JOHN F. KENNEDY INTERNATIONAL AIRPORT – FEDERAL EXPRESS CORPORATION – HANGAR 6 AND BUILDING 262 – NEW LEASE

It was recommended that the Board authorize the Executive Director to enter into a lease agreement with Federal Express Corporation (FedEx) for the letting of approximately 300,000 square feet of warehouse and office space and approximately 37 acres of associated land at Hanger 6 and Building 262 at John F. Kennedy International Airport (JFK), for the operation and maintenance of an express package and cargo operation. The lease would be for a five-year period, commencing on or about November 1, 2008, with an option, upon mutual consent of the parties, to extend the lease for an additional five-year period, through October 31, 2018.

FedEx would spend approximately $2 million for leasehold improvements that would include the replacement of cargo bay doors, building siding, lighting upgrades and the replacement of the roof. FedEx would be obligated to perform all of the upgrades by the third anniversary of the commencement of the lease. If FedEx failed to do so, the Port Authority would have the right to assess an additional rental equivalent to the difference between the amount expended by FedEx and $2 million.

Over the initial five-year term under the lease, FedEx would pay to the Port Authority approximately $43.3 million total rental, and would pay to the Port Authority an additional $52.4 million in rental if the parties exercise the five-year extension option. Neither the Port Authority nor FedEx would have the right to terminate the lease agreement without cause.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Chasanoff, Coscia, Hochberg, Holmes, Mack, Pocino, Sartor, Silverman 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 a lease agreement with Federal Express Corporation to operate and maintain an express package and cargo operation at Hangar 6 and Building 262 at John F. Kennedy International Airport, substantially in accordance with the terms outlined to the Board; and it is further.
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> **RESOLVED,** that the form of the foregoing lease agreement shall be subject to the approval of General Counsel or his authorized representative.