the undersigned, a Notary Public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
(Notarial seal and stamp)

For the Lessee

STATE OF NEW YORK)
) ss
COUNTY OF QUEENS)

On the 4TH day of SEPTEMBER in the year 2009, before me, the undersigned, a Notary Public in and for said state, personally appeared ARTHUR J. MOLINS, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Marie E. DiCocco
(notarial seal and stamp)

MARIE E. DICOCCO
Notary Public, State of New York
No. 01DI6122325
Qualified in Queens County
Term Expires Feb. 7, 2013

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING
UPON THE PORT AUTHORITY UNTIL DULY EXECUTED
BY AN EXECUTIVE OFFICER THEREOF AND
DELIVERED TO THE LESSEE BY AN AUTHORIZED
REPRESENTATIVE OF THE PORT AUTHORITY

John F. Kennedy International Airport
Port Authority Lease No. AYC-190
Supplemental Agreement No. 7

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT ("Supplement No. 7" or "Supplemental Agreement"), made as of March 1, 2011, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called the "Port Authority") and TERMINAL ONE GROUP ASSOCIATION, L.P., a limited partnership formed under the laws of the State of New York (hereinafter called the "Lessee"), having an office and place of business at Terminal One, JFK International Airport, Jamaica, New York 11430 and having one general partner, Terminal One Management, Inc., a corporation organized and existing under the laws of the State of New York, and four limited partners, as follows: Societe Air France (a wholly-owned subsidiary of Air France-KLM), Japan Airlines International Co., Ltd. (formerly named Japan Airlines Company, LTD., a wholly-owned subsidiary of Japan Airlines Corporation), Korean Air Lines Co., Ltd., and Deutsche Lufthansa Aktiengesellschaft, and the the Lessee's representative is Edward Paquette.

WITNESSETH, That:

WHEREAS, by an agreement of lease dated as of July 13, 1994 (which lease, as the same has been supplemented and amended, is hereinafter called the "Lease") the Port Authority let to the Lessee and the Lessee hired and took from the Port Authority certain premises (the "premises") at John F. Kennedy International Airport (the "Airport"), all as more particularly described in the Lease; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects;

NOW, THEREFORE, for in consideration of the covenants and agreements herein obtained, the Port Authority and the Lessee hereby agree, effective as of the dates set forth hereinafter as follows:

1. Paragraph (a) of Section 6 of Supplement No. 3 to the Lease, is hereby amended and restated to read:

"(2) Effective as of the Effective Date of Supplement No. 3 to the Lease (as defined therein) the annual basic rental, in the amount then in effect, shall be increased by adding thereto the amount of Ninety-five Thousand Sixty-three Dollars and No Cents ($95,063.00), and accordingly the Lessee hereby agrees and

shall pay to the Port Authority effective as of said Effective Date basic rental at the annual rate of Two Million, Nine Hundred Sixty-seven Thousand Seven Hundred Ninety-five Dollars and No Cents ($2,967,795.00) subject to increase as provided in paragraph (b) hereof."

2. Subdivision III (b) (1) of Section 4 of the Lease is hereby amended, effective as of July 13, 1994, as follows:

(a) Item (cc) is amended and restated to read as follows:

"(cc) any monies, revenues, receipts and income paid or payable to the Lessee for Handling Services performed by the Lessee for any Airline Partner (as defined in Section 26 hereof) or any Subsidiary Airline (as defined below in subparagraph (5) of this paragraph (b))."

(b) Item (ee) is amended by deleting, from the parenthetical in the third and fourth lines thereof, the words "subparagraph (3) of this paragraph (b)" and substituting in their place the words "subparagraph (5) of this paragraph (b)".

3. As hereby amended, all of the terms, covenants, provisions, conditions and agreements of the Lease shall be and remain in full force and effect.

4. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation and execution of this Supplemental Agreement.

5. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Lessee with any liability or held liable to it under any term or condition of this Agreement, or because its execution or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Agreement shall be binding upon the Port Authority unless expressed in writing herein.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first above written.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By _____

David Kagan
Assistant Director
Business, Properties & Airport Development

(Title)

(Seal)

ATTEST:

Secretary

TERMINAL ONE GROUP ASSOCIATION, L.P.
(Lessee)

By: TERMINAL ONE MANAGEMENT, INC., GENERAL PARTNER

By _____

(Title) CEO

(Corporate Seal)

Port Authority Use Only:	
Approval as to Terms:	Approval as to Form:

For the Port Authority

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

On the 26th day of July in the year 2011, before me, the undersigned, a Notary Public in and for said state, personally appeared David Kagan, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

(Notarial seal and stamp)

MICHAEL F. SCHMIDT
Notary Public, State of New York
No. 01SC6118149
Qualified in New York County
Commission Expires November 1, 20 12

For the Lessee

STATE OF NEW YORK)
) ss
COUNTY OF QUEENS)

On the 11TH day of JULY in the year 2011, before me, the undersigned, a Notary Public in and for said state, personally appeared ARTHUR J. MOLINS, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Marie E. DiCocco
(notarial seal and stamp)

MARIE E. DICOCCO
Notary Public, State of New York
No 01DI6122325
Qualified in Queens County
Term Expires February 7, 2013

THIS AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

Lease No.AYC-190
Supplement No. 8
John F. Kennedy International Airport

THIS SUPPLEMENTAL AGREEMENT ("Supplement No. 8" or this "Supplemental Agreement"), made as of the 1st day of February 2012 by and between the **PORT AUTHORITY OF NEW YORK AND NEW JERSEY** (hereinafter referred to as the "**Port Authority**"), and **TERMINAL ONE GROUP ASSOCIATION, L.P.,** a limited liability partnership formed under the laws of the State of New York, having an office and place of business at Terminal One, John F. Kennedy International Airport ("the Airport"), Jamaica, New York 11430 and having one general partner, Terminal One Management, Inc., a corporation organized and existing under the laws of the State of New York, and four limited partners, as follows: Societe Air France (a wholly-owned subsidiary of Air France-KLM, and formerly named Air France Compagnie Aerienne successor to Compagnie Nationale Air France by assignment from Air France-KLM) Japan Airlines International Co., Ltd (formerly Japan Airlines Company, Ltd., a wholly-owned subsidiary of Japan Airlines Corporation), Korean Air Lines Co., Ltd., and Deutsche Lufthansa Aktiengesellschaft, and the Lessee's representative is Mr. Arthur J. Molins, Chief Executive Officer of said Terminal One Management, Inc. (hereinafter called the "**Lessee**"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee heretofore entered into an agreement of lease dated July 13, 1994, bearing Port Authority Lease number AYC-190 and covering the letting by the Port Authority to the Lessee of certain premises at the John F. Kennedy International Airport (the "***Airport***"), as more fully described therein, (said agreement of lease as amended, supplemented and extended referred to herein as the "***Lease***" or the "***Terminal One Lease***;" and said premises referred to herein as "***Terminal One*** or the "***Premises***").

WHEREAS, the Port Authority and the United States of America, as represented by the Transportation Security Administration (the "***TSA***"), entered into a separate agreement denominated as an Other Transaction Agreement ("OTA") effective as of August 9, 2006 (Reference No. HSTS04-06-A-DEP358, a copy of which OTA is attached to Supplement No. 4 of the Lease, as the same was amended by Supplements No. 5 of the Lease), setting forth the terms and establishing the respective cost-sharing obligations and responsibilities of the TSA and the Port Authority relating to the following work: (1)

100% design effort, and (2) the construction and site preparation effort to remove and dispose of four integrated and two semi-integrated x-ray units which will be replaced with four inline Explosives Detection Systems (EDS) CTX-9000 units, including, but not limited to, the installation of the four inline EDS CTX-5500s and the required modifications to the Explosive Trace Detection ("ETD") resolution room at the premises in order to achieve continued compliance with the Aviation and Transportation Security Act (ATSA) Public Law 107-71, November 19, 2001; and

WHEREAS, the Port Authority and the TSA entered into a separate agreement denominated as an Amendment of Solicitation/Modification of Contract effective as of May 8, 2009, extending the MOA to September 10, 2013; and

WHEREAS, the Port Authority and the Transportation Security Administration (the "**TSA**") entered into a (i) Memorandum of Agreement Relating to Baggage Screening Projects for John F. Kennedy International Airport ("***JFK***") on or about September 10, 2008 (Reference No. HSTS04-08-H-CT1236), as modified by Modification No.1 to Memorandum of Agreement, dated September 10, 2008, between the Port Authority and the TSA (collectively, the "**MOA**") setting forth the terms and establishing the respective cost-sharing obligations and responsibilities of the TSA and the Port Authority with respect to the performance of the engineering, design and integration of baggage Explosive Detection Systems ("***EDS***") projects and baggage screening system improvements at JFK (the "***JFK TSA Project***").

WHEREAS, the Port Authority and the TSA also entered into a (i) Memorandum of Agreement Relating to Baggage Screening Projects for Newark Liberty International Airport ("***EWR***") effective September 10, 2008 [Reference No. HSTS04-08-H-CT1235], setting forth the terms and establishing the respective cost-sharing obligations and responsibilities of the TSA and the Port Authority with respect to the performance of EDS projects and baggage screening system improvements at EWR (the "***EWR TSA Project***") and (ii) Memorandum of Agreement Relating to Baggage Screening Projects for LaGuardia Airport ("***LGA***") on or about September 10, 2008 (Reference No.HSTS04-08-H-CT1094), setting forth the terms and establishing the respective cost-sharing obligations and responsibilities of the TSA and the Port Authority with respect to the performance of EDS projects and baggage screening system screening improvements at LGA (the "***LGA TSA Project***").

WHEREAS, since the Lessee is responsible for the operation, maintenance and management of Terminal One pursuant to the Terminal One Lease, the JFK TSA Project, as it relates to Terminal One (the "***Project***") will require the Lessee, and the Lessee hereby agrees, to perform the scope of work, as it relates to Terminal One, as set forth in the MOA subject to and in accordance with all of the terms and provisions and conditions of the MOA, the Terminal One Lease and of this Supplemental Agreement; and

WHEREAS, it is hereby acknowledged and agreed that the Lessee shall perform the Work (as defined in Paragraph 1 below) at its sole cost and expense, subject to the terms and conditions set forth in the MOA for payment by TSA to the Port Authority and

subject to the terms and conditions of this Supplemental Agreement covering, among other matters, the release by the Port Authority to the Lessee of sums, if any, paid to the Port Authority by the TSA for the Work.

WHEREAS, unless the context clearly indicates otherwise, any term not defined herein shall have the same meaning given to it in the Lease.

NOW, THEREFORE, the Port Authority and the Lessee, for and in consideration of the covenants and mutual agreements hereinafter contained, hereby covenant and agree effective as of the date hereof, as follows:

1. The Lessee hereby agrees to perform the entire scope of the Project as set forth in Article III of the MOA, (as more particularly defined in the plans and specifications attached hereto as Exhibit B the "***Work***"). The Lessee shall perform the Work in accordance with the Tenant Alteration Application(s), as approved by the Port Authority in accordance with the Port Authority's Tenant Alteration Application requirements as they exist as of the date hereof. The Work shall be performed and completed by the Lessee strictly in accordance with the Terminal One Lease, the MOA and with the following further terms and conditions contained herein.

2. The Lessee hereby assumes, and shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents and employees, against the following distinct and several risks, whether such risks arise from acts or omissions of the Lessee, of any contractors of the Lessee, of the Port Authority, or of third persons, or from acts of God or of the public enemy, or otherwise, excepting only claims and demands which result solely from the willful misconduct, or the sole negligence of the Port Authority, ***provided***, ***however***, that the foregoing exception for "sole negligence" as used herein shall not include any instance in which the Port Authority shall have relied on information or documents provided by the Lessee or any of its contractors or subcontractors in connection with this Supplemental Agreement or the MOA:

(a) The risk of loss or damage to all such Work prior to the completion thereof and the risk of loss or damage of any property of the Port Authority or others arising out or in connection with the performance of the Work. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the Work and the property of the Port Authority or others without cost or expense to the Port Authority;

(b) The risk of death, injury or damage, direct or consequential, to the Port Authority, its Commissioners, officers, agents and employees, and to its or their property, arising out of or in connection with the performance of the Work. The Lessee shall indemnify the Port Authority, its Commissioners, officers, agents and employees for all such injuries and damages, and for all loss suffered by reason thereof;

(c) The risk of all claims and demands, just or unjust, by the TSA, the Government of the United States of America and third persons (including employees, officers and agents of the Port Authority) against the Port Authority, its Commissioners,

officers, agents and employees arising or alleged to arise out of the performance of the Work or out of any breach or other default by Lessee of this Supplemental Agreement as it relates to the Work, or out of any payment made or requested to be made under this Supplemental Agreement, as it relates to the Work, or the MOA. The Lessee shall indemnify the Port Authority, its Commissioners, officers, agents and employees against and from all such claims and demands, and for all loss and expenses incurred by it and by them in the defense, settlement or satisfaction thereof, including without limitation thereto, claims and demands for death, for personal injury or for property damage, direct or consequential, excepting only claims and demands which result solely from the willful misconduct, or the sole negligence of the Port Authority. If so directed, the Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such suit, claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provision of any statutes respecting suits against the Port Authority.

(d) The duties, responsibilities and obligations of the Lessee set forth in sub-subparagraphs (a) through (c) of this Paragraph 2 shall survive termination or expiration of the Terminal One Lease, as herein amended.

3. The Lessee shall submit to the Port Authority for its approval one or more Tenant Alteration Application or Applications, in the form supplied by the Port Authority and containing such terms and conditions as the Port Authority may include, setting forth in detail and by appropriate plans and specifications the Work, and the manner of and time periods for performing the same. In the event of any inconsistency between the terms of any Tenant Alteration Application covering the Work (or portion thereof) and the terms of this Supplemental Agreement, the terms of the Terminal One Lease, as herein amended shall prevail and control. The Lessee shall also comply with all applicable governmental laws, ordinances, orders, enactments, resolutions, rules and directives including, but not limited to, all requirements of the TSA. The data to be supplied by the Lessee shall describe in detail the Work. The Lessee shall be responsible at its sole cost and expense for retaining all architectural, engineering and other technical consultants and services as may be directed by the Port Authority and for developing, completing and submitting detailed plans and specifications for the Work, including but not limited to the Design Documents. The plans and specifications to be submitted by the Lessee to the Port Authority shall bear the seal of a qualified architect or professional engineer and shall be in sufficient detail for a contractor to perform the work. The Lessee shall not engage any contractor or permit the use of any subcontractor; unless and until each such contractor or subcontractor has been approved by the Port Authority and the Lessee upon request will furnish the Port Authority with a copy of each of its proposed contracts with its contractors. The Lessee shall include in any such contract or subcontract such provisions as required by this Supplemental Agreement and such other provisions as the Port Authority may reasonably require. Upon the request of the Port Authority, the Lessee shall provide the Port Authority a copy of its contracts and

subcontracts covering the Work or any portion thereof. The Lessee or its contractors and subcontractors shall obtain and maintain in force such insurance coverages and performance bonds in such amounts as the Port Authority may specify. All of the Work hereunder shall be done in accordance with the said Tenant Alteration Application(s) and final plans and specifications approved by the Port Authority and reviewed by the TSA; shall be subject to inspection by the Port Authority and the TSA during the progress of the said Work and after the completion thereof; and the Lessee shall redo or replace at its own expense any of said work not done in accordance therewith, or as otherwise required to be redone or replaced by the TSA. Upon approval of such plans and specifications by the Port Authority, and review thereof by the TSA, the Lessee shall proceed diligently at is sole cost and expense to perform and complete the Work. Notwithstanding the foregoing or anything contained herein to the contrary, the Port Authority shall not require Lessee to (x) make modifications to the plans and specifications for the Project (i) so long as the plans and specifications are comparable in size, location and general scope as established by the concept drawings and specifications, approved by the Port Authority, TSA and the Lessee and attached hereto as Exhibit B or (ii) if the costs of the Project, other than Allowable Costs reimbursable to Lessee, taking into account such modifications, would exceed $1,000,000.00, or (y) engage technical consultants and services for developing, completing and submitting detailed plans and specifications for the Work if the costs of the Project, other than Allowable Costs reimbursable to Lessee, taking into account the Port Authority's requirement for Lessee to engage such consultants and services, would exceed $100,000.00.

4. (a) Without limiting any other terms, provisions and conditions of the Terminal One Lease, as herein amended, the Lessee understands and agrees that it shall put into effect prior to the commencement of the Work an affirmative action program and Minority Business Enterprise (MBE) program and Women-owned Business Enterprise (WBE) program in accordance with the provisions of Schedule E attached hereto and hereby made a part hereof (hereinafter "Schedule E"); as used in Schedule E the term "construction work" shall apply to the Work. The provisions of said Schedule E shall be applicable to the Lessee's contractor or contractors and subcontractors at any tier of construction as well as to the Lessee itself and the Lessee shall include the provisions of said Schedule E within all of its construction contracts so as to make said provisions and undertakings the direct obligation of the construction contractor or contractors and subcontractors at any tier of construction. The Lessee shall and shall require its said contractor, contractors and subcontractors to furnish to the Port Authority such data, including but not limited to compliance reports relating to the operation and implementation of the affirmative action, MBE and WBE programs called for hereunder as the Port Authority may request at any time and from time to time regarding the affirmative action, MBE and WBE programs of the Lessee and its contractor, contractors, and subcontractors at any tier of construction, and the Lessee shall and shall also require that its contractor, contractors and subcontractors at any tier of construction make and put into effect such modifications and additions thereto as may be directed by the Port Authority pursuant to the provisions hereof and said Schedule E to effectuate the goals of affirmative action and MBE and WBE programs.

(b) In addition to and without limiting any terms and provisions of this the Terminal One Lease, as herein amended, the Lessee shall provide in its contracts and all subcontracts covering the Work or any portion thereof that:

(i) The contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status, and shall undertake or continue existing programs of affirmative action to ensure that minority group persons are afforded equal employment opportunity without discrimination. Such programs shall include, but not be limited to, recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff, termination, rates of pay or other forms of compensation, and selections for training or retraining, including apprenticeships and on-the-job training;

(ii) At the request of either the Port Authority or the Lessee, the contractor shall request such employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding and which is involved in the performance of the contract with the Lessee to furnish a written statement that such employment agency, labor union or representative shall not discriminate because of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will cooperate in the implementation of the contractor's obligations hereunder;

(iii) The contractor will state, in all solicitations or advertisements for employees placed by or on behalf of the contractor in the performance of the contract, that all qualified applicants will be afforded equal employment opportunity without discrimination because of race, creed, color, national origin, sex, age, disability or marital status;

(iv) The contractor will include the provisions of subparagraphs (b)(i) through (b)(iii) of this Paragraph 4 in every subcontract or purchase order in such a manner that such provisions will be binding upon each subcontractor or vendor as to its work in connection with the contract;

(v) "contractor" as used herein shall include each contractor and subcontractor at any tier of construction.

(c) Notwithstanding anything to the contrary contained in the foregoing, nothing contained in this Paragraph 4 shall be or be deemed to operate as a waiver or release of the obligation of the Lessee to fully comply with all of the provisions of subparagraphs (a) and (b) of this Paragraph 4 and all of the portions of Schedule E attached to this Supplemental Agreement with respect to the Work and with respect to any and all Tenant Alteration Applications that are submitted by the Lessee relating to the Work or any portion thereof subsequent to the date of this Supplemental Agreement. The Lessee hereby expressly agrees to comply with all of the provisions of subparagraphs (a) and (b) of this Paragraph 4 and all of the provisions (both Part I and Part II) of Schedule E with respect to all of the Work and all TAAs and all contracts relating to the same.

(d) Nothing contained herein shall release or relieve the Lessee from any of its duties, responsibilities or obligations otherwise set forth in the Terminal One Lease, and neither the foregoing nor anything in this Supplemental Agreement shall be deemed to limit, diminish, waive or impair the rights and remedies of the Port Authority, and the Port Authority shall continue to have all rights and remedies, legal, equitable and otherwise, with respect to the Terminal One Lease, as herein amended.

5. All of the Work, including workmanship and materials, shall be of first class quality.

6. Upon completion of the Work, including successful completion of the TSA EDS systems test under Article VII of the MOA and acceptance by the TSA pursuant thereto, the Lessee shall supply the Port Authority with (i) as-built plans and drawings in form and number requested by the Port Authority, and (ii) an additional duplicate set of such "as built" drawings to be attached to the final Certificate, as hereinafter defined, in accordance with the provisions of Paragraph 14(a)(xv) of this Supplemental Agreement. Notwithstanding the submission by the Lessee to the Port Authority of the contracts to be entered into by the Lessee or the incorporation therein of Port Authority requirements or recommendations, and notwithstanding any rights the Port Authority may have reserved to itself hereunder, the Port Authority shall have no liabilities or obligations of any kind to the Lessee or to any contractors engaged by the Lessee or to others in connection with any proposed or actual contracts entered into by the Lessee for the Work or for any other matter in connection therewith and the Lessee hereby releases and discharges the Port Authority, its Commissioners, officers, representatives and employees of and from any and all liability, claim for damages or losses of any kind, whether legal or equitable, or from any action or cause of action arising or alleged to arise out of the performance of any of the Work by the Lessee or pursuant to the contracts between the Lessee and its contractors.

7. The Lessee shall pay all claims lawfully made against it by its contractors, subcontractors, materialmen and workmen, and all claims lawfully made against it by other third persons arising out of or in connection with or because of the performance of the Work; and shall cause its contractors and subcontractors to pay all such claims lawfully made against them. The Lessee shall indemnify the Port Authority against all claims, damages or losses that may arise or result therefrom, including interest thereon, and costs and expenses including attorneys' fees and penalties or fines. Nothing herein contained shall be deemed to constitute consent to the creation of any lien or claim against the Work, the Premises or the Airport, or any portion thereof, nor to create any rights in said third persons against the Port Authority.

8. The Lessee shall be solely responsible for obtaining the acceptance of the TSA of the Work pursuant to Article VII of the MOA. The Lessee shall be solely responsible for the plans and specifications used by it, and for the adequacy or sufficiency of such plans, specifications and all the improvements, alterations, installations and decorations depicted thereon or covered thereby, regardless of the

consent thereto or approval thereof by the Port Authority or the incorporation therein of any Port Authority requirements or recommendations. The Port Authority shall have no obligations or liabilities in connection with the performance of the improvements, alterations, decorations and installations constituting the Work, whether performed by the Lessee or on its behalf, or the contracts for the performance thereof entered into by the Lessee. Any warranties extended or available to the Lessee in connection with the Work shall be for the benefit of the Port Authority as well as the Lessee.

9. (a) The Port Authority hereby represents that the TSA has appropriated a total sum of Forty Million Dollars and No Cents ($40,000,000.00) (the "***TOTAL TSA Funding***") for the Project.

(b) In accordance with and pursuant to the provisions of Paragraph 14 of this Agreement, and provided that the Cost of the Work, as hereinafter defined in Paragraph 13, below, performed by the Lessee is in excess of Two Hundred Fifty Thousand Dollars and No Cents ($250,000.00) ("the Invoice Threshold Amount") during one or more months, the Lessee hereby agrees and acknowledges that it shall have the right to submit with respect to such Work, Invoices, as defined in subparagraph (a) of said Paragraph 14, for each month (or combination of months) for which the amount of such Work exceeds the Invoice Threshold Amount; provided, however, with respect to the last Invoice for the Work, the Invoice Threshold Amount shall not apply and the Lessee's last Invoice for the Work may be less than the Invoice Threshold Amount.

(c) When a portion of the Work for which the Lessee is submitting an Invoice, as defined in said Paragraph 14(a), has been completed, the Lessee shall deliver to the Port Authority the Invoice, as hereinafter defined in Paragraph 14(a), to such effect signed by an authorized officer of the Lessee and also signed by the Lessee's licensed architect or engineer certifying that each such portion of the Work has been performed substantially in accordance with the approved Tenant Alteration Application(s) and the approved plans and specifications, data and materials forming a part thereof, and the Design Documents. Within 30 days after the Port Authority's receipt of an invoice, each such portion of the Work will be inspected by the Port Authority and if the same has been completed as certified by the Lessee and the Lessee's licensed architect or engineer, as aforesaid, an invoice to such effect shall be delivered to the TSA by the Port Authority subject to the condition that, as between the Port Authority and the Lessee, all risks thereafter with respect to each such portion of the Work and any liability therefor for negligence or other reason shall be borne by the Lessee, as herein provided.

(d) When the final Invoice has been submitted by the Lessee, the Project shall be deemed complete only upon the successful completion of the TSA EDS systems test conducted by the TSA under Article VII of the MOA, and acceptance of the TSA in accordance therewith.

10. Without limiting Paragraph 11 hereof or any other term or provision of this Agreement or of the Terminal One Lease or the MOA, the Lessee hereby expressly acknowledges and agrees:

(a) that the total maximum of the costs of the Work eligible for reimbursement to the Lessee under the MOA for federal funds is that amount equivalent to the Project Reimbursement Amount, as hereinafter defined, paid to the Port Authority by the TSA for Work accepted by the TSA pursuant to Articles IV and IX of the MOA, all of which shall be computed based on the eligibility of the project costs as set forth in Article V of the MOA and Paragraph 12 hereof; that said amount includes the costs of acquisition, delivery and installation of a Checked Baggage Inspection System ("CBIS") in Terminal One and/or modifications to existing CBISs as well as the items listed in Article III (2) of the MOA that the TSA will not be responsible for under the MOA. The TSA has agreed to reimburse the Port Authority ninety percent (90%) of the actual allowable, allocable and reasonable costs of the Work incurred by the Lessee in the performance and completion of the Work, including the cost of all necessary design, supervision and construction management associated therewith, (the "***Project Reimbursement Amount***") but such Project Reimbursement Amount shall not exceed the eligible cost of the TSA's Performance Guidelines and Design Standards, as reviewed and approved by the TSA. The determination of allowable and allocable costs will be made by the TSA in accordance with the Common Rule and 49 CFR Part 18, and that the TSA will determine the costs that will be eligible for reimbursement in accordance with the Common Rule and 49 CFR Part 18; that the TSA will reimburse the Port Authority on an actual expense basis supported by one or more invoices submitted by the Port Authority in accordance with the MOA; that all costs in excess of the Project Reimbursement Amount as well as any costs that do not comply with the Common Rule, shall not be borne by the TSA, unless otherwise agreed by the TSA in a modification to the MOA in accordance with Article XII; and that should the TSA contributions of the total amount represent more than the Project Reimbursement Amount the Port Authority will refund TSA the difference to achieve the Project Reimbursement Amount and to the extent such amount in excess of the Project Reimbursement Amount has been remitted to the Lessee by the Port Authority, the Lessee shall have the obligation to refund such difference to the Port Authority;

(b) that the TSA will provide maintenance, repair, and refurbishment of EDS and ETD equipment throughout its life cycle at no cost to the Port Authority or the Lessee; that to the extent that equipment can no longer be used at the end of its life cycle, the TSA will provide for the removal and disposition of the equipment at no cost to the Port Authority or the Lessee, subject to the availability of funds; that the Lessee shall, subject to the Agreement and the Terminal One Lease, have the obligation to provide full ingress and egress to the TSA and its contractors for the installation, operation, testing, maintenance, and repair of EDS and Explosives Trace Detection ("***ETD***") equipment at all times during the term of the letting under the Terminal One Lease;

(c) that except for the EDS and ETD security equipment owned by the TSA and separately provided for use at the Airport (the "***Security Equipment***"), the City

of New York or the Port Authority, as applicable, shall own and have title to all personal property, improvements to real property, or other assets which are acquired under the MOA, subject to and in accordance with the provisions of the Terminal One Lease, and that it shall be the responsibility of the Lessee, pursuant to and in accordance with the provisions of this Supplemental Agreement and the Terminal One Lease, to operate, maintain, and if it becomes necessary, replace, such property to support the efficient use of the Security Equipment;

(d) that title to the non-security equipment such as ancillary equipment or infrastructure that was purchased or reimbursed using Federal funds, or installed by the TSA, or its agents or contractors at the TSA's expense, or by the Port Authority or its agents or contractors, or the Lessee or its agents or contractors, will vest in the City of New York or the Port Authority, as applicable, upon acceptance in accordance with Article VII of the MOA, and Paragraph 9 of this Agreement, subject to and in accordance with the provisions of the Terminal One Lease;

(e) that except for the responsibilities of the TSA as outlined in Article V (A) of the MOA, the Project will be managed by the Lessee, who will oversee, perform and complete the Work, including, but not limited to, the responsibilities outlined in Article V(B) of the MOA as they relate to the Project, subject to the provisions of the MOA, the Terminal C Lease and of this Supplemental Agreement;

(f) that the Lessee shall have the obligation to use its commercially reasonable efforts to have the Work completed within the prescribed costs and schedule contained in the MOA.

11. Without limiting any term or provision hereof, it is expressly understood and agreed that certain obligations, duties, requirements, and responsibilities recited, stated or otherwise described or deemed to be included in the MOA are incorporated herein as obligations, duties, requirements and responsibilities of the Lessee under this Supplemental Agreement, and the Lessee hereby accepts and agrees to the same, including but not limited to the following: the obligation to perform the obligations set forth in Article V(B) of the MOA; the obligation to refund to the Port Authority the amount of any and all payments required by the TSA to be refunded to the TSA by the Port Authority pursuant Article IX of the MOA; the obligation to comply with the audit and record-keeping provisions of Article X of the MOA; the obligation under Article VIII of the MOA to contact the TSA Contracting Officer immediately in the event the Lessee receives, or the Port Authority advises the Lessee that the Port Authority has received, any communication which it interprets as a direction to change the work addressed by the MOA, or to incur costs not covered by funding obligated at that time and to refrain from taking any action as a result of that communication as described in said Article VIII of the MOA; and the obligation pursuant to Article VIII A of the MOA to inform the TSA "Contracting Officer" (as named in the MOA) in the event the Contracting Officer Technical Representative (the "COTR" as defined in the MOA) takes any action which is interpreted by the Lessee, or which the Port Authority has advised the Lessee that the Port Authority has interpreted, as a change in scope or liability of the Port Authority or

*the TSA.

The foregoing references to specific sections or provisions of the MOA shall not limit, or be construed as limiting, the obligations, duties, responsibilities and liabilities of the Lessee under this Supplemental Agreement or the Terminal One Lease.

12. As used herein the term "***Allowable Costs***" shall mean the sum of all Project Costs, as defined in Article IV of the MOA, allowable for reimbursement by the TSA under the MOA, (which Allowable Costs, will be determined by the TSA in accordance with the provisions of Article IV (D) of the MOA) and shall include those costs set forth in sub-paragraphs (a) through (c) below. The form of payment application submitted by the Lessee to the Port Authority for payment shall be subject to the approval of both the Port Authority and the TSA. In the event the TSA provides an application form, such form will be provided to the Lessee.

(a) Engineering costs (to include design, specifications, bid documents and contract documents) and construction supervision costs (to include project management) and Port Authority Letter of Intent Administration Costs (hereinafter collectively "Project Soft Costs") and which shall not exceed 16% of the Project Costs, unless the TSA increases such ceiling for reimbursement of all Project Soft Costs, in which case, the Project Soft Costs shall not exceed such increased ceiling of the Project Soft Costs;

(b) Design costs incurred on or after October 1, 2007;

(c) EDS in-line checked baggage construction costs, which include, but shall not be limited to:

(i) demolition (infrastructure or baggage system related, including demolition of the existing system)

(ii) Baggage Handling System ("BHS") infrastructure upgrades, platforms, catwalks located within the EDS screeming matrix area;

(iii) BHS: that portion located within the EDS screening matrix area, including redesign and upgrading of conveyors to support the integration of the screening matrix only;

(iv) on-screen resolution (OSR) Room, Checked Baggage Resolution Area (CBRA);

(v) acoustical treatment in OSR and CBRA;

(vi) electrical infrastructure (cabling, control panels) and basic lighting fixtures for the CBIS, CBRA, and OSR:

(vii) telephone systems/pager systems for the TSA, CBRA and OSR only;

(viii) heating, ventilation, air conditioning (HVAC) environmental requirements for CBIS, OSR Room, CBRA and EDS Network equipment room.

(d) Project costs not considered reimbursable under the MOA include:

(i) employee break rooms, administrative office space and restrooms;

(ii) aesthetic architecture enhancements;

(iii) maintenance, repair parts or spare parts for Airport Terminal improvements include the baggage handling conveyor components installed under this Project;

(iv) extended warranties beyond one (1) year;

(v) maintenance of baggage conveyor system;

(vi) profit or corporate G&A costs to the PANYNJ.

(viii) costs incurred by the PANYNJ and/or designee, its contractors or agents to perform work not allocable with the TSA approved design or TSA's Planning Guidelines and Design Standards for CBIS.

Notwithstanding anything contained in Paragraph 12(d) above or elsewhere in this Agreement to the contrary, the Port Authority shall not agree with the TSA or another party that costs which are not Allowable Costs hereunder (or costs similar to those listed in Paragraph12(d)) are reimbursable to a party with whom the Port Authority may enter into an agreement for the performance of the work related to any portion of the Project, unless the Port Authority also agrees, at such time, to allow for such costs to be reimbursable to the Lessee under the terms of this Agreement, in which case such costs shall be considered Allowable Costs under this Agreement and deleted from Paragraph 12(d) above. Further, if the Port Authority and the TSA agree that additional costs not listed in Paragraph 12(a)-(c) above are Allowable Costs, then such costs shall be reimbursable to the Lessee and considered "Allowable Costs" under this Agreement.

13 It is specifically understood and agreed that notwithstanding anything to the contrary herein, all costs and expenses of the Work (the "***Cost of the Work***") shall be borne fully and solely by the Lessee without reimbursement or payment by the Port Authority except to the extent federal funds have been paid to the Port Authority by the TSA and except to the extent provided for herein with respect to, and properly includable in, the Cost of the Work, and also subject to the limitations set forth in Paragraph 14 of this Supplemental Agreement, and Articles IV and IX of the MOA.

14. Except as hereinafter provided in Paragraph 14(f), if, and only if, and to the extent the Port Authority receives payment from the TSA for the Work, or a portion or portions thereof, pursuant to Article IX of the MOA, the Port Authority shall, within thirty (30) days of receipt of such payment from the TSA for the Work, reimburse the Lessee for the Cost of the Work for the applicable portion of the Work from the federal funds paid by TSA pursuant to the MOA in accordance with the following:

(a) After completion of each portion the Work for which the Lessee is seeking reimbursement in excess of the Threshold Invoice Amount, the Lessee shall deliver to the Port Authority an invoice with respect to each such portion of the Work, and each such invoice shall be signed by a responsible fiscal officer of the Lessee, sworn to before a notary public and which shall set forth a representation by the Lessee that it

will apply the reimbursement payment made by the Port Authority from the federal funds received by the Port Authority from the TSA only to the Cost of the Work applicable to that portion of the Work, and for no other purpose or purposes whatsoever, and shall contain and have attached thereto all of the invoices and other documentation and items required to be attached thereto as described in this Paragraph 14, and under Article V Article IX of the MOA (each such invoice being hereinafter referred to as the "***Invoice***"). From and after the date hereof, the first sentence beginning with the words "In accordance with "appearing in Paragraph 1 of Supplement No. 5 to the Lease is hereby deleted, and the Lessee shall no longer be restricted to submit no more than five Certificates, as defined in subparagraph (a) of Paragraph 15 appearing in Supplement No. 4 to the Lease. In addition, and without limiting any other requirements of this Paragraph 14, each Invoice,

(i) shall contain the Lessee's certification as to each of the amounts, payments and expenses and costs contained therein and that the same constitute the final statement of the Cost of the Work with respect to the portion of the Work covered by such Invoice in accordance with and as described and defined in Paragraph 8 above;

(ii) shall also have attached thereto reproduction copies or duplicate originals of the invoices of the independent contractors of the Lessee for the Cost of the Work that has been incurred and paid by the Lessee, and for such invoices an acknowledgment by the said independent contractors of the receipt by them of such amounts and payments, and such invoices shall also conform with all of the requirements set forth in Article IX of the MOA;

(iii) shall contain the Lessee's certification that the Work or portion of the Work for which payment is requested has been accomplished and that the amounts requested have been paid to the Lessee's contractors, and, subject to the concurrence of the Port Authority, that said work is in place and has a value of not less than the amount(s) requested to be paid to the Lessee by the Port Authority;

(iv) shall set forth the total cumulative payments made by the Lessee as aforesaid from the commencement of the Work to the date of the Invoice;

(v) shall set forth by itemization and reference to each contract, and cumulatively the amounts of retainage, if any with specific identification as to the applicable contract;

(vi) shall contain the Lessee's certification that the entire and complete Cost of the Work for the portion of the Work covered by such Invoice has been paid by the Lessee; that there are no outstanding liens, mortgages, conditional bills of sale, or other encumbrances of any kind with respect to the Work; and that to Lessee's knowledge there are no unpaid claims of any kind whatsoever with respect thereto, except any unpaid claims being contested by the Lessee or its contractors in good faith and by appropriate proceedings.

(vii) shall contain a certification by the Lessee that the portion of the Work covered by the Invoice has been performed and completed strictly in accordance with the terms of this Supplemental Agreement, the Terminal One Lease, the Tenant Alteration Applications and the MOA;

(viii) shall have attached thereto accurate, readable and complete copies of all change estimates, change orders, extra work authorizations, design change authorizations, purchase orders in connection with the Work or portion of the Work, as applicable;

(ix) shall have attached thereto true copies of any and all reports and schedules of any type submitted or kept, or required to be submitted or kept, by the Lessee or any contractor, architect, engineer or other consultant of the Lessee;

(x) shall also contain such further information and documentation with respect to the Cost of the Work, as the TSA at any time and from time to time may require;

(xi) shall have attached thereto true copies of the items described in subparagraph (b) below and required under the last sentence of subparagraph (b);

(xii) only as it relates to Lessee's last and final Invoice for the Work, shall contain the Lessee's certification that the portion of the Work covered by the Invoice, together with the portions of the Work previously covered by all previous Invoices, have been successfully completed and accepted by the TSA pursuant to Article VII of the MOA, as applicable, and Paragraph 9 above and has been installed in accordance with the TSA Checked Baggage Inspection System Performance Criteria and technical specifications for the EDS baggage screening equipment;

(xiii) shall contain the Lessee's certification that the Invoice conforms with the Common Rule and 49 CFR Part 18; and

(xiv) shall contain the Lessee's certification and warranty that the Invoice is complete and proper for delivery by the Port Authority to TSA for purposes of payment by TSA to the Port Authority of federal funds under Article IX of the MOA, and that the Invoice is in accordance with all of the requirements and provisions of the MOA and all applicable governmental regulations.

(xv) shall have attached thereto a duplicate set of "as built" drawings for the entire work, in accordance with Paragraph 6 above, when the portion of the Work covered by the final Invoice submitted by the Lessee has been successfully completed and accepted by the TSA and the Port Authority pursuant to Article VII of the MOA and Paragraph 6 above.

(b) In addition to and without limiting any term or provision of the Terminal One Lease, it is hereby expressly agreed that the Port Authority shall have, and the Lessee hereby conveys to the Port Authority all rights, titles or interests of the Lessee in and to the full and unrestricted ownership, free and clear of any and all security interests, liens, or other encumbrances, and all proprietary rights and interests in and to all documents produced for the design and construction of the Work; and each and every portion thereof, including without limitation drawings and specifications, work product, and the like, (including such which are or are to become the property of any "Owner" named as such in such a contract or other agreements), upon any payment made hereunder or otherwise therefor, or upon such earlier time or times as may be provided under the applicable contract(s)or other agreement(s), by the Port Authority for any item of the Work or applicable portion thereof, and each contract, purchase order, consultant agreement, architectural agreement, or any other type of agreement entered into by or on behalf of the Lessee for the Work, or of any portion thereof, shall reflect and or provide for the foregoing, except for any contract, purchase order, consultant agreement, architectural agreement, or any other type of agreement entered into by or on behalf of the Lessee for the Work, prior to the date of this Supplemental Agreement. It is further hereby expressly agreed that if the applicable contract or other agreement gives to the Lessee any such rights of ownership that the same shall be deemed given to the Port Authority automatically without the requirement for any execution of any further documentation. The Lessee shall and hereby agrees, without limiting the foregoing, to execute any and all documents which may be required by the Port Authority to transfer or evidence such ownership and proprietary rights of the Port Authority.

(c) In addition to and without limiting the foregoing, and in addition to any and all other information required to be submitted pursuant to Sections 18 and 23 of the Terminal One Lease, as herein amended, the Lessee shall promptly furnish to the Port Authority information concerning budget, costs, costs estimates, timing and scheduling of construction of the Work and each portion of the Work (and any other information concerning the Work or any Invoice given in respect thereof), as may be reasonably requested by the Port Authority at any time and from time to time with respect to the Cost of the Work, including, but not limited to, the following:

(i) Reports of the construction manager hired by the Lessee and reports of the Lessee's architect, which reports must contain reports as to activity conducted in connection with the Work on a continuing basis from the commencement of the Work to the date of submission;

(ii) A certification signed by the Lessee's licensed architects or licensed professional engineers that each portion of the Work is in compliance with the plans and specifications therefor as approved by the TSA and the Port Authority;

(iii) Accurate, readable and complete copies of all change estimates, change orders, extra work authorizations, design change authorizations, and purchase orders in connection with the Work,

(iv) True copies of any and all reports and schedules of any type submitted or kept, or required to be submitted or kept, by the Lessee or any contractor, architect, engineer or other consultant of the Lessee; and

(v) True copies of any and all of the items described in and required under subparagraph (c) above.

(d) (i) Within thirty (30) days after the delivery by the Lessee to the Port Authority of a duly and properly submitted Invoice, provided that such Invoice is complete and proper in form and content for submission to TSA in accordance with Article IX of the MOA the Port Authority will use commercially reasonable efforts to submit the Invoice to TSA, accompanied by the appropriate Port Authority invoices based on the Invoice pursuant to the MOA, and with respect to the final Invoice, together with the "as built" drawings and documentation to be provided by the Lessee. In the event the Port Authority determines that the Invoice is not in form and content complete or proper for delivery to TSA, the Port Authority shall promptly so notify the Lessee.

(ii) Within thirty (30) days) after the Port Authority has received payment from TSA of federal funds for the portion of the Work covered by the Invoice pursuant to Article IX of the MOA, the Port Authority will make payment to the Lessee of the amounts paid by the Lessee for the Cost of the Work as certified in, and for the portion of the Work covered by, such Invoice, subject to the limitations stated in Article IX of the MOA including, but not limited to the retainage by the TSA of Ten Percent (10%) of each Invoice submitted by the Lessee until the baggage screening system has successfully passed the TSA EDS systems test and defects, if any, have been corrected, as set forth in Article VII of the MOA, and including, but not limited to, the limitations and conditions set forth in subparagraphs (a) through (c) above, in this subparagraph (d), and subparagraphs (e) and (f) below (each such amount for each portion of the Work for which an Invoice is submitted, the "***Reimbursement Amount***"). It is understood that in the event the Port Authority receives any notice or instruction from the TSA directing against all or a portion of a payment to the Lessee, the Port Authority shall not make all or a portion, as applicable, of such payment to the Lessee, of the Cost of the Work. For the avoidance of doubt, only the TSA shall withhold retainage in respect of the Invoices; provided, however, nothing contained herein shall preclude the Lessee from withholding retainage from its contractor(s).

(iii) It is hereby agreed and understood that in paying the Reimbursement Amount the Port Authority shall be relying on the truth and accuracy of each of the Invoices and the Lessee's certifications and representations therein. No such payment by the Port Authority of the Reimbursement Amount shall constitute any waiver of claims or release by the Port Authority against the Lessee or any of its contractors, subcontractors, architects or others, nor any waiver of the Port Authority's rights of audit and inspection, nor any waiver of any other rights or remedies, legal or equitable, of the Port Authority.

(e) (i) Notwithstanding anything to the contrary contained herein, in the event the Lessee shall be in default under any term or provision of this Supplemental Agreement with respect to the Project, the Port Authority shall have the right, in its discretion, which shall not be exercised in an arbitrary or capricious manner, to withhold payment to the Lessee until such default is fully cured to the satisfaction of the Port Authority, unless such withholding is prohibited by federal law or by the TSA, in which case the Port Authority shall not exercise such right to withhold; provided, that, if the amount to be withheld is associated with the default, such amount shall be based on a good faith estimate by the Port Authority of its exposure resulting from such default; provided, further, no payment or withholding of a payment shall be or be deemed to have waived any rights of the Port Authority with respect to the termination of the Terminal One Lease or to a default by the Lessee under any term or provision thereof or to the withholding or payment of future payments.

(ii) In addition to and without limiting the foregoing provisions and without limiting or impairing or waiving any other right or remedy of the Port Authority under this Supplemental Agreement or the Terminal One Lease, or otherwise, the Port Authority shall have the right, in its discretion, which shall not be exercised in an arbitrary or capricious manner, to withhold from the Reimbursement Amount the amounts of any or all items contained in the Invoice in any one or more of the following events or upon any of the following bases relating to the Work (it being agreed, however, that the amount of any such withholding shall be estimated in good faith by the Port Authority to be the exposure to the Port Authority associated with such item or items and that any amount withheld shall be released to the Lessee when such item or items have been resolved to the satisfaction of the Port Authority, which determination shall not be exercised in an arbitrary or capricious manner), and the Port Authority shall notify the Lessee of the same and the basis therefor:

(1) Any contractor or other person included or covered by the Invoice is in default or under a notice of termination with respect to its contract or agreement, or has not complied with all of the applicable terms or provision of its contract or agreement;

(2) The Invoice, or any of the certifications and documentation and other items required to be contained therein, attached thereto or submitted therewith is not in accord with the terms of this Supplemental Agreement, the Terminal One Lease, or the applicable contract, or is not complete or is otherwise improper or inadequate, or the same fails to include or omits required items;

(3) Inadequate or defective work or work not in accordance with this Supplemental Agreement, the Terminal One Lease or the approved Tenant Alteration Applications or the approved plans and specifications, or materials and equipment are not properly stored or protected;

(4) Claims related to the Work made by the Port Authority, the TSA, the Government of the United States of America or a *qui tam* person (as defined in

Paragraph 30(a)(2)(i) of this Supplemental Agreement) against a contractor included in such Invoice which are outstanding;

(5) Failure of the Lessee to make payments to the contractor in connection with the Work;

(6) Work not performed but which was included in the Invoice;

(7) Any notice, claim or allegation made by any governmental authority of violation or non-compliance by the Lessee of any Environmental Requirements with respect to the Work or any portion thereof;

(8) Materials or supplies delivered to Terminal One but not incorporated in the realty; and

(9) Any contents of the Certificate not substantiated by any Port Authority inspection or audit (but the Port Authority shall have no obligation to conduct any such inspection or audit).

(f) The entire obligation of the Port Authority under this Supplemental Agreement to reimburse the Lessee for the Cost of the Work is conditioned upon the payment to the Port Authority by TSA pursuant to the MOA of the Cost of the Work and conditioned upon the prior payment to the Port Authority of the Cost of the Work or portion of the Work to be reimbursed, and shall be limited in amount to the actual amount received by the Port Authority from the TSA under Article IV of the MOA; and the Total Reimbursement Amount for the Work and all portions of the Work shall not in any event exceed the Project Reimbursement Amount. The said obligation of the Port Authority to pay each Reimbursement Amount and the Project Reimbursement Amount to the Lessee is also expressly conditioned on the authorization by the Lessee, hereby given, to the Port Authority for the submission by the Port Authority to the TSA of each Invoice for purposes of payment by the TSA of federal funds for the Cost of the Work and as to each portion of the Work, and on the warranty by the Lessee to the Port Authority that each such Invoice is proper and complete for such purposes. Notwithstanding anything to the contrary contained in this Agreement, other than with respect to the terms and conditions set forth in this Paragraph 14, the Port Authority shall not have any responsibility or liability to the Lessee or any other person, and the Lessee shall not have any claim against the Port Authority for any cost or expense of or relating to the Work, or any part thereof, or for any failure or refusal of the TSA to make payment for the Work or any part thereof, or any failure of the TSA to perform or complete the Project or any portion thereof. The Port Authority and the Lessee agree to work in good faith in the performance of their respective obligations under this Supplemental Agreement.

Without in any way limiting the foregoing, the Port Authority shall work cooperatively with the Lessee in connection with the payment by the TSA of the Reimbursement Amounts. Further, the Port Authority shall not agree to an amendment to the MOA that

would materially, adversely affect the Lessee's Work or the TSA's reimbursement obligation, as it relates to the Lessee's Work, it being agreed that amendments to the MOA that affect projects other than the Project, are not covered by this provision..

Prior to exercising its right of termination under Article XV of the MOA, the Port Authority hereby agrees that it shall resolve all disputes affecting the Lessee's right to receive payments for the Project with the TSA pursuant to the dispute resolution provision set forth in Article XIV of the MOA. If a dispute between the TSA and the Port Authority cannot be resolved through such negotiations, the Port Authority shall, immediately upon conclusion of such negotiations, submit the dispute to the Office of Dispute Resolution for Acquisition ("ODRA"). Following the final decision by ODRA, and, if the Lessee so requests, the Port Authority shall submit such final agency action to judicial review in accordance with 49 U.S.C. 46110. The Lessee hereby agrees to pay the Port Authority's reasonable out-of pocket expenses for such judicial review, including the reasonable costs for the Port Authority's attorneys and outside counsel, as appropriate. The Port Authority shall not terminate the MOA during the pendency of the proceedings described in this subparagraph. In the event, upon the conclusion of such proceedings, the Port Authority shall elect to terminate the MOA, pursuant to Article XV of the MOA, the Port Authority shall provide the Lessee no less than ninety (90) days' prior written notice of its intent to terminate the MOA for cause.

Without limiting the other provisions of this Section 14(f), if the MOA is terminated for any reason prior to the completion of the Project, or the Lessee and the Port Authority, together, reasonably expect that sufficient federal funding would not be available for completion of the Project, then at the Lessee's option, the Lessee may cease the performance of the Work, or proceed with the Work at Lessee's sole risk, cost and expense. In the event that the Lessee elects to cease the performance of the Work, the Lessee shall: (i) take such steps in winding down the Work as may be required by the MOA, to ensure that the Work already in place, as well as any areas affected by such Work, shall not be left in a condition unsafe so that there is possibility of injury or damage to life or property, and (ii) have the option to: (x) continue in occupancy of the Additional Premises, subject to the approval of the Port Authority for any new or additional use of said premises, or (y) enter into a surrender agreement, reasonably acceptable to the Lessee and the Port Authority, pursuant to which the Lessee shall surrender the Additional Premises to the Port Authority, and in such case, the Lessee shall have the right, at its option, to remove all improvements made to the Additional Premises or surrender the Additional Premises with improvements constructed thereon. The Port Authority shall not be responsible for the cost of removal of any improvements made by the Lessee at the Additional Premises or for any costs associated with winding down the Work.

If the Lessee chooses to proceed with the Work, as provided above, it shall notify the TSA of its intention to do so, and seek the TSA's approval, if so required, to proceed with the Work. In such case, unless otherwise directed by the TSA, the Lessee shall continue to perform the Work in accordance with the requirements set forth herein as well as with the terms and conditions of the MOA. The Port Authority shall have no further

responsibilities to the Lessee in connection with the payment by the TSA of Reimbursement Amounts to the Lessee, if any, or otherwise.

(g) The foregoing provisions with respect to submissions by the Port Authority to the TSA shall extend and apply only to Invoices submitted to the Port Authority by the Lessee prior to any expiration or termination of the Terminal One Lease.

15. In addition to and without limiting any other right or remedy of the Port Authority or of TSA under this Supplemental Agreement, the Terminal One Lease, the MOA or otherwise, the Port Authority shall have the right by its agents, employees and representatives to audit and inspect during regular business hours after the submission of each Invoice called for in Paragraph 14 hereof, the books and records and other data of the Lessee relating to the Cost of the Work, as aforesaid, or any portion thereof, and any and all invoices covering or relating to the Work or any portion thereof and the actual, original cancelled checks of the Lessee, or microfiche copies (front and back) of said cancelled checks as supplied to the Lessee by the drawee bank(s) covering the Work or any portion thereof or any invoice or invoices with respect thereto; it being specifically understood that the Port Authority shall not be bound by any prior audit or inspection conducted by it or the TSA. The Lessee agrees to keep such books, records and other data within the Port of New York District, or, on the condition that the Lessee shall pay to the Port Authority all travel costs and expenses as determined by the Port Authority for the Port Authority auditors and other representatives in connection with any audit at locations outside the Port of New York District, the Lessee may maintain said records and books and make them available to the Port Authority at the Lessee's principal office, which currently is located at Terminal One, John F. Kennedy International Airport, Jamaica, New York 11430. The Lessee shall not be required to maintain any such books, records and other data for more than seven (7) years after it has delivered the Invoice called for under subparagraph (c) above; unless they are material to litigation initiated within that time, in which event they shall be preserved until the final determination of the controversy.

16. If the Lessee has included in any portion of the Cost of the Work any item as having been incurred, but which in the opinion of the Port Authority, which opinion shall not be exercised in a capricious or arbitrary manner, was not so incurred, or which in the opinion of the Port Authority, which opinion shall not be exercised in a capricious or arbitrary manner, if so incurred is not an item properly chargeable to such element of cost under sound accounting practice or to the Cost of the Work, or does not represent an appropriate division of the costs of a particular contract which are required to be designated according to time of performance or delivery, and the parties have been unable to resolve their differences within ninety (90) days after Port Authority gave its notice objecting to the same, the Port Authority's decision as to the nature of the item of construction cost shall be final. The Port Authority hereby agrees that it shall not act in an arbitrary or capricious manner when rendering its final decision with respect to such unresolved differences.

17. (a) In the event that a Port Authority audit, or an audit by the TSA or any agency of the Government of the United States of America, shall disclose that amounts paid by the Port Authority exceed the Cost of the Work, or are otherwise improper or not in accord with the MOA or this Supplemental Agreement, based upon certificates or otherwise, then, upon ten (10) days demand, the Lessee shall immediately pay to the Port Authority an amount equal to the excess amount paid by the Port Authority; and from and after the date of such payment to the Port Authority the Reimbursement Amount shall be reduced by the amount of such payment. The foregoing shall not be or be deemed to be any limitation, impairment or waiver of any other right or remedy of the Port Authority under this Supplemental Agreement, the Terminal One Lease, the MOA or otherwise.

(b) In the event that a Port Authority audit, or an audit by the TSA or any agency of the Government of the United States of America, shall disclose that the Lessee has expended in the Cost of the Work under Paragraph 12 hereof amounts which tMOAl less than the amounts that the Lessee has been paid hereunder, then, upon demand of the Port Authority, the Lessee shall immediately pay to the Port Authority an amount equal to the difference between the amounts expended by the Lessee as disclosed by the Port Authority audit, or an audit by the TSA or any agency of the Government of the United States, as the case may be, and the amount previously paid hereunder to the Lessee, less any such amount, or portion thereof, which the Lessee shall have already repaid to the Port Authority, and effective from and after such date of repayment the Project Reimbursement Amount shall be reduced by the amount of such repayment.

18. It is hereby understood and agreed that nothing herein shall or shall be deemed to be for the benefit of any contractor of the Lessee, or any other person or entity not a signatory to this Supplemental Agreement.

19. No Commissioner, director, officer, agent, partner or employee of either party shall be charged personally or be held contractually liable by or to the other party under any term or provision of this Supplemental Agreement or because of any breach thereof or because of its or their execution or attempted execution.

20. (a) (i) In addition to its obligations under Paragraph 2 hereof, the Lessee in its own name as insured and also including the Port Authority as an additional insured including without limitation for premises-operations and products-completed operations, shall procure and maintain Commercial General Liability insurance including coverage for premises operations, products completed operations, independent contractors, explosion, collapse and underground property damage, with a broad form property damage endorsement, and with said insurance to contain a contractual liability endorsement covering the risks set forth in Paragraph 2 hereof. The Commercial General Liability Insurance policy shall have a limit of not less than $10,000,000 combined single limit per occurrence for bodily injury liability and property damage liability. The Lessee may provide such insurance by requiring each contractor engaged by it for the Work to procure and maintain such insurance including such contractual liability endorsement, said insurance, whether procured by the Lessee or by a

contractor engaged by it as aforesaid, not to contain any care, custody or control exclusions, and not to contain any exclusion for bodily injury to or sickness, disease or death of any employee of the Lessee or of any of its contractors which would conflict with or in any way impair coverage under the contractual liability endorsement. The said policy or policies of insurance shall not be limited to the obligations of the Lessee and of its contractors pursuant to Paragraph 2 of this Supplemental Agreement but shall cover all claims and demands, just or unjust, of third parties (including employees, officers and agents of the Port Authority) arising or alleged to arise out of or in connection with the performance of the Work or based upon any of the risks assumed by the Lessee in this Supplemental Agreement or any breach of this Supplemental Agreement by the Lessee and for the defense of all such claims and demands.

(ii) The Lessee, or its contractors, shall procure and maintain Commercial Automobile Liability Insurance covering owned, non-owned and hired vehicles, in limits not less than $2,000,000 combined single limit per accident for death, bodily injury and property damage.

(iii) Without limiting the provisions hereof, in the event the Lessee maintains, or its contractors maintain, the foregoing insurance in limits greater than aforesaid, the Port Authority shall be included therein as an insured to the full extent of all such insurance in accordance with all the terms and provisions hereof.

(iv) All of the aforesaid policy or policies shall provide or contain an endorsement providing that the protections afforded the named insured thereunder with respect to any claim or action against the named insured by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee or its contractors by the Port Authority, and shall also provide or contain an endorsement providing that the protections afforded the Port Authority thereunder with respect to any claim or action against the Port Authority by the Lessee or its contractor(s) shall be the same as the protections afforded the named insured thereunder with respect to any claim or action against the named insured by a third person as if the Port Authority were the named insured thereunder; but such provision or endorsement shall not limit, vary or affect the protections afforded the Port Authority thereunder as an insured.

(b) In addition to the foregoing, the Lessee shall procure and maintain Worker's Compensation and Employer's Liability Insurance as required by law.

(c) The insurance required hereunder shall be maintained in effect during the performance of the proposed Work. A certified copy of each of the policies or a certificate or certificates evidencing the existence thereof, or binders, shall be delivered to the Port Authority upon the execution of this Supplemental Agreement by the Lessee and delivery thereof to the Port Authority. In the event any binder is delivered it shall be replaced within thirty (30) days by a certified copy of the policy or a certificate. Each such copy or certificate shall contain a valid provision or endorsement that the policy may not be cancelled or terminated, or changed or modified as it applies to the Port Authority, without giving thirty (30) days written advance notice thereof to the

Port Authority. Each such copy or certificate shall contain an additional endorsement providing that the insurance carrier shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority. The aforesaid insurance shall be written by a company or companies approved by the Port Authority, the Port Authority agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority agreeing not to act unreasonably hereunder.

21. Without limiting any term or provision hereof, the Lessee hereby acknowledges that portions of Terminal One upon which the Work is to be performed may involve active roadway areas and/or operations areas at the Airport, and, accordingly the Lessee in its performance of the Work shall at all times use its best efforts to complete the Work as quickly as possible and, further, shall use its best efforts and take all necessary precautions, including without limitation, compliance with all requirements, if any, of the applicable governmental authorities and all requirements of the Port Authority, to ensure the safety of operations on said areas to protect all persons and property at the Airport and to ensure that the Lessee and its contractors shall not disrupt or interfere with normal Airport operations.

22. The Lessee, in its operations under this Supplemental Agreement and in the performance of the Work, shall not exacerbate the environmental condition of the Premises or the Airport or interfere with any environmental clean-up or remediation work being performed at the Premises whether by the Port Authority or others. Performance by the Lessee of the Work and use by the Lessee of the EDS, the ETD and the CBIS shall be subject to the terms and conditions of this Supplemental Agreement and the Terminal One Lease, and without limiting the foregoing, in conformance with all Environmental Requirements.

23. (a) The Lessee shall be fully responsible, at its sole cost and expense and in accordance with all applicable Environmental Requirements, as hereinafter defined in Paragraph 29, for the disposition of any Hazardous Substance in soils, waters or other material excavated or removed in the performance of the Work in accordance with the terms and conditions of the Terminal One Lease.

(b) Title to any soil, dirt, sand, asbestos or other material on the Premises or the Airport removed or excavated by the Lessee during the course of the Work shall vest in the Lessee upon the removal or excavation thereof and shall delivered and deposited by the Lessee at the Lessee's sole cost and expense to a location off the Airport in accordance with the terms and conditions of this Supplemental Agreement, the Terminal One Lease and the MOA, and all applicable Environmental Requirements

(including, if required, disposal of asbestos in a long-term disposal facility at the Lessee's sole cost and expense) and all in a manner reasonably satisfactory to the Port Authority.

(c) In the event any Hazardous Substance is discovered in the performance of the Work, the Lessee in reporting such Hazardous Substance shall direct such report to the attention of such individual at the subject governmental authority as the General Manager of the Airport shall require in order to assure consistency in the environmental management of the Airport, provided, however, notwithstanding the foregoing in no event shall the Lessee be required by this subparagraph (c) to violate any Environmental Requirement.

(d) Promptly upon final disposition of any Hazardous Substance in the performance of the Work, the Lessee shall submit to the Port Authority a "***Certification of Final Disposal***" stating the type and amount of material disposed, the method of disposal and the owner and location of the disposal facility. The format of such certification shall follow the requirements, if any, of governmental agencies having jurisdiction as if the Port Authority were a private organization and the name of the Port Authority shall not appear on any certificate or other document as a generator or owner of such material.

24. The Lessee shall not dispose of, release or discharge nor permit anyone to dispose of, release or discharge any Hazardous Substance on the Premises or at Airport in connection with its operations under this Supplemental Agreement or in the performance of the Work. Any Hazardous Substance disposed of, released or discharged by the Lessee or permitted by the Lessee to be disposed of, released or discharged at the Premises or at the Airport in connection with its operations under this Supplemental Agreement or in the performance of the Work shall be completely removed and/or remediated by the Lessee by methods and procedures satisfactory to and approved by the Port Authority.

25. In the performance of the Work the Lessee shall not employ any contractor nor shall the Lessee or any of its contractors employ any persons or use or have any equipment or materials or allow any condition to exist if any such shall or, in the opinion of the Port Authority, may cause or be conducive to any labor troubles at the Airport which interfere, or in the opinion of the Port Authority are likely to interfere with the operations of others at the Airport or with the progress of other construction work thereat. The determinations of the Port Authority shall be conclusive to the Lessee. Upon notice from the Port Authority, the Lessee shall immediately remove such contractor or withdraw or cause its contractors to withdraw from the Airport, the persons, equipment or materials specified in the notice and replace them with unobjectionable contractors, persons, equipment and materials and the Lessee shall or shall cause its contractor to immediately rectify any condition specified in the notice.

26. The Lessee shall, if requested by the Port Authority, take all reasonable measures to prevent erosion of the soil and the blowing of sand during the performance of the Work, including but not limited to the fencing of the area where the Work is

performed or portions thereof or other areas and the covering of open areas with asphaltic emulsion or similar materials as Port Authority may direct.

27. In connection with the performance of the Work, the Lessee shall be responsible for identifying the location of all utilities and shall prior to the commencement of any of the Work coordinate the Work with the Location of Subsurface Utilities toll free information service (1-800-272-1000) and ascertain the location of underground utilities, if any, at the Premises. The Lessee shall provide the Port Authority with the written evidence of such coordination.

28. All notices, directions, requests, consents and approvals required to be given to or by either party shall be in writing, and all such notices shall be personally delivered to the duly designated officer or representative of such party or delivered to the office of such officer or representative during regular business hours, or forwarded to him or to the party at such address by certified or registered mail. Until further notice, the Port Authority hereby designates its Executive Director and the Lessee designates its President , (Insert Name) as their respective representatives upon whom notices may be served, and the Port Authority designates its office at 225 Park Avenue South, New York City, New York 10003, and the Lessee designates its office at Terminal One, John F. Kennedy International Airport, Jamaica, New York 11430, as their respective offices where notices may be served. If mailed, the notices herein required to be served shall be deemed effective and served as of the date of the certified or registered mailing thereof.

29. The Lessee agrees to provide the General Manager of the Airport with copies of all information, documentation, records, correspondence, notices, certifications, reports, test results and all other submissions provided by the Lessee to a governmental authority and by a governmental authority to the Lessee with respect to the Work and any Environmental Requirements pertaining to the Lessee' obligations under this Supplemental Agreement within five (5) business days that the same are made available to or received by the Lessee.

For the purposes of this Supplemental Agreement, the following terms shall have the respective meanings provided below:

(a) "***Environmental Requirement***" shall mean in the singular and "***Environmental Requirements***" shall mean in the plural all common law and all past, present and future laws, statutes, enactments, resolutions, regulations, rules, directives, ordinances, codes, licenses, permits, orders, memoranda of understanding and memoranda of agreement, guidances, approvals, plans, authorizations, concessions, franchises, requirements and similar items of all governmental agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof, all pollution prevention programs, "***best management practices plans***", and other programs adopted and agreements made by the Port Authority (whether adopted or made with or without consideration or with or without compulsion), with any government agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof, and all

judicial, administrative, voluntary and regulatory decrees, judgments, orders and agreements relating to the protection of human health or the environment, and in the event that there shall be more than one compliance standard, the standard for any of the foregoing to be that which requires the lowest level of a Hazardous Substance, the foregoing to include without limitation:

(i) All requirements pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, releases or threatened releases of Hazardous Substances into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances, or the transfer of property on which Hazardous Substances exist; and

(ii) All requirements pertaining to the protection from Hazardous Substances of the health and safety of employees or the public.

(b) "***General Manager of the Airport***" shall mean the person or persons from time to time designated by the Port Authority to exercise the powers and functions vested in the said General Manager by this Supplemental Agreement; but until further notice from the Port Authority to the Lessee it shall mean the General Manager (or the temporary or acting General Manager) of the Airport for the time being, or his duly designated representative or representatives.

(c) "***Hazardous Substance***" shall mean and include in the singular and "***Hazardous Substances***" shall mean and include in the plural any pollutant, contaminant, toxic or hazardous waste, dangerous substance, noxious substance, toxic substance, flammable, explosive or radioactive material, urea formaldehyde foam insulation, asbestos, polychlorinated biphenyls ("***PCBs***"), radon, chemicals known to cause cancer, endocrine disruption or reproductive toxicity, petroleum and petroleum products, fractions, derivatives and constituents thereof, of any kind and in any form, including, but not limited to, oil, petroleum, fuel, fuel oil, sludge, crude oil, gasoline, kerosene, and mixtures of, or waste materials containing any of the foregoing, and other gases, chemicals, materials and substances which have been or in the future shall be declared to be hazardous or toxic, or the removal, containment or restriction of which have been or in the future shall be required, or the manufacture, preparation, production, generation, use, maintenance, treatment, storage, transfer, handling or ownership of which have or in the future shall be restricted, prohibited, regulated or penalized by any federal, state, county, or municipal or other local statute or law now or at any time hereafter in effect as amended or supplemented and by the regulations adopted and publications promulgated pursuant thereto.

30. No entity shall be a third party beneficiary of this Supplemental Agreement.

31. (a) (1) The Lessee hereby acknowledges and agrees that if any failure of the Lessee to comply with the terms, conditions and provisions of this

Supplemental Agreement and its attachments results in a demand being made by the TSA or the Government of the United States of America arising out of or relating to the MOA or the Project, or claims made in connection therewith, for the Port Authority to make a payment to the TSA or the Government of the United States of America, as applicable, and if the Lessee thereafter fails, within ten (10) days after the Lessee's receipt of written notice from the Port Authority advising the Lessee of such demand made upon the Port Authority, to make payment to the Port Authority of the amount so demanded from the Port Authority by the TSA or the Government of the United States of America (except to the extent any such demand is retracted by the TSA or the Government of the United States, as applicable, within such ten (10) day period), then such failure shall constitute a material breach of the Terminal One Lease, as herein amended thus giving rise to all of the Port Authority's rights and remedies thereunder.

(2) (i) For the purposes of this Paragraph 31 and Paragraph 18(e)(ii)(4) of this Supplemental Agreement, the term "*qui tam* person" shall mean and include each "person" as described in 31 U.S.C.§ 3730 (b)(1) who may assert a claim or demand under and pursuant to the provisions of the Federal False Claims Act (31 U.S.C. §3729), or any successor or similar statute.

(ii) The Lessee hereby acknowledges and agrees that if any failure of the Lessee to comply with the terms, conditions and provisions of this Supplemental Agreement and its attachments results in a demand being made by any *qui tam* person arising out of or relating to the MOA or the Project, or claims made in connection therewith, for the Port Authority to make a payment to any *qui tam* person, and if the Lessee thereafter fails, within ten (10) days after the Lessee's receipt of written notice from the Port Authority advising the Lessee of such demand made upon the Port Authority, to contest such demand through appropriate legal or other proceedings as determined by the Port Authority, subject to and in accordance with the provisions of subparagraphs (a)(2)(iii), (iv), (v) and (vi) of this Paragraph (except to the extent that the Lessee satisfies such demand or portion thereof by making payment to the Port Authority in respect thereof within such ten (10 day period), and if the Lessee so contests such demand, the Lessee shall, within such ten (10) day period, either, at the election of the Port Authority (x) deposit into escrow (on terms approved, and with the escrow agent designated, by the Port Authority) the amount of such demand, or (y) cause to be delivered to the Port Authority a clean irrevocable letter of credit in the amount of such demand pursuant to the terms set forth in the exhibit attached hereto and hereby made a part hereof as "Exhibit C," to be held by the Port Authority until the final adjudication, settlement or other resolution of such demand, and to pay the amount of such demand in accordance with such final adjudication, settlement or other resolution, then such failure shall constitute a material breach of the Terminal One Lease, as herein amended, thus giving rise to all of the Port Authority's rights and remedies thereunder.

(iii) Except as set forth in subparagraph (a)(2)(v) of this Paragraph, in the event the Lessee shall not have made payment to the Port Authority of the amount demanded from the Port Authority by any *qui tam* person, and elects to contest such a demand by a *qui tam* person in accordance with the provisions of

subparagraph (a)(2)(ii) of this Paragraph, the Lessee shall at its own cost and expense contest each and every such demand by a *qui tam* person with counsel reasonably satisfactory to the Port Authority, and in contesting such a demand by a *qui tam* person, the Lessee shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provision of any statutes respecting suits against the Port Authority, provided, however, the Port Authority shall have the right at its election to either (x) participate in such contest or settlement with its own counsel and at its sole expense except as set forth in subparagraph (a)(2)(v) of this Paragraph, but the Lessee shall have the control of the contest, judgment and settlement or (y) upon notice to the Lessee relieve the Lessee from the obligation to contest such demand by a *qui tam* person and itself contest such demand at its sole cost and expense except as set forth in subparagraph (a)(2)(iv) of this Paragraph, and the settlement, judgment and satisfaction thereof shall be paid by the Lessee if the Lessee has consented to such settlement, judgment or satisfaction, which consent of the Lessee will not be unreasonably withheld.

(iv) In the event the Lessee shall not have made payment to the Port Authority of the amount demanded from the Port Authority by any *qui tam* person, and having elected to contest such a demand by a *qui tam* person in accordance with the provisions of subparagraph (a)(2)(ii) of this Paragraph shall not have commenced to contest such a demand by a *qui tam* person (including without limitation any defense provided by the Lessee's insurer, contractor or subcontractor) within a reasonable time period after receipt by the Lessee of notice of such demand so as to allow the Port Authority the opportunity and sufficient time to contest such a demand in a timely manner, or if the Lessee, one of its contractors or subcontractors or its insurer shall not use a counsel that is reasonably satisfactory to the Port Authority in contesting such a demand, then upon notice to the Lessee the Port Authority may contest such demand at the sole cost and expense of the Lessee.

(v) In the event the Lessee shall not have made payment to the Port Authority of the amount demanded from the Port Authority by any *qui tam* person, and shall have elected to contest such a demand by a *qui tam* person in accordance with the provisions of subparagraph (a)(2)(ii) of this Paragraph, the Port Authority and the Lessee will reasonably cooperate with each other in contesting such a demand by a *qui tam* person pursuant to the provisions set forth in subparagraph (a)(2) of this Paragraph.

(vi) In the event that the Lessee (including any of its insurance carriers, contractors or subcontractors involved in contesting a demand by a *qui tam* person) has a conflict of interest with the Port Authority or a defense by the Lessee (including without limitation a defense by the Lessee's insurer, contractor or subcontractor) that adversely affects the interests of the Port Authority, then the Lessee shall provide or cause to be provided separate counsel approved by the Port Authority to contest such a demand.

(3) Any payments made to the Port Authority by the Lessee as contemplated by this Paragraph 31 (a) (or pursuant to the applicable provisions of Paragraphs 10(a) or 11 hereof) shall, be paid over by the Port Authority to the TSA, the Government of the United States, or any *qui tam* person, as applicable, unless the Port Authority has previously paid said amount to the TSA, the Government of the United States, or any *qui tam* person, as applicable, in which case the Port Authority shall retain such payment (and if any rebates of any such payment are later made by the TSA, the Government of the United States of America, or any *qui tam* person to the Port Authority, then the amount of any such rebate shall be paid by the Port Authority to the Lessee, unless the Port Authority has previously paid said amount to the Lessee, in which case the Port Authority shall retain such rebate).

(b) The Lessee hereby acknowledges and agrees that if any failure of the Lessee to comply with the terms, conditions and provisions of this Supplemental Agreement and its attachments results in a demand being made by the TSA or the Government of the United States of America or any *qui tam* person arising out of or relating to the MOA or the Project, or claims made in connection thereto, for the Port Authority to perform an obligation arising out of the MOA or the Project (other than a demand to make a payment covered by the provisions of subparagraph (a) of this Paragraph 31, and if the Lessee thereafter fails, within ten (10) days after the Lessee's receipt of written notice from the Port Authority advising the Lessee of such demand made upon the Port Authority, to commence such performance of such demand (and thereafter to continue diligently to perform such demand until such demand is finally resolved), then such failure shall constitute a material breach of the Terminal One Lease, as herein amended, thus giving rise to all of the Port Authority's rights and remedies thereunder.

(c) Nothing contained in this Supplemental Agreement, nor any termination of this Supplemental Agreement, shall release or relieve the Lessee from any of its duties, responsibilities or obligations under the Terminal One Lease and neither the foregoing nor anything in this Supplemental Agreement shall be deemed to limit, diminish, waive or impair the rights and remedies of the Port Authority, and the Port Authority shall have all rights and remedies, legal, equitable and otherwise, with respect to the Terminal One Lease and lease matters covered by this Supplemental Agreement, provided, however, and notwithstanding anything contained herein or in the Terminal One Lease to the contrary, without limiting Lessee's obligation to perform the Work as provided herein, any failure of the Lessee to perform the Work as provided herein or to comply with the terms of this Supplemental Agreement with respect to the Work shall in no event be a breach of or under the Terminal One Lease.

32. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the TSA or the Lessee with any liability, or held liable to it under any term or provision of this Supplemental Agreement, or because of its execution or attempted execution or because of any breach thereof.

33. Except as hereby amended, all of the terms, conditions and provisions of the Lease shall apply.

34. This Supplemental Agreement constitutes the entire agreement of the parties on the subject matter hereof and may not be changed, modified, discharged or extended except by written instrument duly executed by the Lessee and the Port Authority. It is expressly agreed that any and all prior correspondence between or among the parties, or any of them, covering the Work shall be deemed superseded by this Agreement except that all written requirements of the Port Authority given in connection therewith prior to the execution of this Supplemental Agreement shall continue in full force and effect. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in this Supplemental Agreement.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the date above written.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By: _____

David Kagan

Title: Assistant Director

Business, Properties & Airport Development

ATTEST:

Secretary

JOSEPH O. GUTIERREZ

CFO & SECRETARY

TERMINAL ONE GROUP ASSOCIATION, L.P.

By: _____

ARTHUR J. MOLINS

Title: CEO

Port Authority Use Only	
Approval as to Terms:	Approval as to Form:
	WOLF

SCHEDULE E

AFFIRMATIVE ACTION-EQUAL OPPORTUNITY---MINORITY BUSINESS ENTERPRISES ---WOMEN-OWNED BUSINESS ENTERPRISES REQUIREMENTS

Part I. Affirmative Action Guidelines - Equal Employment Opportunity

I. As a matter of policy the Port Authority hereby requires the Lessee and the Lessee shall require the Contractor, as hereinafter defined, to comply with the provisions set forth hereinafter in this Schedule E and in Paragraph 4 of the attached Agreement (herein called the "***Agreement***") between the Port Authority and (herein and in the Lease called the "***Lessee***"). The provisions set forth in this Part I are similar to the conditions for bidding on federal government contract adopted by the Office of Federal Contract Compliance and effective May 8, 1978.

The Lessee as well as each bidder, contractor and subcontractor of the Lessee and each subcontractor of a contractor at any tier of construction (herein collectively referred to as "***the Contractor***") must fully comply with the following conditions set forth herein as to each construction trade to be used on the construction work or any portion thereof (said conditions being herein called "***Bid Conditions***"). The Lessee hereby commits itself to the goals for minority and female utilization set forth below and all other requirements, terms and conditions of the Bid Conditions. The Lessee shall likewise require the Contractor to commit itself to the said goals for minority and female utilization set forth below and all other requirements, terms and conditions of the Bid Conditions by submitting a properly signed bid.

II. The Lessee and the Contractor shall each appoint an executive of its company to assume the responsibility for the implementation of the requirements, terms and conditions of the following Bid Conditions:

(a) The goals for minority and female participation expressed in percentage terms for the Contractor's aggregate workforce in each trade on all construction work are as follows:

(1) Minority participation

Minority, except laborers	30%
Minority, laborers	40%

(2) Female participation

Female, except laborers	6.9%

Female, laborers 6.9%

These goals are applicable to all the Contractor's construction work performed in and for the Premises.

The Contractor's specific affirmative action obligations required herein of minority and female employment and training must be substantially uniform throughout the length of the contract, and in each trade, and the Contractor shall make good faith efforts to employ minorities and women evenly on each of its projects. The transfer of minority or female employees or trainees from contractor to contractor or from project to project for the sole purpose of meeting the Contractor's goals shall be a violation of the contract. Compliance with the goals will be measured against the tMOAl work hours performed.

(b) The Contractor shall provide written notification to the Lessee and the Lessee shall provide written notification to the Manager of the Office of Business and Job Opportunity of the Port Authority within 10 working days of award of any construction subcontract in excess of $10,000 at any tier for construction work. The notification shall list the name, address and telephone number of the subcontractor; employer identification number; estimated starting and completion dates of the subcontract; and the geographical area in which the subcontract is to be performed.

(c) As used in these specifications:

(1) "***Employer identification number***" means the Federal Social Security number used on the Employer's Quarterly Federal Tax Return, U.S. Treasury Department Form 941:

(2) "***Minority***" includes:

(i) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);

(ii) Hispanic (all persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American culture or origin, regardless of race);

(iii) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and

(iv) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).

(d) Whenever the Contractor, or any subcontractor at any tier, subcontracts a portion of the construction work involving any construction trade, it shall physically include in each subcontract in excess of $10,000 those provisions which include the applicable goals for minority and female participation.

(e) The Contractor shall implement the specific affirmative action standards provided in subparagraphs (1) through (16) of Paragraph (h) hereof. The goals set forth above are expressed as percentages of the tMOAl hours of employment and training of minority and female utilization the Contractor should reasonably be able to achieve in each construction trade in which it has employees in the premises. The Contractor is expected to make substantially uniform progress toward its goals in each craft during the period specified.

(f) Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the Contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the Contractor's obligations hereunder.

(g) In order for the nonworking training hours of apprentices and trainees to be counted in meeting the goals, such apprentices and trainees must be employed by the Contractor during the training period, and the Contractor must have made a commitment to employ the apprentices and trainees at the completion of their training subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor.

(h) The Contractor shall take specific affirmative actions to ensure equal employment opportunity ("***EEO***").

The evaluation of the Contractor's compliance with these provisions shall be based upon its good faith efforts to achieve maximum results from its actions. The Contractor shall document these efforts fully, and shall implement affirmative action steps at least as extensive as the following:

(1) Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the Contractor's employees are assigned to work. The Contractor, where possible, will assign two or more women to each phase of the construction project. The Contractor, shall specifically ensure that all foremen, superintendents, and other supervisory personnel at the premises are aware of and carry out the Contractor's obligation to maintain such a working environment, with specific attention to minority or female individuals working at the premises.

(2) Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations when the Contractor or its

unions have employment opportunities available, and maintain a record of the organizations' responses.

(3) Maintain a current file of the names, addresses and telephone number of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefor, along with whatever additional actions the Contractor may have taken.

(4) Provide immediate written notification to the Lessee when the union or unions with which the Contractor has a collective bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other information that the union referral process has impeded the Contractor's efforts to meet its obligations.

(5) Develop on-the-job training opportunities and/or participate in training programs for the area which expressly include minorities and women, including upgrading programs and apprenticeship and training programs relevant to the Contractor's employment needs, especially those programs funded or approved by the Department of Labor. The Contractor shall provide notice of these programs to the sources compiled under subparagraph (2) above.

(6) Disseminate the Contractor's EEO Policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Contractor in meeting its EEO obligations; by including it in any policy manual and collective bargaining agreement; by publicizing it in the Contractor's newspaper, annual report, etc.; by specific review of the policy with all management personnel and with all minority and female employees at least once a year; and by posting the Contractor's EEO policy on bulletin boards accessible to all employees at each location where construction work is performed.

(7) Review, at least every six months the Contractor's EEO policy and affirmative action obligations hereunder with all employees having any responsibility for hiring, assignment, layoff, termination or other employment decision including specific review of these items with on-premises supervisory personnel such as Superintendents, General Foremen, etc., prior to the initiation of construction work at the premises. A written record shall be made and maintained identifying the time and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.

(8) Disseminate the Contractor's EEO policy externally by including it in any advertising in the news media, specifically including minority

and female news media, and providing written notification to and discussing the Contractor's EEO policy with other Contractors and Subcontractors with whom the Contractor does or anticipates doing business.

(9) Direct its recruitment efforts, both oral and written, to minority, female and community organizations, to schools with minority and female students and to minority and female recruitment and training organizations and to State-certified minority referral agencies serving the Contractor's recruitment area and employment needs. Not later than one month prior to the date for the acceptance of applications for apprenticeship or other training by any recruitment source, the Contractor shall send written notification to organizations such as the above, describing the openings, screening procedures, and tests to be used in the selection process.

(10) Encourage present minority and female employees to recruit other minority persons and women and, where reasonable, provide after school, summer and vacation employment to minority and female youth both on the premises and in areas of a Contractor's workforce.

(11) Tests and other selecting requirements shall comply with 41 CFR Part 60-3.

(12) Conduct, at least every six months, an inventory and evaluation at least of all minority and female personnel for promotional opportunities and encourage these employees to seek or to prepare for, through appropriate training, etc., such opportunities.

(13) Ensure that seniority practices, job classifications, work assignments and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the EEO policy and the Contractor's obligations hereunder are being carried out.

(14) Ensure that all facilities and company activities are nonsegregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.

(15) Document and maintain a record of all solicitations of offers for subcontracts from minority and female construction contractors and suppliers, including circulation of solicitations to minority and female contractor associations and other business associations.

(16) Conduct a review, at least every six months, of all supervisors' adherence to and performance under the Contractors' EEO policies and affirmative action obligations.

(i) Contractors are encouraged to participate in voluntary associations which assist in fulfilling one or more of their affirmative action obligations (subparagraphs (1)-(16) of Paragraph (h) above). The efforts of a contractor association, joint contractor-union, contractor-community, or other similar group of which the Contractor is a member and participant, may be asserted as fulfilling any one or more of its obligations under Paragraph (h) hereof provided that: the Contractor actively participates in the group, makes good faith efforts to assure that the group has a positive impact on the employment of minorities and women in the industry, ensures that the concrete benefits of the program are reflected in the Contractor's minority and female workforce participation, makes good faith efforts to meet its individual goals and timetables, and can provide access to documentation which demonstrates the effectiveness of actions taken on behalf of the Contractor. The obligation to comply, however, is the Contractor's and failure of such a group to fulfill an obligation shall not be a defense for the Contractor's non-compliance.

(j) A single goal for minorities and a separate single goal for women have been established. The Contractor, however, is required to provide equal opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and non-minority. Consequently, the Contractor may be in violation hereof if a particular group is employed in a substantially disparate manner (for example, even though the Contractor has achieved its goals for women generally, the Contractor may be in violation hereof if a specific minority group of women is underutilized).

(k) The Contractor shall not use the goals and timetables or affirmative action standards to discriminate against any person because of race, color, religion, sex or national origin.

(l) The Contractor shall not enter into any subcontract with any person or firm debarred from Government contracts pursuant to Executive Order 11246.

(m) The Contractor shall carry out such sanctions and penalties for violation of this clause including suspension, termination and cancellation of existing subcontracts as may be imposed or ordered by the Lessee. Any Contractor who fails to carry out such sanctions and penalties shall be in violation hereof.

(n) The Contractor, in fulfilling its obligations hereunder shall implement specific affirmative actions steps, at lease as extensive as those standards prescribed in paragraph (h) hereof so as to achieve maximum results from its efforts to ensure equal employment opportunity. If the Contractor fails to comply with the requirements of these provisions, the Lessee shall proceed accordingly.

(o) The Contractor shall designate a responsible official to monitor all employment related activity to ensure that the company EEO policy is being carried out, to submit reports relating to the provisions hereof as may be required and to keep records. Records shall at least include for each employee the name, address, telephone numbers,

construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status (e.g. mechanical apprentice, trainee, helper, or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and location at which the work is performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, contractors shall not be required to maintain separate records.

(p) Nothing herein provided shall be construed as a limitation upon the application of any laws which establish different standards of compliance or upon the application of requirements for the hiring of local or other area residents (e.g., those under the Public Works Employment Act of 1977 and the Community Development Block Grant Program).

(q) Without limiting any other obligation, term or provision under the Lease, the Contractor shall cooperate with all federal, state or local agencies established for the purpose of implementing affirmative action compliance programs and shall comply with all procedures and guidelines established or which may be established by the Port Authority.

PART II. MINORITY BUSINESS ENTERPRISES/WOMEN-OWNED BUSINESS ENTERPRISES

As a matter of policy the Port Authority requires the Lessee and the Lessee shall itself and shall require the general contractor or other construction supervisor and each of the Lessee's contractors to use every good faith effort to provide for meaningful participation by Minority Business Enterprises (MBEs) and Women-owned Business Enterprises (WBEs) in the construction work pursuant to the provisions of this Schedule E. For purposes hereof, "Minority Business Enterprise" "(***MBE***)" shall mean any business enterprise which is at least fifty-one percentum owned by, or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by citizens or permanent resident aliens who are minorities and such ownership is real, substantial and continuing. For the purposes hereof, "Women-owned Business Enterprise" "(***WBE***)" shall mean any business enterprise which is at least fifty-one percentum owned by, or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by women and such ownership is real, substantial and continuing. A minority shall be as defined in paragraph II(c) of Part I of this Schedule E. "***Meaningful participation***" shall mean that at least seventeen percent (17%) of the tMOAl dollar value of the construction contracts (including subcontracts) covering the construction work are for the participation of Minority Business Enterprises and Women-owned Business Enterprises, of which at least twelve percent (12%) are for the participation of Minority Business Enterprises. Good faith efforts to include meaningful participation by MBEs and WBEs shall include at least the following:

(a) Dividing the work to be subcontracted into smaller portions where feasible.

(b) Actively and affirmatively soliciting bids for subcontracts from MBEs and WBEs, including circulation of solicitations to minority and female contractor associations. The Contractor shall maintain records detailing the efforts made to provide for meaningful MBE and WBE participation in the work, including the names and addresses of all MBEs and WBEs contacted and, if any such MBE or WBE is not selected as a joint venturer or subcontractor, the reason for such decision.

(c) Making plans and specifications for prospective construction work available to MBEs and WBEs in sufficient time for review.

(d) Utilizing the list of eligible MBEs and WBEs maintained by the Port Authority or seeking minorities and women from other sources for the purpose of soliciting bids for subcontractors.

(e) Encouraging the formation of joint ventures, partnerships or other similar arrangements among subcontractors, where appropriate, to insure that the Lessee and Contractor will meet their obligations hereunder.

(f) Insuring that provision is made to provide progress payments to MBEs and WBEs on a timely basis.

(g) Not requiring bonds from and/or providing bonds and insurance for MBEs and WBEs, where appropriate.

Certification of MBEs and WBEs hereunder shall be made by the Office of Business and Job Opportunity of the Port Authority. If the Contractor wishes to utilize a firm not already certified by the Port Authority, it shall submit to the Port Authority a written request for a determination that the proposed firm is eligible for certification. This shall be done by completing and forwarding such form as may be then required by the Port Authority. All such requests shall be in writing addressed to the Office of Business and Job Opportunity, the Port Authority of New York and New Jersey, 225 Park Avenue South, New York, New York 10003 or such other address as the Port Authority may specify by notice to the Lessee. Certification shall be effective only if made in writing the Director in charge of the Office of Business and Job Opportunity of the Port Authority. The determination of the Port Authority shall be final and binding.

The Port Authority has compiled a list of the firms that the Port Authority has determined satisfy the criteria for MBE and WBE certification. This list may be supplemented and revised from time to time by the Port Authority. Such list shall be made available to the Contractor upon request. The Port Authority makes no representation as the financial responsibility or such, firms, their technical competence to perform, or any other performance-related qualifications.

Only MBEs and WBEs certified by the Port Authority will count toward the MBE and WBE goals.

Please note that only sixty percent (60%) of expenditures to MBE or WBE suppliers will count towards meeting the MBE and WBE goals. However, expenditures to MBE or WBE manufacturer's (i.e. suppliers that produce goods from raw materials or substantially alter them before resale) are counted dollar for dollar.

For the Port Authority

Initialled:

For the Lessee

EXHIBIT A

Copy of MOA

MEMORANDUM OF AGREEMENT

BETWEEN

UNITED STATES
DEPARTMENT OF HOMELAND SECURITY
TRANSPORTATION SECURITY ADMINISTRATION

AND

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

RELATING TO

BAGGAGE SCREENING PROJECTS FOR
John F. Kennedy International Airport (JFK)

Negotiated by the TSA pursuant to
Section 44923 of title 49, United States Code, as amended, and Division E, Department of Homeland Security Appropriations Act, 2008 of Public Law 110-161, the Consolidated Appropriations Act, 2008

HSTS04-08-H-CT1236

ARTICLE I – PARTIES

The parties to this Memorandum of Agreement (hereinafter "Agreement" or "MOA") are the United States Department of Homeland Security, acting through the Transportation Security Administration ("TSA"), and The Port Authority of New York and New Jersey ("PANYNJ").

ARTICLE II – LEGAL AUTHORITY

This Agreement is entered into under the authority of section 44923 of title 49, United States Code, as amended, and Division E, Department of Homeland Security Appropriations Act, 2008 of Public Law 110-161, the Consolidated Appropriations Act, 2008.

ARTICLE III – PURPOSE AND PROJECT SCOPE

The purpose of this Agreement is to set forth the terms and conditions, as well as establish the respective cost-sharing obligations and other responsibilities of the TSA and the PANYNJ with respect to the performance of the engineering, design, and integration of baggage Explosive Detection Systems ("EDS") Projects and baggage screening system improvements at the John F. Kennedy International Airport (the "JFK" or "Airport).The objective of the Project is to enhance baggage screening throughput and capabilities at the Airport.

The scope of the Project (the "Project") is:

1. the construction and installation of a Checked Baggage Inspection System ("CBIS") and/or modifications of or to existing CBISs for each Airport Terminal identified below; and

2. the installation of baggage conveyor components, architectural, structural, mechanical, electrical, and telecommunications infrastructure, and a baggage screening matrix (as applicable)

to support the TSA's installation of EDS machines, Explosive Trace Detection ("ETD") resolution area; remote multiplexed On Screen Resolution Room ("OSR")/control room (as applicable); and the installation of hardware and software for use with an in-line EDS application if needed. The Project Area is that area from the baggage insertion point into the EDS screening matrix to the point where screened baggage is re-inserted into baggage makeup area.

The Project description for each Airport Terminal is as follows:

Terminal	Project Description
JFK Terminal 1	New In-Line EDS System Matrix/Design/Construction Build Out
JFK Terminal 2/3	New In-Line EDS System Matrix/Design/Construction Build Out
JFK Terminal 4	New In-Line EDS System Matrix/Design/Construction Build Out
JFK Terminal 7	New In-Line EDS System Matrix/Design/Construction Build Out

ARTICLE IV – PROJECT COST AND ALLOWABLE COSTS

A. Project Cost: Project Cost are those costs related to the activities to be completed by the PANYNJ or its designee to modify the Airport infrastructure and baggage handling system(s) ("BHS") to support the TSA's installation and operation of the EDS and ETD equipment at the Airport. Project Cost does not include the costs of acquisition, delivery or installation of the EDS and ETD equipment.

B. Federal Share of Allowable Costs: The TSA, for and on behalf of the United States, shall pay as the United States share, ninety (90%) percent of the Allowable Costs (as such term is defined in Circular A-87) and identified in paragraph D of this Article incurred in accomplishing the Project described in this Agreement. The maximum obligation of the United States payable under this Agreement for Fiscal Year 2008 shall be:

Fiscal Year	TSA Funding
2008	$85,000,000.00

PR: 2108208CT1236
5CF08XB010D2008SWE041GE0132230062006622CTO-5906307200000000-252R-
TSA DIRECT-DEF. TASK $85,000,000.00

Subject to Congressional appropriation and authorization, the maximum obligation of the United States payable under this Agreement for Fiscal Year 2009 shall be:

Fiscal Year	TSA Funding
2009	$ To Be Determined

This reimbursement obligation shall not be deemed to be an obligation of the United States Government under Section 1501 of Title 31, United States Code. This Agreement is not deemed an administrative commitment for financing except until such amounts are authorized and appropriated as provided in authorization and appropriation laws.

C. The Letter of Intent attached to this Agreement as Appendix A, establishes, among other things, a funding schedule in the amount of $400,000,000.00 for the inline baggage screening Projects at John F. Kennedy International, LaGuardia, and Newark Liberty International Airports. The scope and responsibilities for each Airport Project as set forth in a Memorandum of Agreement (identified below). To facilitate the strategic planning and Project priorities it is understood that the funding allocated to each Airport in its Memorandum of Agreement may be reallocated among the three airports at a later date if deemed necessary and agreed to by the TSA and the PANYNJ.

HSTS04-08-H-CT1235, *Memorandum of Agreement for Newark Liberty International Airport*
HSTS04-08-H-CT1236, Memorandum of Agreement for John F. Kennedy International Airport
HSTS04-08-H-CT1094, Memorandum of Agreement for LaGuardia Airport

D. Project Costs allowable for reimbursement under this Agreement: Determination of Allowable Costs, as such term is defined in the United States Office of Management and Budget

Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments," in effect on the effective date of this Agreement ("Circular A-87"), will be made by the TSA in accordance with Circular A-87. If the enabling legislation for this Project prescribes policies or requirements that differ from those in Circular A-87, or that differ from this Agreement, the provisions of the enabling legislation shall govern.

Project Costs considered Allowable Costs for reimbursement under this Agreement (which Allowable Costs, must be, as provided in Circular A-87, allocable to federal awards under the provisions of Circular A-87, and necessary and reasonable for the proper and efficient performance and administration of federal awards), include:

- Project Soft Costs, which consists of Engineering Costs (to include design, specifications, bid documents, and contract documents), Construction Supervision Costs (to include Project Management) and PANYNJ Letter of Intent Administration Costs. The ceiling for reimbursement of all Project Soft Costs is limited to sixteen percent (16%) of the Project Costs. At TSA's discretion, the ceiling for reimbursement of all Project Soft Costs may be increased to 18% at a later date pending the results of actual Terminal Project progress and review of Terminal Project construction costs.
- Design Costs incurred on or after October 1, 2007.
- EDS in-line checked baggage Construction Costs include, but are not limited to:
    - Demolition (infrastructure or BHS related)
    - BHS infrastructure upgrades, platforms, catwalks located within the EDS screening matrix area
    - BHS: That portion located within the EDS screening matrix area, including redesign and upgrading of conveyors to support the integration of the screening matrix only
    - On-Screen Resolution (OSR) Room, Checked Baggage Resolution Area (CBRA)
    - Acoustical treatment in OSR and CBRA
    - Electrical infrastructure (cabling, control panels) and basic lighting fixtures for the CBIS, CBRA, and OSR.
    - Telephone systems/pager systems for TSA CBRA and OSR only
    - Heating, Ventilation, Air Conditioning (HVAC) environmental requirements for CBIS, OSR Room, CBRA and EDS Network equipment room

E. Project Costs not considered reimbursable under this Agreement include:

- Employee break rooms, administrative office space, and restrooms
- Aesthetic architecture enhancements
- Maintenance, repair parts or spare parts for Airport Terminal improvements include the baggage handling conveyor components installed under this Project
- Extended warranties beyond 1 year
- Maintenance of baggage conveyor system
- Profit or Corporate G&A costs to the PANYNJ. Profit and G&A for PANYNJ's contractor(s) is an allowable cost

- Costs incurred by the PANYNJ and or/designee, its contractors or agents to perform work not allocable with the TSA approved design or TSA's Planning Guidelines and Design Standards for Checked Baggage Inspection Systems

ARTICLE V: PROJECT RESPONSIBILITIES

Project responsibilities for TSA and the PANYNJ are outlined below. Specific Project and technical responsibilities and performance of all parties are contained in Appendix B attached incorporated hereto by reference.

A. TSA Project Responsibilities

1. TSA will provide a proposed design package for each integrated screening system in each of the identified terminals. Each package will include a schematic design, basis for design and Rough Order of Magnitude (ROM) costing. The schematic will reflect the screening matrix, mainline feeds, take away belts, and all of the security process areas/decision points. The basis for design will outline the proposed theory of operation for the system; will contain the static modeling for each system as well as possible mechanical considerations that can be identified at this design state. The ROM costing will outline at a budgetary level the cost of the individual screening systems.
2. Review and approve each Terminal Project design (through 100%) and deployment plans and specifications regarding installation of EDS units in accordance with TSA Performance Guidelines and Design Standards for Checked Baggage Inspection Systems.
3. Confirm that the placement and installation of the EDS and ETD units in the baggage screening matrix are in accordance with the individual Terminal Project design and deployment plan.
4. Obtain or cause its contractors, consultants and agents to obtain all necessary licenses, insurance, permits and approvals.
5. Furnish, deliver, rig, install and test all necessary EDS and ETD security screening equipment.
6. Provide EDS Original Equipment Manufacturer Technical Support Advisory Services to the PANYNJ and/or designee regarding integration of the EDS units into the BHS.
7. Provide the EDS System Specific Test Plan (SSTP) to the PANYNJ and/or its designee following an EDS machine commissioning, coordination and test planning meeting.
8. Establish and conduct the integrated Site Acceptance Testing (ISAT) for EDS machine screening capabilities for each Terminal Project.
9. Observe and approve ISAT results before the EDS equipment is certified ready for operational use.
10. The TSA will provide maintenance, repair, and refurbishment of all TSA EDS and ETD equipment throughout its life cycle at no cost to the Port Authority and/or its designee.

B. PANYNJ Project Responsibilities

All work performed by the PANYNJ or its designee pursuant to this Agreement shall be accomplished in accordance with the design(s) approved by TSA and in accordance with PANYNJ's Airport Building Standards and Criteria.

1. PANYNJ shall start with a phasing process on Projects listed in Article III – Purpose, Project and Scope based on priorities or future strategic planning. This strategic planning should be presented to TSA Office of Security Technology for approval and concurrence to assure that the Projects can be completed in accordance with the constraints of cost, time, and scope.
2. Costs for each Terminal Project are to be recorded and reported on a Terminal-by-Terminal basis.
3. Except for the responsibilities of the TSA, as outlined above, the construction and installation of the individual Terminal project will be managed and overseen by the PANYNJ and/or its designee. The PANYNJ, acting through such contractors as it may choose, will provide the associated construction and baggage handling conveyor contractors to undertake the Project. The PANYNJ will provide oversight of such contractors to ensure Projects are completed within the prescribed costs and schedule.
4. Obtain or cause its contractors, consultants and agents to obtain all necessary licenses, insurance, permits and approvals.
5. Ensure the Project site will be ready to accommodate the installation of the EDS units when delivered. Project site preparation includes, but is not limited to, BHS modifications, electrical site preparation, including infrastructure to protect electrical or fiber optic cables, environmental controls, and any other Airport Terminal infrastructure work required to support the operational environment of the EDS and ETD units.
6. Facilitate the installation of the EDS units by providing a clear path during rigging and EDS installation, and provide sufficient space to allow for initial deployment activities such as uncrating the EDS equipment and devices.
7. Adhere to OSHA standards required for occupied spaces as well as the applicable EDS installation guide specifications for EDS operational environment requirements.
8. Once installed, provide reasonable measures to protect the EDS and ETD equipment from harm in the screening area.
9. The PANYNJ shall require that full ingress and egress be provided to the TSA and its contractors for the installation, operation, testing, maintenance, and repair of the EDS and ETD equipment at all times.
10. Perform and bear all cost of the operation, maintenance and repairs for the Airport Terminal installed property such as the baggage handling conveyor system, heating, air conditioning, and electrical infrastructure in support of this Project. Except for the TSA securing screening EDS and ETD equipment owned by the TSA, the PANYNJ its lessees or assigns as applicable, shall own and have title to all personal property, improvements to real property, or other assets which are acquired under this Agreement. It will be the responsibility of the PANYNJ, or its contractor or lessee to operate, maintain, and if it becomes necessary, repair or replace such property to support the efficient use of the TSA Security Screening Equipment for its useful life.

11. Title to non-TSA Security Screening Equipment such as ancillary equipment or infrastructure appurtenances purchased or reimbursed using Federal funds, or installed by the TSA, or its agents or contractors at the TSA's expense, or by the PANYNJ or its agents or contractors, or its lessees, agents or contractors, vests in the PANYNJ.
12. Submit monthly progress status reports to the TSA Project Manager and TSA Contracting Officer identified in Article VIII – Authorized Representatives. The monthly report should provide an executive summary of work performed to date, identify the events to occur within the next 90 days, identify the PANYNJ and/or designee(s) and its key contractor points of contact and use an earned value management approach to identify the cost and schedule variance incurred against work performance completed to date. Each Terminal Project is to be addressed separately in the monthly report.

C. Deliverables. The deliverables required to be submitted by the PANYNJ and/or its designee with respect to each Terminal are described in Appendix B-1; specific testing related deliverables are outlined in Appendix B.

ARTICLE VI - EFFECTIVE DATE AND TERM

The effective date of this Agreement is the date on which the authorized PANYNJ official signs it and the TSA's authorized official signs it, whichever date is later. The overall Airport Project completion is currently estimated to be on or about September 20, 2013 unless earlier terminated by the parties as provided herein or extended by mutual agreement pursuant to Article XIII. The period of performance for this effort is established in order to allow the PANYNJ time to submit a final invoice, close out each Terminal Project, and address any other issues,

Within thirty business (30) days of the PANYNJ and TSA Project Manager concurrence to begin a Terminal Project, the PANYNJ and/or its designee(s) will establish and provide Project Milestones for each Terminal to the TSA Project Manager and TSA Contracting Officer identified in Article VIII that allow objective measurement of progress toward completion.

ARTICLE VII - ACCEPTANCE AND TESTING

TSA will deem the Project complete upon successful completion of the TSA EDS systems test conducted by the TSA independent validation and verification (IV&V) contractor that confirms that the baggage screening system has been installed in accordance with the TSA Checked Baggage Inspection System Performance Criteria and technical specifications for the EDS baggage screening equipment. Successful completion requires the correction of defects identified, if any, during the EDS systems test. Ten percent (10%) of each invoice submitted for each Terminal Project will be retained for the duration of the Project until the baggage screening system has successfully passed the TSA EDS systems test and defects, if any, identified during the system test have been corrected by the PANYNJ and/or its designee. The PANYNJ is not responsible for correcting any defects related to the EDS equipment. It shall be the TSA's responsibility to correct at its sole cost any TSA's EDS equipment system defects, and the 10% retained amount referred to above shall be paid to the PANYNJ if the system failure is due to defects associated with TSA equipment or installation.

ARTICLE VIII. AUTHORIZED REPRESENTATIVES

The authorized representative for each party shall act on behalf of that party for all matters related to this Agreement. Each party's authorized representative may appoint one or more others to act as authorized representative for any administrative purpose related to this Agreement, provided written notice of such appointments are made to the other party to this Agreement. The authorized representatives for the parties are as follows:

A. TSA Points of Contact:

Terry Spradlin
TSA Project Manager
Office of Security Technology, TSA-16
Transportation Security Administration
701 South 12th Street
Arlington, VA 22202
Phone: 571-227-4108
E-Mail Address: terry.spradlin@dhs.gov

John Reed
Eastern Region Deployment Manager/Contracting Officer Technical Representative
Office of Security Technology, TSA-16
Transportation Security Administration
701 South 12th Street
Arlington, VA 22202
Phone: 571-227-1563
E-Mail Address: john.reed1@dhs.gov

Connie Thornton
Contracting Officer
Transportation Security Administration
4275 Airport Road, Suite C
Rapid City, SD 57703
Phone: 605-393-8191
E-Mail Address: connie.thornton@dhs.gov

Only the TSA Contracting Officer has the authority to bind the federal government with respect the expenditure of funds. The TSA Contracting Officer Technical Representative (COTR) is responsible for the technical administration of this Agreement and technical liaison with the PANYNJ and/or its designee. The TSA COTR is not authorized to change the scope of work, to make any commitment or otherwise obligate the TSA, or authorize any changes that affect the liability of the TSA.

The PANYNJ and or its designee must notify the TSA CO and COTR in event that any TSA agent or employee takes any action which is interpreted by the PANYNJ or its designee as direction which consequently increases the individual Terminal Project cost and would cause the PANYNJ to seek reimbursement from TSA beyond TSA's liability as stated in this Agreement.

B. The PANYNJ's Points of Contact:

The PANYNJ's Point of Contact for all correspondence is:

Jeanne M. Olivier, A.A.E.
General Manager, Aviation Security and Technology
Aviation Department
The Port Authority of New York and New Jersey
233 Park Avenue South, 9th Floor, New York, New York 10003
Telephone: 212-435-3726
E-Mail: jolivier@panynj.gov

The PANYNJ's Point of Contact for invoices is:

To be provided by PANYNJ.

ARTICLE IX – PAYMENT

Should the TSA contributions represent more than 90 percent of the total final Allowable costs; the PANYNJ will refund the TSA for the difference to achieve a 90 percent level. The parties agree that all costs in excess of TSA's funding contribution as well as any costs that do not comply with Circular A-87 shall be borne solely by the PANYNJ unless otherwise agreed by the TSA in a modification in accordance with Article XIII – Changes and/or Modifications.

Reimbursement by TSA is conditioned upon submission to TSA of an invoice identifying the Project costs that have been incurred and paid. The TSA intends to make payment to the PANYNJ within 45 calendar days of receipt of each properly prepared invoice for reimbursement of incurred costs. The TSA reimbursement process consists of two steps:

a. Step 1 – "Summary" Invoice Submittal to the U.S. Coast Guard Finance Center for Payment

The United States Coast Guard Center performs the payment function on behalf of the TSA. For purposes of submission to the Coast Guard Finance Center, the PANYNJs invoice format is acceptable for the "Summary" Invoice. Central Contractor Registration is mandatory for invoice payment; for further information, please refer to http://www.ccr.gov

At a minimum the "Summary" Invoice should contain:

(1) Agreement Number HSTS04-08-H-CT1236
(2) Invoice Number and Invoice Date
(3) Complete Business Name and Remittance Address.
(4) Point of Contact with address, telephone, fax and e-mail address contact information
(5) Tax Identification Number and DUN's Number
(6) Dollar Amount of Reimbursement being requested
(7) Signature of PANYNJ's authorized representative and the following certification language: *"This is to certify that the services set forth herein were performed during the period stated and that the incurred costs billed were actually expended for the Project."*

The "Summary" Invoice may be submitted by standard email or by electronic transmission to the following address(s):

Mailing Address: TSA Commercial Invoices
USCG Finance Center
P.O. Box 4111
Chesapeake, VA 23327-4111

Email: FIN-SMB-TSAINVOICES@uscg.mil

b. Step 2 – "Summary" Invoice and Supporting Documentation Submittal to TSA for Approval of Payment

The TSA Contracting Officer and the Contracting Officer's Technical Representative are required to review and approve all invoices prior to payment. To aid in this review, the PANYNJ and/or its designee shall provide a copy of the "Summary" Invoice along with all receipts, contractor pay requests and other supporting information which specify the vendor, services provided, and products delivered as well as the appropriate identifications that the Airport has paid these obligations. The PANYNJ and/or its designee are encouraged to provide this supporting information simultaneously with Step 1 in order to expedite the payment process.

The Support Documentation should contain the following items:

- Summary Invoice from Step 1
- An executive summary Project overview with the first invoice
- Spreadsheet listing the invoices being submitted, with totals
- Individual, signed and approved contractor invoices, with scope of values or statement of work (copies of contracts and change orders provide support for the work being actual, allowable, allocable and reasonable.)
- Copies of subcontractors' invoice if listed on a prime contractor's invoice as a single amount (copies of timesheets and detailed backup not required if descriptions are clear and specific).

- Proof of payment by the PANYNJ and/or its designee for each invoice in the form of copies of checks/warrants, bank wire transfers, or accounting system transactions.

The "Summary" Invoice and supporting documentation may be submitted by mail via CD or paper documents or electronic transmission to the following address; the final closeout invoice should include proof that all required deliverables have been provided:

John Gebhart
Jacobs Carter & Burgess, Inc
2231 Crystal Drive, Suite 300
Arlington, VA 22202
Phone: 571-721-1269
Email: john.gebhart@jacobs.com

Upon completion of the review of the supporting documentation for the "Summary" Invoice, the TSA Contracting Officer and Contracting Officer Technical Representative will advise the Coast Guard Finance Center regarding payment of the "Summary" Invoice. TSA has the right to recoup any payments made to the PANYNJ if the TSA determines that the invoices exceed the actual costs incurred.

ARTICLE X – AUDITS

A. The federal government, including the Comptroller General of the United States, has the right to examine or audit financial records relevant to this Memorandum of Agreement for a period not to exceed three (3) years after expiration of the terms of this Agreement. The PANYNJ and/or its designee, their contractors must maintain an established accounting system that complies with accounting principles generally accepted in the United States. Records related to disputes arising out of this Agreement shall be maintained and made available until such disputes have been resolved to the satisfaction of the TSA.

B. As used in this provision, "records" includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.

C. The PANYNJ and/or its designee shall maintain all records and other evidence sufficient to reflect costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this Agreement. The TSA Contracting Officer or the authorized representative of the TSA Contracting Officer shall have the right to examine and audit those records at any time, or from time to time. The right of examination shall include inspection at all reasonable times at the offices of the PANYNJ and/or its designee or at the offices of the respective contractor(s) responsible for the Project.

D. The PANYNJ and/or its designees will be required to submit cost or pricing data and supporting information in connection with any invoice relating to this Agreement if requested by the TSA Contracting Officer.

E. This Article X shall not be construed to require the PANYNJ and/or its designee, their contractors or subcontractors to create or maintain any record that they do not maintain in the ordinary course of business pursuant to a provision of law, provided that those entities maintain records that conform to generally accepted accounting practices.

ARTICLE XI – REQUIRED FEDERAL PROCUREMENT PROVISIONS

Required Federal Procurement Provisions are provided in Appendix C.

ARTICLE XII – CHANGES AND/OR MODIFICATIONS

Changes and/or modifications to this Agreement shall be in writing and signed by the TSA Contracting Officer and the authorizing official of the PANYNJ. The modification shall state the exact nature of the change and/or modification. No oral statement by any person shall be interpreted as modifying or otherwise affecting the terms of this Agreement. The properly signed modification shall be attached to this Agreement and thereby become a part of this Agreement.

ARTICLE XIII – LIMITATION OF LIABILITY

Each party to this Agreement shall bear total responsibility for its own negligent acts, errors or omissions that arise out of this Agreement. In no event shall either Party be liable for any indirect, special, punitive, incidental or consequential damages arising out of or under this Agreement, whether under contract warranty, or tort, including loss of revenue or profits, regardless of the ability to anticipate such damages. The PANYNJ does not waive its right to pursue claims against the United States or any of its agencies under the Federal Torts Claims Act.

ARTICLE XIV – DISPUTES

When possible, disputes will be resolved by informal discussion between the appropriate PANYNJ representative and the TSA Contracting Officer. If a dispute cannot be resolved through negotiations, the dispute shall be submitted to the Office of Dispute Resolution for Acquisition ("ODRA") (see http://www.faa.gov/agc/odra/default.htm). ODRA acts on behalf of TSA, pursuant to a Memorandum of Agreement dated September 23, 2002, to manage TSA's dispute resolution process and to recommend decisions on matters concerning contract disputes. Judicial review, where available, will be in accordance with 49 U.S.C. 46110, and shall apply only to final agency decisions.

ARTICLE XV – TERMINATION

In addition to any other termination rights provided by this Agreement, either party may terminate this Agreement at any time with cause, and without incurring any liability or obligation to the terminated party (other than performance of obligations accrued on or prior to termination date) by giving the other party at lease ninety days written notice of termination. Upon receipt of notice of termination, the receiving party shall take immediate steps to stop the accrual of any additional obligations, which might require payment.

In the event of termination or expiration of this Agreement, any TSA funds that have not been spent or incurred for allowable expenses prior to the date of termination and are not reasonably necessary to cover termination expenses shall be returned and/or de-obligated from this Agreement.

ARTICLE XVI – CONSTRUCTION OF THE AGREEMENT

A. Nothing in this Agreement shall be construed as incorporating by reference or implication any provision of Federal acquisition law or regulation. It is not intended to be, nor shall it be construed as creation of a partnership, corporation, or other business entity between the parties.

B. Each party acknowledges that all parties hereto participated equally in the negotiation and drafting of this Agreement and any amendments thereto, and that, accordingly, this Agreement shall not be construed more stringently against one party than against the other.

C. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written.

D. In the event that any Article and/or parts of this Agreement are determined to be void, such Article or portions thereof shall lapse. No such lapse will affect the rights, responsibilities, and obligations of the parties under this Agreement, except as provided herein. If either party determines that such lapse has or may have a material effect on the performance of the Agreement, such party shall promptly notify the other party, and shall negotiate in good faith a mutually acceptable amendment to the Agreement if appropriate to address the effect of the lapse.

ARTICLE XVII – MEDIA AND PROTECTION OF SENSITIVE SECURITY INFORMATION

A. SENSITIVE SECURITY INFORMATION

No Sensitive Security Information (SSI), as such term is defined in 49 CFR Part 1520, shall be disclosed except in accordance with the provisions of 49 CFR 1520.

B. MEDIA

Unless otherwise required by law, PANYNJ and/or its designee shall not make publicity or public affairs activities related to the subject matter of this Agreement unless written approval has been received from the TSA Office of Security Technology or the TSA Office of Strategic Communication and Public Affairs.

ARTICLE XVIII - SURVIVAL OF PROVISIONS

The following provisions of this Agreement shall survive the termination of this Agreement: Article V– Project Responsibilities, paragraph A. 10, and paragraph B. 10; Article X – Audits; Article XIII – Limitations on Liability; Article XIV – Disputes, and Article XVIII – Survival of Provisions.

Signatures
The Parties have executed this Agreement in multiple copies, each of which is an original.

WITNESS:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____ **Date:** 9/10/08
By: Ernesto L. Butcher, Deputy Executive Director, Operations

UNITED STATES
Department of Homeland Security
Transportation Security Administration

_____ **Date:** 9/5/2008
By: Connie Thornton, Contracting Officer

MEMORANDUM OF AGREEMENT

TABLE OF APPENDICES

APPENDIX A – TRANSPORTATION SECURITY ADMINISTRATION LETTER OF INTENT

APPENDIX B – MEMORANDUM OF AGREEMENT DELIVERABLES

APPENDIX C – REQUIRED FEDERAL PROCUREMENT PROVISIONS

APPENDIX D – TECHNICAL SPECIFICATION REGARDING AIRPORT TERMINAL BAGGAGE SCREENING RENOVATIONS

HSTS04-08-H-CTI236
Memorandum of Agreement for JFK
Appendix A

Office of the Assistant Secretary

U.S. Department of Homeland Security
601 South 12th Street
Arlington, VA 22202-4220

Transportation Security Administration

LETTER OF INTENT
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

This Letter of Intent (LOI) sets forth the intention of the Transportation Security Administration (TSA), effective this date, in accordance with the provisions of *Section 44923 of title 49, United States Code, as amended; Division E, Department of Homeland Security Appropriations Act, 2008; Public Law 110-161, the Consolidated Appropriations Act, 2008;* and Memoranda of Agreement (MOAs) to which this LOI is appended, to obligate from budget authority to reimburse The Port Authority of New York and New Jersey (PANYNJ) for the United States' share of allowable costs at the John F. Kennedy International Airport (JFK), LaGuardia Airport (LGA), and Newark Liberty International Airport (EWR), collectively the PANYNJ Airports, for the airport security improvement project (Project) as summarized below:

The MOAs will establish the efforts for providing the necessary design, construction management, and construction of the PANYNJ Airports—JFK, LGA, and EWR—to develop in-line baggage system solutions that will enable TSA to install and operate explosives detection systems associated with in-line baggage screening systems at those airports.

The maximum United States obligation pursuant to this LOI for the Project summarized above shall be in an amount not-to-exceed 90 percent of the total Project costs of $444,444,444.00 to a total Federal share of up to $400,000,000.00. After funds have been appropriated and obligated, TSA shall issue funds to reimburse the PANYNJ from current and Fiscal Year 2009 budget authority, according to the following schedule:

Fiscal Year (FY)	Federal Funds
FY 2008	$200 million (current budget authority)
FY 2009	$200 million (future budget authority)
Total:	$400 million

If the Congressional appropriation and allocation is less than $200,000,000 in FY 2009 for TSA baggage screening projects for the PANYNJ Airports, then the FY 2009 funding increment for the Project may be reduced accordingly.

The announcement of this intention shall not be deemed an obligation of the United States Government under Section 1501 of title 31, United States Code, and the LOI is not deemed to be an administrative commitment of financing. An obligation or administrative commitment may be made only as amounts are provided in authorization and appropriation laws.

TSA may, from time to time, following consultation with the PANYNJ, amend this LOI and the MOAs to adjust the payment schedule, and such adjustments may be made by TSA when occasioned by changes in the actual allowable costs of the Project, in the actual time required to complete the Project, in actual or estimated future obligating authority, or otherwise, when determined at the discretion of the Department of Homeland Security Assistant Secretary of the TSA to be in the best interests of the United States.

TSA will give full consideration to the aggregate amount of future obligations and the payments scheduled under all outstanding LOIs in formulating its annual budget requests. A statutory restriction on total obligating authority in a future fiscal year, however, may necessitate a reduction in funds to be reimbursed for that year.

The LOI is conditioned upon the PANYNJ's compliance with the MOAs to which this LOI is appended and of which it is made a part. Failure to comply with such requirements may lead to revocation of this LOI and termination of the MOAs in accordance with the terms of the MOAs.

United States of America
Department of Homeland Security
Transportation Security Administration

Kip Hawley

Kip Hawley
Assistant Secretary

8/20/08

Date

MEMORANDUM OF AGREEMENT

APPENDIX B

DELIVERABLES

Item	Submitted To:	Frequency or Due Date	Special Notes:
Design: 30%, 70%, 100% and associated cost estimate	TSA Project Manager	Per the approved schedule.	Port Authority shall attain written approval from TSA before moving forward on design effort stages.
Master Schedule and detailed Estimate of Costs to include Project Milestones (Design, Construction and Baggage Handling System)	TSA Project Manager TSA Contracting Officer ("CO") TSA Contracted Site Lead	Submitted within 120 business days of MOA signing to be updated and submitted with monthly report as Project is underway.	All schedules and cost estimates to be approved must have written concurrence TSA Project Manager
Schedule of Values for Design, Construction, Baggage Handling Contracts	TSA Project Manager TSA CO TSA Contracted Site Lead	PANYNJ/Designee to provide upon issuing Notice to Proceed to Contractor	All schedules and cost estimates to be approved must have written approval from TSA
Design, Construction and BHS Contracts > $500,000 including any subsequent change orders.	TSA CO	Upon Award by PANYNJ/Designee. Change Orders are to also be provided to TSA CO when issued.	Provide copy of contract to TSA Contracting Officer (CO)
Monthly Project Report: (Current and forecasted for the next period's tasks.) • Tasks completed • Schedule • Budget and actual costs spent to date • Cost Variance • Schedule Variance • Variance analysis data in excess of 10% • Identify Tasks for next 90 days	TSA Project Manager TSA CO TSA Contracted Site Lead	Monthly. Electronic submission is requested if feasible.	
Close Out Process requires the correction of testing deficiencies (if any)	Close Out Report submitted to TSA Project Manager and TSA Contracted Site Lead	Initiated after TSA completion of Integrated Site Acceptance testing and deficiencies (if any) have been corrected.	
As Built Drawings and final configuration in electronic format, .dwg (AutoCAD) or comparable format PDF	TSA Project Manager	No later than 30 days after commissioning of system(s)	
Overview of drawings of the EDS Matrix/Node, BHS systems Resolution Room, OSR Room as applicable. dwg (AutoCAD) or comparable PDF format	TSA Project Manager	30 days after commissioning of system(s)	
Final Invoice	TSAT Project Manager TSA CO	Upon correction of testing deficiencies, submission of 'as-built' drawings and closeout of *PANYNJ/Designee related* contracts	Typically occurs three to four months after ISAT.

MEMORANDUM OF AGREEMENT

APPENDIX C

REQUIRED FEDERAL PROCUREMENT PROVISIONS

Construction Contracts

Provisions for all Construction Contracts

- Buy American Preference - Title 49 U.S.C., Chapter 501 - Under Revision
- Civil Rights Act of 1964, Title VI (MS Word) - Contractor Contractual Requirements - 49 CFR Part 21
- Airport and Airway Improvement Act of 1982, Section 520 (MS Word) - Title 49 U.S.C. 47123
- Lobbying and Influencing Federal Employees (MS Word) - 49 CFR Part 20
- Access to Records and Reports (MS Word) - 49 CFR Part 18.36
- Disadvantaged Business Enterprise (MS Word) - 49 CFR Part 26
- Energy Conservation (MS Word) - 49 CFR Part 18.36
- Breach of Contract Terms (MS Word) - 49 CFR Part 18.36
- Rights to Inventions (MS Word) - 49 CFR Part 18.36
- Trade Restriction Clause (MS Word) - 49 CFR Part 30
- Veteran's Preference (MS Word) - Title 49 U.S.C 47112

Additional Provisions for Construction Contracts Exceeding $2,000

- Davis Bacon Labor Provisions (MS Word) - 29 CFR Part 5

Additional Provisions for Construction Contracts Exceeding $10,000

- Equal Opportunity Clause (MS Word) - 41 CFR Part 60-1.4
- Certification of Non-Segregated Facilities (MS Word) - 41 CFR Part 60-1.8
- Notice of Requirement for Affirmative Action (MS Word) - 41 CFR Part 60-4.2
- Equal Employment Opportunity Specification (MS Word) - 41 CFR Part 60-4.3
- Termination of Contract (MS Word) - 49 CFR Part 18.36

Additional Provisions for Construction Contracts Exceeding $25,000

- Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion (MS Word) - 49 CFR Part 29

Additional Provisions for Construction Contracts Exceeding $100,000

- Contract Workhours and Safety Standards Act Requirements (MS Word) - 29 CFR Part 5
- Clean Air and Water Pollution Control (MS Word) - 49 CFR Part 18.36(i)(12)
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Equipment Contracts

Provisions for all Equipment Contracts

- Buy American Preference - Title 49 U.S.C., Chapter 501
- Civil Rights Act of 1964, Title VI (MS Word) - Contractor Contractual Requirements - 49 CFR Part 21
- Airport and Airway Improvement Act of 1982, Section 520 (MS Word) - Title 49 U.S.C. 47123
- Disadvantaged Business Enterprise (MS Word) - 49 CFR Part 26
- Lobbying and Influencing Federal Employees (MS Word) - 49 CFR Part 20
- Access to Records and Reports (MS Word) - 49 CFR Part 18.36
- Energy Conservation (MS Word) - 49 CFR Part 18.36
- Breach of Contract Terms (MS Word) - 49 CFR Part 18.36
- Rights to Inventions (MS Word) - 49 CFR Part 18.36
- Trade Restriction Clause (MS Word) - 49 CFR Part 30

Additional Provisions for Equipment Contracts Exceeding $10,000

- Termination of Contract (MS Word) - 49 CFR Part 18.36

Additional Provisions for Equipment Contracts Exceeding $25,000

- Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion (MS Word) - 49 CFR Part 29

Additional Provisions for Equipment Contracts Exceeding $100,000

- Clean Air and Water Pollution Control (MS Word) - 49 CFR Part 18.36(i)(12)
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Professional Services (A/E) Contracts

Provisions for all A/E Contracts

- Civil Rights Act of 1964, Title VI (MS Word) - Contractor Contractual Requirements - 49 CFR Part 21
- Airport and Airway Improvement Act of 1982, Section 520 (MS Word) - Title 49 U.S.C. 47123
- Disadvantaged Business Enterprise (MS Word) - 49 CFR Part 26
- Lobbying and Influencing Federal Employees (MS Word) - 49 CFR Part 20
- Access to Records and Reports (MS Word) - 49 CFR Part 18.36
- Breach of Contract Terms (MS Word) - 49 CFR Part 18.36
- Rights to Inventions (MS Word) - 49 CFR Part 18.36
- Trade Restriction Clause (MS Word) - 49 CFR Part 30

Additional Provisions for A/E Contracts Exceeding $10,000

- Termination of Contract (MS Word) - 49 CFR Part 18.36

Additional Provisions for A/E Contracts Exceeding $25,000

- Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion (MS Word) - 49 CFR Part 29

Additional Provisions for Equipment Contracts Exceeding $100,000

Clean Air and Water Pollution Control (MS Word) - 49 CFR Part 18.36(i)(12

MEMORANDUM OF AGREEMENT

APPENDIX D

John F. Kennedy International Airport (JFK)
Airport Terminal Baggage Screening Renovations
Technical Specification

A. TSA responsibilities with regard to the individual Terminal Projects are listed below in sections 1.1 to 1.7. Many responsibilities are delegated to TSA contractors such as the EDS Original Equipment Manufacturer (OEM), TSA Site Lead Contractor, and TSA Independent Validation and Verification (IV&V) Test Contractor but ultimate responsibility resides with TSA.

1.1 EDS PLACEMENT

TSA will install the EDS units, ETD screening equipment and ancillary equipment at the designated Airport Terminal at a mutually agreed upon date. TSA through the EDS OEM or other TSA contractors shall be responsible for coordinating and integrating activities regarding placement of EDS equipment with appropriate TSA Staff and the Airport Baggage Handling System (BHS) team personnel.

1.2 INSTALLATION SUPPORT

1.2.1 Project Management

The EDS OEM shall be responsible for providing technical support throughout the entire period of performance during the Terminal EDS installation Project. The OEM shall be responsible for all labor, materials, equipment, and support services required for planning, managing, and supervising all items related to the installation of the EDS units and associated ancillary equipment.

1.2.2 Technical Support

TSA will provide technical support to the Project through existing contracts with the EDS OEM, TSA Site Lead, and TSA Test Lead.

- The identified TSA Site Lead should be included in all relevant planning/project meetings relevant to TSA contributions to each Terminal Project. Project schedules and updates should be provided to the TSA Site Lead to ensure TSA has timely and sufficient notice of deliverable dates.
- The EDS OEM shall provide technical consultations to the TSA Project Team and Terminal Project Manager Team regarding Project efforts that may include, but are not limited to: teleconferences; reviews of drawings and specifications; and exchanges of technical documentation such as specifications, manuals, and guides.
- TSA Testing Contractor shall support testing of the EDS units and their integration with the BHS and will develop relevant test plans and reports that will be shared with the Project Manager.
- Support for the development and execution of the MOA in place between TSA and the PANYNJ will be provided by TSA Office of Acquisition.
- Oversight and coordination of technical aspects of the Project will be provided by the TSA Office of Security Technology, Deployment Team.
- Local TSA personnel shall support coordination of issues between TSA Headquarters and the Project Manager as directed by the applicable Federal Security Director (FSD).

Title	Name	Role	Contact Information
TSA PANYNJ Project Manager	Terry Spradlin	TSA Project Manager	Terry.Spradlin@dhs.gov 571-227-4108
TSA Eastern Region Deployment Lead	John Reed	Contracting Officer Technical Representative	John.Reed1@dhs.gov 571-227-1563
TSA Testing Coordinator	Amy Becke	TSA Test Coordinator	Amy.Becke@dhs.gov 571-227-1261
TSA Acquisition	Connie Thornton	Contracting Officer	Connie.Thornton@dhs.gov 605-393-8191
TSA JFK FSD Point of Contact	Mohammad Siddiqui	Local JFK TSA Coordinator	Mohammad.Siddiqui@dhs.gov 718-995-3964
PANYNJ Overall Project Point of Contact	Jeanne Olivier	General Manager, Aviation Security & Technology	jolivier@panynj.gov 212-435-3726

1.2.3 Commissioning Services

TSA, through the EDS OEM and other TSA contractors, shall be responsible for all labor, materials, equipment, and support services needed to assemble, power up, configure, and install the EDS machines into the required operational condition. The EDS OEM shall provide technical support, documentation, and installation of the EDS units and the associated local Baggage Viewing Stations (BVS) after confirmation that all pre-installation requirements have been met. The EDS OEM shall coordinate with the TSA Project Manager/TSA Site Lead, TSA Test Lead, and the Terminal Project Manager's contractors to perform system testing. The EDS OEM shall provide these services within two weeks of receipt of a written request from the TSA.

1.3 INDEPENDENT VERIFICATION AND VALIDATION (IV&V) TESTING

Mandatory testing for this system includes Site Acceptance Testing (SAT) for the EDS units following installation; pre-Integrated Site Acceptance Testing following the integration of the EDS units with the BHS affirmed through a Test Readiness Report (TRR); and Integrated Site Acceptance Testing (ISAT) prior to TSA acceptance of the system for operational use. See table below for minimum lead time requirements for testing activities.

Test Activity	Lead Time Needed
SSTP Input	90 days prior to projected ISAT date
SAT of EDS units	7 days prior to EDS OEM confirmation of EDS unit's readiness
SSTP Delivery	30 days prior to projected ISAT date
SSTP Review Meeting	14 days prior to projected ISAT date
TRR	3 business days (not less than) prior to projected ISAT date
ISAT	3 business days (not less than) following successful TRR

1.3.1. Site Acceptance Testing (SAT)

The EDS OEM and TSA Test Lead shall coordinate and conduct SAT testing on the EDS machines. The EDS OEM shall implement and coordinate testing by issuing a Test Readiness Notification (TRN) at least 7 days prior to the scheduled IV&V testing. Passing SAT results are required to certify equipment readiness for operational use in screening baggage. In the event that supplied EDS units cannot meet SAT test requirements, TSA will ensure that any defects are corrected or that the EDS unit is replaced.

1.3.2. Site Specific Test Plan Development (SSTP)

TSA has arranged for its Testing Contractor to develop a Site Specific Test Plan based on testing criteria outlined in the TSA Checked Baggage Inspection Systems Planning Guidelines and Design Standards to be provided by TSA. The SSTP will be based on the Terminal Project Manager responses to an SSTP questionnaire to be completed within 90 days of Integrated Site Acceptance Testing. The SSTP shall be delivered to the Terminal Project Manager 30 days in advance of projected ISAT start-up. The TSA Test Lead and Site Lead shall participate in an SSTP review meeting no less than 14 business days prior to the projected ISAT start up to ensure that all Project Team concerns and questions about the ISAT test plan are resolved and to coordinate logistical and technical needs.

1.3.3. Integrated Site Acceptance Testing (ISAT)

Scheduling and Coordination: Construction schedule including the ISAT start date(s) and duration(s) shall be shared with the TSA Site Lead at 120, 90, 60, 30, and 14 days from the anticipated ISAT start date. This schedule shall be distributed each time changes are made to the ISAT start date and/or duration. Changes made to the schedule within two weeks of the planned ISAT start date may relieve the TSA of the obligation to begin testing within three business days of the TRR. In this situation, the ISAT start date could depend on TSA's testing workload and resource allocation.

Test Results and Reports:

Testing results will be shared in hard copy format with the Terminal Project Manager and the PANYNJ Program Manager through the local TSA Point of Contact. Test results will identify any security, efficiency or safety concerns. There are three (3) possible test outcomes:

- Pass – System meets TSA P&C Requirements;
- Defects Found – TSA will staff the system but further work needed to correct defects;
- Failed – TSA will not staff the system; Contractor should resolve issues as published and prepare for re-testing.

1.4 INTEGRATION SERVICES

1.4.1. BHS Support

The EDS OEM shall assist the Terminal Project Manager's BHS contractor to establish digital and serial communication for the EDS units. Once communication between devices has been established, the EDS OEM shall provide the following support and integration services.

- Assist the BHS contractor to obtain efficient EDS operation.
- Provide on-site Integration Engineer Support Services to facilitate the entire integration effort with the BHS.
- Be available to support system testing and validation conducted by in-house staff or external contractors including *Site Specific Test Plan (SSTP) for the Integrated Site Acceptance Test* (ISAT) and pre-ISAT project testing and throughout the planning phases including the issuance of the ISAT TRN and TRR.
- During initial system operations run of live checked baggage, provide technical assistance as requested by TSA and/or the Terminal Project Manager.

1.4.2. Software and Hardware

Following SAT and throughout the integration effort, the EDS OEM shall install and test the required software and hardware to allow for digital and serial communication between the EDS and the BHS PLC if required. Functionality of the EDS BHS interface hardware and software shall be verified by the EDS OEM at the interface box prior to working with the BHS contractor to ensure a proper operating PLC interface and to avoid delays.

1.5 SYSTEM NETWORKING

1.5.1 *Network Infrastructure*

The EDS OEM shall provide required patch cables and miscellaneous hardware to interface between network patch panel and EDS OEM supplied networking components.

1.5.2 Network Services

The EDS OEM shall provide: training for TSA staff; coordination and support for TSA and testing certification; and resources to conduct installation, testing, and initial operational support for networking. No other network may interface with the networked airport screening solution. The implemented assigned network for operation shall be an isolated, stand-alone network.

1.6. TRAINING

TSA will provide training for TSA screening staff on the operation of the EDS and ETD equipment.

1.7. MAINTENANCE

Upon successful completion of SAT testing for each unit, TSA will maintain and repair the EDS and ETD units throughout their lifecycles.

B. PANYNJ AND DESIGNEE TERMINAL PROJECT MANAGER RESPONSIBILITIES with regard to *the Terminal Projects are listed in sections 2.1 to 2.5 below.*

2.0 DESIGN

The Terminal Project Manager will undertake completing the 100% design of a baggage screening solution for its respective Terminal(s), which meets the needs of the Airport, Airlines and TSA FSD. The Project Manager shall submit design at 30%, 60% and 100% intervals to TSA for review. The Project Manager shall respond to TSA design review comments promptly and in writing.

2.1 EDS PLACEMENT

The Project Manager shall ensure that the Project site will be ready to accommodate the installation of the EDS and associated equipment. The Project Manager shall be responsible for providing rigging oversight activities, and shall provide adequate protection to the EDS machines and to the airport infrastructure during any and all ED's movements. The Project Manager shall coordinate with the EDS OEM to integrate all activities regarding placement of ED's equipment. The Project Manager shall provide reasonable measures to protect the EDS and ETD equipment from damage in the screening area.

2.1.1 Site Readiness and Storage

The Project Manager shall confirm site readiness to receive ED's units to the TSA Site Lead no later than10 business days prior to requested delivery date. Site readiness shall address availability of permanent power; removal of obstacles to the rigging path; and adequacy of physical environmental conditions within the delivery area that meet EDS OEM standards for protecting the EDS units. The Project Manager shall provide secure storage for the ED's units and ancillary equipment if site conditions at the time of delivery do not provide adequate protection. The Project Manager shall provide secure storage space for hardware associated with ED's integration and multiplexing until it can be installed by EDS OEM Integration Support Staff.

2.1.2 Rigging Services

The Project Manager Team will be responsible for providing rigging path verification, ingress path, and/or structural analysis. If required, the Project Manager Team will remove and replace any walls, windows, glass, doors, or other physical barriers in support of rigging activities.

2.2 INSTALLATION SUPPORT

2.2.1 Power Requirements

The Project Manager will provide terminations to the EDS for electrical power. The Project Manager will be responsible for providing all infrastructure power requirements including separate metering. If applicable, the Project Manager will design and install all power requirements to terminal locations within the OSR room, ETD room, and at EDS locations. The Project Manager will provide cabling from terminations to EDS equipment. The Project Manager shall attest to the availability of power supply to adequately support the EDS and associated equipment in accordance with OEM specifications and be liable for damage to this equipment resulting from intentional deviations to accepted power supply conditions.

2.2.2 Commissioning Services

The Project Manager will be responsible for obtaining all other infrastructures as stated in the Memorandum of Agreement between the TSA and the PANYNJ and not mentioned in Section 2.2.1 to support EDS operations and maintenance.

2.3 INTEGRATION SERVICES

The Project Manager shall ensure that the BHS Contractor coordinates with EDS OEM in support of integration activities (e.g. installation and testing the required software and hardware to allow for digital and serial communication between the EDS and the BHS PLC) as needed. Terminations to the EDS for BHS PLC communication shall be performed by the BHS contractor.

2.4 NETWORKING

2.4.1. Network Infrastructure

The Project Manager will design and install all communication conduit, fiber, etc. as required by the EDS OEM's design criteria for the EDS and EDS networking system, including but not limited to connectivity of the remote OSR Room, ETD/Resolution area, and the Baggage Control Room as required. Exact parameters will be reviewed at Project start-up by TSA. The Project Manager will provide cabling and network patch panels in TSA control rooms, ETD search areas, and the TSA network room as determined by the network design conducted in conjunction with the Project Manager. The EDS OEM shall provide required patch cables and miscellaneous hardware to interface between network patch panel and EDS OEM-supplied networking components. The Project Manager will provide all electrical outlets to support installation and operation of a fully multiplexed explosive detection system.

2.4.2. Network Services

No other network may interface with the networked airport screening solution. The implemented assigned network for operation shall be an isolated, stand-alone network.

2.5. IV&V - TESTING SUPPORT

The Project schedule shall allow for sufficient time to conduct mandatory testing of the EDS units after installation and integration. The project schedule shall also factor in minimum lead times for notification of readiness for testing (7 days for SAT; 3 days for TRR; and 3 days for ISAT.) The Project Manager shall identify operational windows in time in which testing activities can be accomplished. Testing

activities will normally be scheduled for normal business days (Monday-Friday) and should not include holidays unless previously agreed to.

2.5.1 Site Specific Test Plan (SSTP)

The Project Manager shall ensure that information needed to develop an accurate SSTP is provided to TSA Test Lead at the earliest opportunity, but no later than 90 days prior to requested testing date. Such documentation includes:

- BHS Specifications
- Controls Description and/or Description of Operation (if both exist then provide both)
- E-Stop Zone Drawings
- BHS Drawings Plan and Elevation Views
- Phasing Plan Narrative and Phasing Plan Drawings
- Construction and Testing Schedule

All drawings shall be clearly visible and readable when plotted on Arch D Size Stock. All documents shall be submitted electronically (e.g. text documents in MS Word or PDF and drawings in AutoCAD [.dwg] or PDF.)

Any system constraints that will prevent compliance with TSA testing and performance criteria should be disclosed as far in advance as possible to allow for evaluation of applicable waivers. Any restrictions on system availability and accessibility for testing shall be disclosed. Cutover plans including any phasing plans that will affect the Testing Contractor's ability to test the full system from ticket counters through the outbound/sortation system shall also be disclosed to allow for the development of an accurate SSTP.

The Project Manager will have the opportunity to review and comment on SSTP in advance of testing. Comments and/or questions should be directed to the TSA Project Lead and the TSA Site Lead.

2.5.2. Test Readiness Report (TRR)

This pre-ISAT activity is conducted by TSA Site Lead in coordination with the Airport Project Team (typically the BHS Contractor.) The purpose of this testing activity is to assure TSA of site readiness for ISAT and is a precursor for TSA authorization for TSA Test Lead to deploy. The Project Manager Team will be provided TRR data sheets by the TSA Site Lead. BHS/CBIS configuration and operation shall be in final form intended for bag screening operations. Unless mutually agreed to, changes/improvements to BHS/CBIS between TRR and ISAT are not authorized. The Project Manager Team must address security and efficiency defects found during TRR and be prepared to implement mutually agreed upon corrective actions prior to ISAT.

Required input from the Project Team will include:

Functional Testing Documentation: Testing authentication must be clearly reported and show every test with bag ID and declared status on printed EDS FDRs (Field Data Reports) and resulting bag destination. Ledger forms should show test date, type of test, identification of bag destination location, and ID number of the bags arriving at that location. Sample ledger forms will be provided in the SSTP.

- These reports should be organized and indexed in a loose-leaf binder(s)
- Each test shall conclude with an indication of successfully passing the required criteria of BHS specification and testing criteria and if conflict or failure exists, then so indicate with an explanation.
- Presentation of completed testing and TRR required documentation to TSA Site Lead not less than 7 business days prior to anticipated Pre-ISAT date is required.

Sort and Rate Test Observation: Sufficient numbers of test bags (no less than 100 test bags per EDS) will be utilized to "stress" the BHS/CBIS as would occur during peak operating times. Test bag set profile should be similar to Battelle profile.

- A real-time observation by TSA Site Lead of a global BHS/CBIS Sort and Rate Test using clear and suspect bags is required.
- All EDS equipment must be operational.
- All baggage entry points must be utilized.
- After a successful TRR, TSA Deployment Lead approves start of ISAT testing and TSA Testing Contractor Team normally arrives at airport within 3 business days.

2.5.3. Logistical Support Needs: The Project Manager shall identify any logistical or support needs that will impact TRR and ISAT testing, to include:

- any process needed to obtain sufficient baggage tags should the system use IATA baggage tracking mechanisms;
- any process needed to obtain airport badges/access for TSA Testing Contractor's personnel;
- availability of baggage handling support for testing activities; and
- availability of support for delivery and secure storage of the TSA Testing Contractor's test bags for ISAT (100 bags per EDS.)

2.5.4. ISAT Testing: The TSA's Testing Contractor will meet with the Project Manager Team at least 30 days prior to testing to coordinate the conduct of ISAT testing. The TSA Test Lead and the Project Manager Team will finalize details relating to the scheduling and duration of the testing. (Generally allow 1.5 days per EDS line and 1.5 days per each system Sort Testing and Rate Testing.)

2.5.5. Test Results and Reports

In the event of a Defects Found or Failed result during TRR or ISAT testing, the Project Manager Team shall report corrective actions to be applied and the timeline associated with said corrections. If constructed system fails testing, TSA will work with the Project Manager Team to identify corrective solutions. TSA is not obligated to accept or operate a baggage screening system that does not meet the minimum test standards.

2.5.6. Post ISAT and Run-in Activities: The TSA Site lead will conduct 30-day operational run-in observations of the system following successful ISAT testing.

The airport/airline/authority shall provide a written response outlining corrective actions that will be taken due to outstanding deficiencies, issues, and action items identified in the Test Report within three (3) months.

It is essential for the continued secure and efficient operation of the CBIS that changes to the system are evaluated, reviewed and approved before they are implemented. Changes made to the system subsequent to ISAT should be coordinated and approved in advance with TSA Deployment Team. Failure to do so will lead to TSA decertification of the baggage screening system. In some cases the TSA Testing Contractor will need to evaluate proposed changes to determine if they constitute modifications sufficient to warrant the development of a new SSTP and re-testing.

The following procedure is to be followed for all changes to CBIS systems other than those required for normal routine and periodic maintenance/repairs to the system. The airport/airline/authority responsible for the system shall assemble a package of information for submittal to TSA Office of Security Technology which includes the following minimum information.

- Written description of all physical and programming changes to the system
- Reason for proposed change
- Anticipated impact to system operations (i.e. increased throughput, lowered tracking losses, elimination of bag jams)
- Drawings showing affected areas

- Any potential security, tracking or efficiency impacts, including impact on manpower or operations
- Proposed date of changes
- Willingness of the airport or airline to pay for the changes to the system

This package shall be delivered to the applicable TSA FSD who shall review the package, adding any comments that he/she may have and forward the package to TSA Office of Security Technology.

The TSA Office of Security Technology will review the package. Once the review has been completed, the Office of Security Technology shall notify the airport/airline/authority and the applicable TSA FSD of the recommendations and testing requirements for the system changes.

Modification No. 1 to
MEMORANDUM OF AGREEMENT
Dated September 10, 2008

BETWEEN

UNITED STATES
DEPARTMENT OF HOMELAND SECURITY
TRANSPORTATION SECURITY ADMINISTRATION

AND

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

RELATING TO

BAGGAGE SCREENING PROJECTS FOR
John F. Kennedy International Airport (JFK)

Negotiated by the TSA pursuant to
Section 44923 of title 49, United States Code, as amended, and Division E, Department of Homeland Security Appropriations Act, 2008 of Public Law 110-161, the Consolidated Appropriations Act, 2008

HSTS04-08-H-CT1236

Per Article XII – Changes and/or Modifications, the purposes of this modification is to; 1) add the TSA Fiscal Year 2009 funding increment to Article IV – Project Cost and Allowable Costs and 2) update the TSA Points of Contact identified in Article VIII – Authorized Representatives. **Funding for this effort is increased by $78,000,000 from $85,000,000 to $163,000,000.**

Accordingly the following changes are made to the Agreement.

1. ARTICLE IV. PROJECT COSTS AND ALLOWABLE COSTS

Paragraph B of this article is deleted and replaced with the following:

B. Federal Share of Allowable Costs: The TSA, for and on behalf of the United States, shall pay as the United States share, ninety (90%) percent of the Allowable Costs (as such term is defined in Circular A-87) and identified in paragraph D of this Article incurred in accomplishing the Project described in this Agreement. The maximum obligation of the United States payable under this Agreement for Fiscal Year 2008 shall be:

Fiscal Year	TSA Funding
2008	$85,000,000.00

PR: 2108208CT1236
5CF08XB010D2008SWE041GE0132230062006622CTO-5906307200000000-252R-
TSA DIRECT-DEF. TASK $85,000,000.00

Fiscal Year	**TSA Funding**
2009	**$78,000,000**

PR: 2109209CT1338
5CF09XB010D2009SWE041GE013223006200622CTO-5906307200000000-251B-
TSA DIRECT-DEF. TASK $78,000,000.00

Total: $163,000,000.00

Funding for this effort is increased by $78,000,000 from $85,000,000 to $163,000,000.

2. ARTICLE VIII. AUTHORIZED REPRESENTATIVES

Paragraph A. of Article VIII- Authorized Representatives, the TSA Points of Contact is deleted and replaced with the following:

A. TSA Points of Contact:

Terry Spradlin
TSA Project Manager/Contracting Officer Technical Representative
Transportation Security Administration Headquarters
Office of Security Technology, TSA-16
1 West Post Office Road, S-08
Washington, DC 20528-6032
Phone: 571-227-1563
E-Mail Address: terry.spradlin@dhs.gov

Matthew Ashurst
Contracting Specialist
Transportation Security Administration
Office of Acquisition, TSA-25
601 South 12th Street
Arlington, VA 20598-6025
Phone: 571-227-5376
E-Mail Address: matthew.ashurst@dhs.gov

3. All other terms and conditions of the Agreement remain unchanged.

Signatures
The Parties have executed this Agreement in multiple copies, each of which is an original.

WITNESS:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____ DATE: 7/12/09
By: *Ernesto L. Butcher, Chief Operating Officer*

UNITED STATES
Department of Homeland Security
Transportation Security Administration

_____ DATE: 7.27.09
By: Connie Thornton, Contracting Officer

Copy to:
Federal Security Director, JFK
Office of Security Technology

EXHIBIT C

Letter of Credit Terms and Conditions

For the purposes of subparagraph (a) of Paragraph 31 of the Supplemental Agreement (the "Agreement") between The Port Authority of New York and New Jersey (the "Port Authority') and Terminal One Group Association, L.P. (the "Lessee") to which this Exhibit C is attached, a ***'Letter of Credit'*** shall mean in the singular each of and ***'Letter of Credits'*** shall mean in the plural all of the letter of credits which may be delivered by the Lessee to the Port Authority as security for its obligations pursuant to the provisions of subparagraph (a) of Paragraph 31 of the Supplemental Agreement and which meet all of the requirements set forth:

The Lessee shall deliver or shall cause to be delivered to the Port Authority a clean irrevocable Letter of Credit issued by a banking institution satisfactory to the Port Authority and having its main office within the Port of New York District, in favor of the Port Authority in the amount of the demand by a *qui tam* person pursuant to the provisions of subparagraph (a) of Paragraph 31 of the Agreement. The form and terms of such Letter of Credit, as well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. If requested by the Port Authority, said Letter of Credit shall be accompanied by an opinion of counsel for the banking institution that the issuance of said clean irrevocable Letter of Credit is an appropriate and valid exercise by the banking institution of the corporate power conferred upon it by law. Each Letter of Credit shall provide that it shall continue until the last day of the sixth full calendar month occurring after the final adjudication, settlement or other resolution of such demand. Such continuance may be by provision for automatic renewal or by delivery to the Port Authority of a substitute letter of credit satisfactory to the Port Authority and meeting all the requirements set forth in this Exhibit C in an amount so that at all times until the final adjudication, settlement or other resolution of such demand the Port Authority shall have a Letter of Credit or Letters of Credit in the amount of such demand. Upon notice of cancellation of a Letter of Credit the Lessee agrees that unless, by a date twenty (20) days prior to the effective date of cancellation, the Letter of Credit is replaced by another Letter of Credit satisfactory to the Port Authority, the Port Authority may draw down the full amount thereof and thereafter the Port Authority will hold the same as security of the Lessee's obligations under subparagraph (a) of Paragraph 31 of the Agreement, as applicable until the final adjudication, settlement or other resolution of such demand. Failure to provide such Letter of Credit at any time until the completion of the Project and successful completion of the TSA EDS systems test conducted by the TSA, which is valid and available to the Port Authority, including any failure of any banking institution issuing any such Letter of Credit previously accepted by the Port Authority to make one or more payments as may be provided in such Letter of Credit shall be deemed to be a breach of the Supplemental Agreement or of the Terminal One Lease, as described in and pursuant to subparagraph (a) of Paragraph 31 of the Supplemental Agreement, on the part of the Lessee. No action by the Port Authority pursuant to the terms of any Letter of Credit, or receipt by the Port Authority of funds from any bank issuing any such Letter of Credit, shall be or be deemed to be a waiver of

any default by the Lessee under the terms of the Supplemental Agreement and all remedies under the Agreement of the Port Authority consequent upon such default shall not be affected by the existence of a recourse to any such Letter of Credit.

Initialled:

For the Port Authority

For the Lessee

EXHIBIT C

Letter of Credit Terms and Conditions

For the purposes of subparagraph (a) of Paragraph 31 of the Supplemental Agreement (the "Agreement") between The Port Authority of New York and New Jersey (the "Port Authority') and Terminal One Group Association, L.P. (the "Lessee") to which this Exhibit C is attached, a ***'Letter of Credit'*** shall mean in the singular each of and ***'Letter of Credits'*** shall mean in the plural all of the letter of credits which may be delivered by the Lessee to the Port Authority as security for its obligations pursuant to the provisions of subparagraph (a) of Paragraph 31 of the Supplemental Agreement and which meet all of the requirements set forth:

The Lessee shall deliver or shall cause to be delivered to the Port Authority a clean irrevocable Letter of Credit issued by a banking institution satisfactory to the Port Authority and having its main office within the Port of New York District, in favor of the Port Authority in the amount of the demand by a *qui tam* person pursuant to the provisions of subparagraph (a) of Paragraph 31 of the Agreement. The form and terms of such Letter of Credit, as well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. If requested by the Port Authority, said Letter of Credit shall be accompanied by an opinion of counsel for the banking institution that the issuance of said clean irrevocable Letter of Credit is an appropriate and valid exercise by the banking institution of the corporate power conferred upon it by law. Each Letter of Credit shall provide that it shall continue until the last day of the sixth full calendar month occurring after the final adjudication, settlement or other resolution of such demand. Such continuance may be by provision for automatic renewal or by delivery to the Port Authority of a substitute letter of credit satisfactory to the Port Authority and meeting all the requirements set forth in this Exhibit C in an amount so that at all times until the final adjudication, settlement or other resolution of such demand the Port Authority shall have a Letter of Credit or Letters of Credit in the amount of such demand. Upon notice of cancellation of a Letter of Credit the Lessee agrees that unless, by a date twenty (20) days prior to the effective date of cancellation, the Letter of Credit is replaced by another Letter of Credit satisfactory to the Port Authority, the Port Authority may draw down the full amount thereof and thereafter the Port Authority will hold the same as security of the Lessee's obligations under subparagraph (a) of Paragraph 31 of the Agreement, as applicable until the final adjudication, settlement or other resolution of such demand. Failure to provide such Letter of Credit at any time until the completion of the Project and successful completion of the TSA EDS systems test conducted by the TSA, which is valid and available to the Port Authority, including any failure of any banking institution issuing any such Letter of Credit previously accepted by the Port Authority to make one or more payments as may be provided in such Letter of Credit shall be deemed to be a breach of the Supplemental Agreement or of the Terminal One Lease, as described in and pursuant to subparagraph (a) of Paragraph 31 of the Supplemental Agreement, on the part of the Lessee. No action by the Port Authority pursuant to the terms of any Letter of Credit, or receipt by the Port Authority of funds from any bank issuing any such Letter of Credit, shall be or be deemed to be a waiver of

any default by the Lessee under the terms of the Supplemental Agreement and all remedies under the Agreement of the Port Authority consequent upon such default shall not be affected by the existence of a recourse to any such Letter of Credit.

Initialled:

For the Port Authority

For the Lessee

Form - All-Purpose Ack. N.Y.

(Port Authority Acknowledgment)

STATE OF New York)
) ss.
COUNTY OF New York)

On the 19th day of March in the year 2012, before me, the undersigned, a Notary Public in and for said state, personally appeared David Kagan, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity as Assistant Director for the **Port Authority of New York and New Jersey**, and that by his/her/their signature on the instrument, the individual, or the person upon behalf of which the individual(s) acted, executed the instrument.

Michael F. Schmidt
(notarial seal and stamp)

MICHAEL F. SCHMIDT
Notary Public, State of New York
No. 01SC6118149
Qualified in New York County
Commission Expires November 1, 20 12

(Lessee Acknowledgment)

STATE OF NEW YORK)
) ss.
COUNTY OF QUEENS)

On the 8TH day of FEB in the year 2012 before me, the undersigned, a Notary Public in and for said state, personally appeared ARTHUR J. MOLINS, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity as CEO, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Marie E. Di Cocco
(notarial seal and stamp)

MARIE E DICOCCO
Notary Public, State of New York
No 01DI6122325
Qualified in Queens County
Term Expires February 7, 2013

THIS SUPPLEMENTAL AGREEMENT SHALL NOT BE BINDING
UPON THE PORT AUTHORITY UNTIL DULY EXECUTED
BY AN EXECUTIVE OFFICER THEREOF AND
DELIVERED TO THE LESSEE BY AN AUTHORIZED
REPRESENTATIVE OF THE PORT AUTHORITY

John F. Kennedy International Airport
Port Authority Lease No. AYC-190
Supplemental Agreement No. 9

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT ("**Supplement No. 9**" or this "**Supplemental Agreement**"), made as of July 1, 2012 (the "**Effective Date**"), by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (the "**Port Authority**") and TERMINAL ONE GROUP ASSOCIATION, L.P., a New York limited partnership (the "**Lessee**") whose general partner is Terminal One Management, Inc., a New York corporation,

WITNESSETH, That:

WHEREAS, by an agreement of lease dated as of July 13, 1994 (as such lease has heretofore been supplemented and amended, the "**Lease**") the Port Authority let to the Lessee and the Lessee hired and took from the Port Authority certain premises (the "**Premises**") at John F. Kennedy International Airport (the "**Airport**"), all as more particularly described in the Lease; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects;

NOW, THEREFORE, for and in consideration of the covenants and agreements herein contained, the Port Authority and the Lessee hereby agree, effective as of the date of this Supplemental Agreement, as follows:

1. Partial Surrender.

(a) Effective at 12:01 o'clock a.m. on the Effective Date (for purposes of this Section, the "**Surrender Date**") the Lessee has granted, bargained, sold, surrendered and yielded up and does by these presents grant, bargain, sell, surrender and yield up unto the Port Authority, its successors and assigns, forever, the portion of the Premises shown in diagonal hatching in Detail III on the drawing attached as Exhibit A to this Supplemental Agreement (such portion of the Premises, the "**Surrendered Premises**") and the term of years with respect thereto under the Lease yet to come, and has given, granted, surrendered and by

these presents does give, grant and surrender to the Port Authority, its successors and assigns, all the rights, rights of renewal, licenses, privileges and options of the Lessee granted by the Lease with respect to the Surrendered Premises, all to the intent and purpose that the said term under the Lease and the said rights of renewal, licenses, privileges and options may be wholly merged, extinguished and determined on the Surrender Date, with the same force and effect as if the said term were in and by the provisions of the Lease originally fixed to expire on the Surrender Date,

TO HAVE AND TO HOLD the same unto the Port Authority, its successors and assigns forever.

(b) The Lessee hereby covenants on behalf of itself, its successors and assigns that (x) it has not done or suffered and will not do or suffer anything whereby the Surrendered Premises or the Lessee's leasehold therein, has been or shall be encumbered as of the the Surrender Date in any way whatsoever; (y) the Lessee is and will remain until the Surrender Date the sole and absolute owner of the leasehold estate in the Surrendered Premises and of the rights, rights of renewal, licenses, privileges and options granted by the Lease with respect thereto and that the same are and will remain until the Surrender Date free and clear of all liens and encumbrances of whatsoever nature; and (z) the Lessee has full right and power to make this Agreement.

(c) All promises, covenants, agreements and obligations of the Lessee with respect to the Surrendered Premises which under the provisions thereof would have matured upon the date originally fixed in the Lease for the expiration of the term, or upon the termination of the Lease prior to the said date, or within a stated period after expiration or termination, shall, notwithstanding such provisions, mature upon the Surrender Date and shall survive the execution and delivery of this Supplemental Agreement.

(d) The Lessee has released and discharged and does by these presents release and discharge the Port Authority from any and all obligations of every kind, past, present or future on the part of the Port Authority to be performed under the Lease with respect to the Surrendered Premises. The Port Authority does by these presents release and discharge the Lessee from any and all obligations on the part of the Lessee to be performed under the Lease with respect to the Surrendered Premises for that portion of the term subsequent to the Surrender Date; it being understood that nothing herein contained shall release, relieve or discharge the Lessee from any liability for rentals

or for other charges that may be due or become due to the Port Authority for any period or periods prior to the Surrender Date, or for breach of any other obligation on the Lessee's part to be performed under the Lease for or during such period or periods or maturing pursuant to the foregoing paragraph, nor shall anything herein be deemed to release the Lessee from any liability for rentals or other charges that may be due or become due to the Port Authority for any other portion of the Premises or for the breach of any other obligation on the Lessee's part to be performed under the Lease.

(e) Effective as of the Surrender Date, the "Premises" shall be deemed to refer to the premises shown on Exhibit A to this Supplement No. 9 to the Lease.

2. Amendment to Rental Provisions.

(a) Paragraph (a) of Section 6 of Supplement No. 3 to the Lease, as previously amended and restated, is hereby further amended and restated to read:

'6. (a) Subparagraph (2) of paragraph (a) of Subdivision I of Section 4 of the Lease, as previously amended, is hereby further amended by redenominating existing subparagraph (2) as sub-subparagraph "(2)(i)" and adding after such redenominated sub-subparagraph the following:

"(ii) Effective as of the Effective Date of Supplement No. 3 to the Lease (as defined therein) the annual basic rental, in the amount then in effect, shall be increased by adding thereto the amount of Ninety-Five Thousand Sixty-Three Dollars and No Cents ($95,063.00), and accordingly the Lessee hereby agrees and shall pay to the Port Authority effective as of said Effective Date basic rental at the annual rate of Two Million Nine Hundred Sixty-Seven Thousand Seven Hundred Ninety-Five Dollars and No Cents ($2,967,795.00) subject to increase as provided in paragraph (b) hereof."'

(b) Subparagraph (2) of paragraph (a) of Subdivision I of Section 4 of the Lease, as previously amended, is hereby further amended by the addition after sub-subparagraph (2)(ii) of the following new sub-subparagraph (iii):

"(iii) Effective as of the Effective Date of Supplement No. 9 to the Lease (as defined therein) the annual basic rental shall be decreased to Three Million Eight Hundred Ninety-Seven Thousand Three Hundred Seventeen Dollars and No Cents ($3,897,317.00), and accordingly the Lessee hereby agrees and shall pay to the Port Authority, effective as of the said Effective Date, basic rental at such annual rate, subject to increase as provided in paragraph (b) hereof."

3. As hereby amended, all of the terms, covenants, provisions, conditions and agreements of the Lease shall be and remain in full force and effect.

4. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation and execution of this Supplemental Agreement.

5. No Commissioner, officer, agent or employee of the Port Authority shall be charged personally by the Lessee with any liability or held liable to it under any term or condition of this Supplemental Agreement, or because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Supplemental Agreement shall be binding upon the Port Authority unless expressed in writing herein.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first written above.

ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

David Kagan
(name) Assistant Director
(title) Business, Properties & Airport Development

TERMINAL ONE GROUP ASSOCIATION, L.P.

ATTEST:

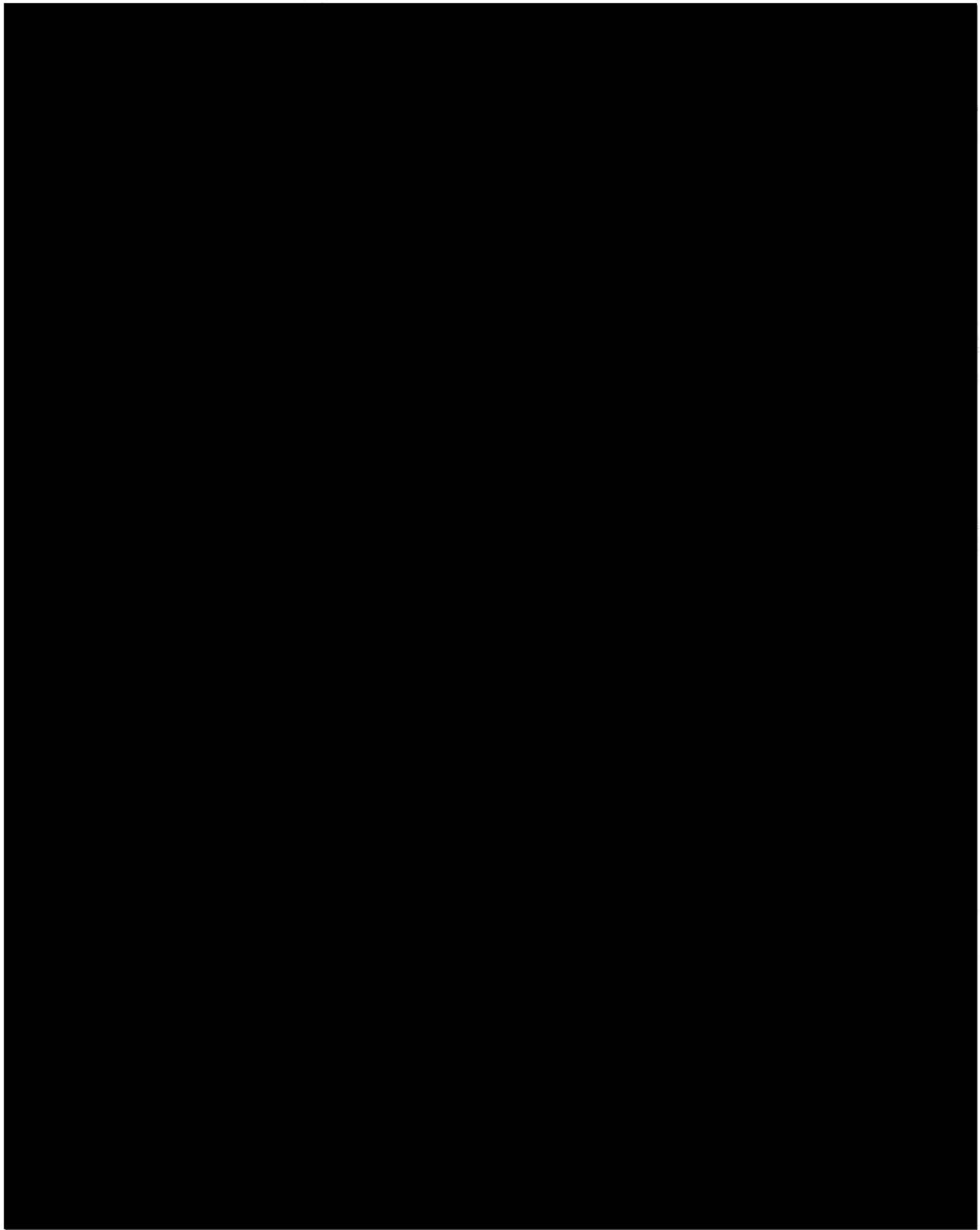
Secretary
JOSEPH O. GUTIERREZ
CFO & SECRETARY

By: **TERMINAL ONE MANAGEMENT, INC.**
General Partner

By _____
(name) ARTHUR J. MOLINS
(title) CEO

(Seal)

Port Authority Use Only	
Approval as to Terms:	Approval as to Form:
	JJL



ACKNOWLEDGEMENT

FOR THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

STATE OF NEW YORK)
)ss.
COUNTY OF NEW YORK)

On the 19th day of December in the year 2012, before me, the undersigned, a Notary Public in and for said state, personally appeared David A. Kagan, Assistant Director, Business and Properties, of the Aviation Department of THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

MICHAEL F. SCHMIDT
Notary Public, State of New York
No. 01SC6118149
Qualified in New York County
Commission Expires November 1, 2016

ACKNOWLEDGEMENT

FOR THE LESSEE

STATE OF NEW YORK)
)ss.
COUNTY OF QUEENS)

On the 20TH day of NOVEMBER in the year 2012, before me, the undersigned, a Notary Public in and for said state, personally appeared ARTHUR J. MOLINS, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Marie E. DiCocco
Notary Public

MARIE E. DICOCCO
Notary Public, State of New York
No 01DI6122325
Qualified in Queens County
Term Expires February 7, 2013