

August 8, 2014

SUBJECT: REQUEST FOR PROPOSALS FOR THE DEVELOPMENT, LEASING, MANAGEMENT AND OPERATION OF A HOTEL INCORPORATING THE TWA FLIGHT CENTER AT JOHN F. KENNEDY INTERNATIONAL AIRPORT (RFP #38826)

Dear Proposer:

The Port Authority of New York and New Jersey (Authority) hereby invites real estate developers and hotel owners/operators (Proposers) to respond to this Request for Proposals (RFP). This RFP is part of a process to identify a development team (Developer) capable of completing an adaptive reuse of the landmark Trans World Airlines Flight Center, Building #60 (Flight Center), located at John F. Kennedy International Airport (Airport), as a high-quality hotel (Hotel) that is economically viable and respects the historic significance of this property.

To accomplish the redevelopment, the Authority is seeking a Developer to lease the Flight Center under a long-term lease for financing, planning and design, brand-selection (if applicable), rehabilitation/restoration/construction, management, operation, and marketing of the proposed Hotel. The Developer will have sole responsibility for obtaining all equity and debt necessary for the project. All conveyances and other financing must be subordinated to the Authority's interest as landlord under the lease.

Proposers may collaborate with other entities as required to complete the Hotel project. Historic preservation and other technical consultants may participate on more than one Proposer's team. Only one submission from each Proposer will be accepted.

The RFP documents, which include this letter, are organized as follows:

RFP Letter - Project description, submission requirements, and selection criteria

Attachment A - Background information about the site and project

Attachment B - Agreement on Terms of Discussion

[Attachment C - Development Pro Forma](#)

[Attachment D - Sample Flight Center Lease](#)

[Exhibit I, Ia, Ib - Non-Disclosure Agreement, Electronic Portal Access Form, and Reading Room Guidelines](#)

Exhibit II - Conflict of Interest Disclosure Statement

Exhibit III - Certification of No Investigation

Exhibit IV - Exterior and Interior Design Views

Exhibit V - List of Available Documents

I. PROJECT DESCRIPTION

The Authority is seeking a creative and innovative hotel development that respects, and enhances, the historic significance of the Flight Center as an international icon of visionary architecture. The Flight Center is designated as a landmark by the City of New York and is listed on the National and State Registers of Historic Places. The scope and size of the proposed redevelopment must be in accordance with the terms of the Memorandum of Agreement (MOA) among the Authority, the Federal Aviation Administration, the New York State Historic Preservation Office and the Advisory Council on Historic Preservation (See Exhibit V, item 5). Considering the Flight Center's location within the Central Terminal Area (CTA) of the Airport, the Authority seeks a high-quality development that is consistent with its recent investment to rehabilitate and restore portions of the building and with other major redevelopment activities at the Airport.

It is preferred that completion of design and construction occur within 24 months from execution of all required agreements (See Attachment D, Sample Flight Center Lease). The selected Developer must develop and operate the Hotel consistent with the Authority's sustainability goals by minimizing, offsetting and/or eliminating carbon contributions from Hotel activities.

II. PROPOSAL FORMAT REQUIREMENTS

To respond to this RFP, Proposers must submit a concise proposal complying with the following format requirements:

- A. To be acceptable, proposals must be single-sided (except as noted otherwise) using 12-point or greater font size and no more than 100 pages in length, not including any resumes, reference letters, renderings, pro forma, or financial statements. Individual sheet size must not exceed 11" by 17". Brochures or other promotional materials should not be included. Pages must be numbered and bound or placed in a 3-ring binder, with the Proposer's full name, and **RFP Number 38826** clearly indicated on the cover.
- B. Each section of the proposal shall be separated with a tab divider that is labeled in accordance with the requirements specified below in Section III.
- C. All proposals must be delivered in sealed containers addressed to: The Port Authority of New York and New Jersey, Two Montgomery Street, 3rd Floor, Jersey City, NJ 07302, Attention: RFP Custodian. Proposals shall not be addressed to any other name. One (1) reproducible original, clearly labeled "Original Proposal Package," and twenty (20) hard copies shall be submitted. In addition, two (2) electronic copies of the proposal shall be submitted on a USB flash drive or compact disc, which shall include a working Excel model of the Pro Forma and AutoCAD files requested in this RFP. In case of conflict, the reproducible original of the proposal will take precedence over material on the flash drive or compact disc.

The Authority requests that all documents submitted be in a form that can be easily recycled (i.e., no plastic covers or binding), and that all supporting literature be in direct response to the RFP.

- D. Each submission to the Authority, including all electronic and hard copies, must indicate the Proposer's **FULL LEGAL NAME WITHOUT ABBREVIATIONS**. Failure to comply with this requirement may delay or even preclude the proposal from being considered, and any such result will be the responsibility, and at the risk, of the Proposer.
- E. Proposals should be forwarded in sufficient time so that the Authority receives them no later than 2:00 p.m. on September 23, 2014. The cover of your proposal must include the RFP Number (as stated above) and the RFP title.
- F. The Authority assumes no responsibility for delays caused by any delivery services. For submissions delivered by messenger, it should be noted that only individuals with photo identification will be permitted access to the Authority's offices. Messengers without proper identification will be turned away and their packages not accepted.

III. PROPOSAL CONTENT REQUIREMENTS

The Authority requires a complete response to each item below, and reserves the right to deem a proposal non-responsive if the Authority determines, in its sole discretion, that a proposal is incomplete. The Proposer's team members must be disclosed and are subject to review and approval by the Authority. Unless subsequently modified in writing, proposal contents must include the following information:

General:

In the front of your proposal, a copy of Attachment B (Agreement on Terms of Discussion) signed by a duly authorized officer of your firm. If the Proposer is a joint venture, an authorized representative of each party shall sign a copy of Attachment B.

A. Developer/Owner

- 1. Structure of Ownership Entity/Ground Lessee – A description of the proposed ownership structure of the Proposer shall include, but not be limited to:
 - a. A description of the Proposer's ownership entity (ground lessee), each of its partners/members and percentage ownership of each party;
 - b. An organization chart illustrating the relationships between the various partners/members;
 - c. A statement identifying the owner's managing individual(s), principal partner(s), and/or co-venturer(s); and
 - d. A resume of the owner's intended lead manager/contact person for this project. All joint venture Proposers must provide documentation of their legal status (or documentation of its pending status). If the qualifications package is submitted by a joint venture that has not been established as a distinct legal entity (a "common

law joint venture”), each participant of the joint venture shall be held jointly and severally liable and must individually execute and perform all acts required by the RFP. Documents signed by a common law joint venture in connection with a submission shall include the names of all participants of the joint venture followed by the words “acting jointly and severally.”

2. Hotel Development and Ownership Experience – Demonstrate experience in the development and ownership of hotels. Submittals will be considered from Proposers (its principals, members and partners, collectively or individually) exhibiting experience in the following areas:
 - a. Real estate development business, highlighting the rehabilitation and development of hotels during the last ten (10) years and the number of rooms in each property, date completed and total project cost; and
 - b. Current ownership of hotels, representing over 200 rooms in aggregate, of a similar service and quality level to the proposed Hotel in a major metropolitan city(ies) or at a major international airport(s).
3. Historic Restoration Experience – Provide details of any relevant experience with historic restoration, or adaptive reuse, projects of similar size, scope and complexity. Highlight any projects involving properties listed in the National Register of Historic Places, locally designated landmarks or historically significant buildings, as well as the strategy employed to integrate improvements within existing historic structures.
4. Hotel Financing Experience – Demonstrate a history of successful financing for similar projects by providing the following information:
 - a. Summaries of the financial structures of past projects indicated in 2(a) above;
 - b. Two (2) reference letters from banking/financial institutions for the ownership entity;
 - c. Three (3) years of certified financial statements for the ownership entity (if an ownership entity has been or will be formed specifically for this Hotel project, the financial statements for each constituent entity); and
 - d. Any other documentation attesting to the Proposer’s ability to finance the Hotel.

B. Hotel Management Company/Franchise Affiliation

Provide the following:

1. A description of the hotel management company and its relevant qualifications and experience in managing and operating hotels of the type proposed, highlighting any experience with operating hotels: in a major metropolitan city(ies), at a major international airport(s), and/or in a historic landmark building(s);
2. A resume of the management company’s intended lead manager for this project.
3. A description of the Hotel's proposed franchise affiliation (if any), including a letter of interest in the Hotel project from the proposed franchisor; and
4. A description of the hotel management company’s experience (or the experience of

other hotel management professionals on the team) with the proposed franchise affiliation (if applicable).

C. Design Team

1. Provide a description of the relevant experience of the design team in designing projects of similar size, scope and complexity, including the dollar value of each project identified. The design team must have experience in the design of adaptive reuse projects for historic buildings. Highlight in the description of experience any projects involving historic buildings and demonstrate relevant experience with any of the following areas:
 - a. Mid-century Modern landmarks
 - b. The design of significant historic interior and exterior restoration
 - c. Cast-in-place construction
 - d. Egress and life safety design within historic buildings
 - e. Integration of engineering systems within history buildings
 - f. Specification of long-term maintenance programs for landmark buildings
 - g. Working with the New York State (or other state) Historic Preservation Office and/or the Advisory Council on Historic Preservation
2. Provide a resume for the design team's project director. Note that the proposed architect or engineer of record must be licensed in New York State.

D. Historic Restoration Consultant(s)

Demonstrate the relevant experience (and specific role), and qualifications of the historic restoration consultant(s) in projects of similar size, scope and complexity, including the dollar value of each project, where applicable. Include a resume of the intended lead consultant for this project. Highlight projects within the last ten (10) years, demonstrating experience with the following:

1. The design and construction of restoration and/or modifications to landmarked buildings, and knowledge of state and federal guidelines for renovating historic buildings;
2. Advising on the long-term maintenance of a landmark building, describing the type of facility, location, and length/nature of contribution;
3. Experience working with the New York (or other) State Historic Preservation Office and/or the Advisory Council on Historic Preservation; and
4. Relevant experience with any of the following areas:
 - a. Mid-century Modern landmarks;
 - b. Consulting, as part of a design team, on the appropriateness of design interventions, and
 - c. Consulting on the integration of exterior improvements which may affect the

historic aspects of a structure, including lighting, signage, rooftop mechanical equipment, skylights, and appurtenances.

E. Construction Firm(s)

Provide the following:

1. A description of the relevant experience and qualifications of the construction firm(s) in building and renovating hotel projects of similar size, scope and complexity, including a statement of the dollar value of such projects, where applicable; and
2. The construction manager's resume, demonstrating qualifications for and experience with building and renovating hotel projects of similar size, scope and complexity, including the dollar value of such projects and references for any experience with historically significant buildings. Please also highlight any specific hotel projects completed in the last 5 years valued at or above \$30 million.

F. Engineering Firm(s)

Provide the identity of the Mechanical, Structural, and Geotechnical (if applicable) Engineering firms and the intended leads on this project. Include a description of their relevant experience and qualifications in projects of similar size, scope and complexity.

G. Design and Construction:

The proposed design concept must be detailed in a design narrative, as well as two-dimensional plans and three-dimensional (3-D) renderings, showing the relationship of new construction to the Flight Center, surrounding airport structures, and roadways. It should be appropriate in its scale, location and materials to the historic building. While it is not necessary to replicate the historic building, design interventions must be compatible with the Flight Center. In addition, the design should retain the key character defining features of the Flight Center, including the restored central lobby, pedestrian bridges and the principal building façades.

1. Submit a narrative of the design concept, and describe the technical approach to the development program, engineering design of the structure, and foundation for new construction, enabling the Authority to determine the overall extent to which the proposed project meets the objectives set forth in this RFP. This must include a detailed description of the following:
 - a. the type of hotel (limited-, select-, or full-service), proposed chain affiliation (if any), the proposed total square footage, the number and type of hotel rooms, square footage of facilities, proposed amenities and plans for back-of-the-house space;
 - b. the proposed improvements to, and use of, the interior historic portions to be restored, modifications, if any, to the restored portions of the building, the treatment of the existing exterior of the building, and any proposed new construction both inside and outside of the existing structure;

Note: Using public spaces or dedicated meeting rooms for banquets or events is permitted in the Flight Center, however code and sensitivity to passenger flow through the main space as well as maintaining the historic aspects of the space will be taken into consideration when evaluating the proposer's concept.

- c. the technical approach to restoration of the TWA Flight Center with regard to treatment, materials and workmanship;
 - d. any proposed new space, or any changes to the elevations, massing, exterior materials, streetscape and landscape, identifying changes to the historic scene or setting of the landmark structure. In addition, describe any additions or removal of signage, lighting, entrances, loading and service docks, skylights and other roof modifications.
 - e. how the proposed project is consistent with the MOA, including compliance with the Secretary of the Interior's Standards for the Treatment of Historic Properties.
 - f. sustainable building practices that shall be incorporated into the project, including the development, construction and operation of the building.
 - g. building systems upgrades or other changes required to the existing structure, including mechanical, electrical, life safety, and other systems;
 - h. a projection of the number of on-site and off-site parking spaces required to accommodate guests and employees for the proposed Hotel operation. Any hotel parking at airport lots (other than on the Flight Center site) would entail a separate fee to the Port Authority to be negotiated.
4. Submit visual representations of the design concept, including the following:
- a. A set of conceptual floor plans, sections and exterior elevations to illustrate the proposed design. Provide these on 11" by 17" paper and in a Computer-aided design (AutoCAD) file in Design Web Format (DWF) format.
 - b. At a minimum, a set of high quality, 3-D color renderings of the proposed design, including the required exterior and interior locations indicated in Attachment A-1, Section II, item 4. The 3-D illustrations should identify the Flight Center in its setting and context, including street level and aerial views of the structure, exterior materials, streetscape and landscape plans, entry features and signage. Provide these on 11" by 17" paper and in a Computer-aided design (AutoCAD) file in Design Web Format (DWF) format.
 - c. Additional renderings should include typical guest room floor plans, interior public space layouts and site plans, showing interfaces with other existing or planned facilities.

Note: The Authority may require a 3-D animation "flyover" of the building and interior walkthrough at a future time to address specific landmark concerns.

H. Construction Budget:

Provide a budget indicating a cost estimate of the conceptual design and construction

costs (including breakdown of hard costs, FF&E and soft costs), exclusive of debt service.

I. Project Schedule:

Prepare a project schedule indicating the proposed design, construction and operating sub-tasks, and milestones. Include the following with the project schedule:

1. A description of the phasing of construction. There is a desire to open the Flight Center to the public and it should be indicated when this can happen during or after the construction. Since the construction site is in close proximity to other airport facilities, phasing should account for operational constraints to certain construction activities that may affect vehicular access to those facilities during peak hours.
2. A statement setting forth all construction contingencies and risks, and their potential effect on the timeline.

J. Lease Term and Rentals:

A form of ground lease specific to the Flight Center is attached as Attachment D to the RFP. The Proposer should review and include with its proposal a redlined version showing all proposed changes to the form of ground lease in order to allow the Authority to determine the likelihood of coming to terms with the proposer within a reasonable time frame; this will be part of the evaluation criteria, as noted in Section IV. The Authority has spent a considerable amount of time preparing the form of ground lease specific to the Flight Center. The term of the actual ground lease agreement (Lease) subsequently entered into between the Authority and the selected Developer will be appropriate to permit the acquisition of sufficient financing to support the development proposal approved by the Authority. The Airport, including the Flight Center site, is currently leased by the Authority from the City of New York pursuant to a ground lease that expires in 2050 (City Lease) (Exhibit V, item 4.) The Lease could have a term of up to 75 years, subject to the expiration or earlier termination of the underlying City Lease. However, to assure its continuing ability to lease the Hotel after 2050, the Developer would have to enter into an “Agreement to Enter into Lease” with the City of New York, which would probably involve a “ULURP”. The Authority reserves the right to modify or add provisions to Attachment D.

The Authority expects fair market value of the land to be achieved from the present value of proposed rentals, including additional participation in the gross proceeds of refinancings and sales of the project, and sales of direct and indirect equity interests in the Lessee, to provide the Authority with a share of the financial project upside. The estimate of present value to the Authority will consider the level of risk associated with the source of each type of rental payment.

Considering the above, provide a full description of the proposed Lease rental terms, including each of the following items:

1. The proposed initial term and any optional renewal terms of the Lease.
2. A statement as to whether or not the term of the underlying City Lease (expiring in 2050) will be an issue and how it may affect the Proposer’s ability to finance the project versus requesting an extension from the City for a total of a 75-year lease term.
3. The timing and amount of all payments to the Authority during the construction

period. Specify whether these are a fixed dollar amount, based on construction progress, or some other calculation.

4. The timing and amount of regular lease payments to the Authority subsequent to the Hotel opening. These payments must include, at minimum, a fixed annual amount with regular escalations to reflect inflation (i.e., MAG).
5. A description of the following additional rental payments which the Authority expects to receive, including participatory rentals to compensate the Authority for increases in value of the property over the term of the Lease:
 - a. A statement of annual participation payments over the term of the Lease, preferably based on a percentage of gross revenue, and
 - b. A statement of participation in the gross proceeds of refinancing and sales of the Hotel project, and sales of direct and indirect equity interests in the Lessee.
6. Specify any contingencies pertaining to any proposed form of rental payment (e.g., commencement or completion of construction, etc.).
7. The Port Authority is capital constrained, has already invested over \$20 million in the Flight Center and is not expecting to invest additional funds. However, if the only means to achieve project feasibility is the infusion of additional capital by the Port Authority, the amount should be detailed in the sources and uses, with a justification of need for the required capital and the impact on the IRR. Describe the terms of the required investment from the Port Authority (grant, loan term and interest rate, etc.)

K. Financial Information and Plan:

1. Complete Attachment C, Development Pro Forma (Pro Forma), as required to enable the Authority to evaluate Proposer cost estimates and returns to the Authority. This information must be prepared in Microsoft Excel format. The model prepared by the Proposer shall be in the format of Attachment C, and shall include all information requested therein. The Proposer is responsible for ensuring the accuracy and correctness of any Pro Forma model, or any other financial information submitted, whether or not it is based on the model included herewith as Attachment C. (The hard copies must be submitted in separate sealed envelopes clearly labeled "DEVELOPMENT PRO FORMA." The working Excel models must be included with the other electronic files on a USB flash drive or compact disc, as noted in Section II.)

The Pro Forma must include the following information:

- a. A 10-year annual Pro Forma model commencing on the estimated start date of January 1, 2016, which will also be the estimated Lease commencement date. Include a breakdown of all hard and soft costs, the financing costs, as well as the timing and amount of all construction costs, construction loan draw-down schedule, anticipated revenue sources, operating and other expenses, other deductions from revenue, and debt service.
- b. A summary of the estimated operating income and expense assumptions for the

stabilized year in 2014 dollars, as shown in Attachment C. The following shall be clearly indicated in the following: year in which stabilization is anticipated to occur, the assumption for inflation of each line item, and the basis for each assumption using typical industry standards as follows:

- i. POR – per occupied room
- ii. PAR – per available room
- iii. % Room – percent of room revenues
- iv. % – percent of departmental revenue
- v. % Total – percent of total revenues
- vi. Total dollar amount

If some other basis for calculation is used, it should be clearly stated. If the Proposer does not utilize the model provided in Attachment C, any items forecasted on a POR or PAR basis should include the constant dollar and inflated dollar amounts.

- c. Detailed assumptions for the estimated present value of all rentals to the Authority, including fixed annual payments, annual participation in gross revenues, and share of proceeds of refinancings and sales (including sales of direct and indirect equity interests in the Lessee). Each type of income stream to the Authority will involve a unique level of risk to the Authority. As such, assign a unique discount rate reflecting the appropriate level of risk associated with that type of payment (e.g., fixed payments, annual participation in gross revenues, share gross proceeds, etc.).
2. Provide a financing plan, enabling the Authority to evaluate the Proposer’s financial strength and ability to obtain equity and debt financing for the project. Provide reasonable assurance of the Developer’s ability to deliver the proposed Hotel development within the expected timeframe. The selected Developer will have sole responsibility for obtaining all equity and debt necessary for the project. The financing plan must include the following:
 - a. A description of the intended sources and amount of equity for the proposed project, including a contact person, mailing and email addresses, and phone number for each intended source of equity.
 - b. A description of the intended sources and amount of debt financing. If available, provide a letter of commitment or interest from all persons or entities providing any debt for the proposed project.
 - c. A statement disclosing whether or not the Proposer intends to utilize any public development programs, historic property preservation/renovation programs, or federal/state tax benefit programs. If applicable, describe how and the extent to which the Proposer intends to utilize such programs or tax benefits.
 - d. If the developer requires additional investment by the Port Authority (as described in J. 7), provide the reasons and justification, including use of funds.

Note: If requested the selected Developer must be prepared to provide more detailed information concerning the sources of financing and the certainty of their commitments to the project.

L. Business Opportunities for M/WBE, LBE/LEO and ACDBEs:

Submit participation plans demonstrating a good faith effort to achieve the goals for each effort (M/WBE and ACDBE) described below. Treating each effort separately, provide a plan with the following information:

1. Identification of M/WBEs and ACDBEs: Provide the names and addresses of all M/WBE and ACDBEs with which you intend to collaborate. If none are identified, describe the process for selecting participant firms/individuals in order to achieve the good faith goals as they will be established in the Lease between the Authority and the selected Developer.
2. Level of Participation: Indicate the expected percentage of participation achieved under each plan.
3. Scope of Work: Describe the scope of work to be performed by the M/WBEs and ACDBEs.
4. Previous Participation: Describe, for informational purposes, any previous or current experience with M/WBE and ACDBE participation in executing services similar to this project.
5. Minority-/Women-Owned Business Enterprises (M/WBE) – The Authority has a long-standing practice of making its business opportunities available to M/WBE. In addition, the Authority has taken affirmative steps to encourage such firms to seek business opportunities with the Authority and its tenants and contractors. The selected Developer will make a good faith effort to include 12 percent participation by MBEs and five percent participation by WBEs in all construction, procurement, subcontracting and ancillary service opportunities associated with the leasehold as defined in Schedule E of Attachment D.
6. Airport Concession Disadvantaged Business Enterprise (ACDBE) – In accordance with regulations of the U.S. Department of Transportation 49 Code of Federal Regulations (CFR) Part 23, the Authority implemented a ACDBE program under which qualified firms may have the opportunity to operate an on-airport business. The selected Developer will be subject to the requirements of 49 CFR Part 23 and, to the extent feasible, to the Authority’s established ACDBE participation goal of 17 percent for this project, as measured by the total estimated annual gross receipts from concession operations and further defined in Schedule G of Attachment D.

Note: The Authority also requires that the selected Developer make a good faith effort to maximize the participation of Local Business Enterprises (LBE) in the Contract Work on this project, as well as make employment opportunities available to labor talent from the communities surrounding the airport, referred to as Local Employment Opportunity (LEO). For the purposes of this project, the local community is defined as individuals or businesses within the County of Queens,

NY and as defined in Schedule F of Attachment D.

M. Conflict of Interest Disclosure:

Exhibit II, which indicates that if the Proposer or any employee, agent or subcontractor may have, or may give the appearance of, a possible conflict of interest, the Proposer must include in its submission, a statement indicating the nature of the conflict or possible conflict. If applicable, the Proposer must describe measures it will implement to minimize or eliminate a conflict of interest.

N. Certification Statement

Exhibit III, which includes clauses entitled “Certification of No Investigation (Criminal Or Civil Anti-Trust), Indictment, Conviction, Debarment, Suspension, Disqualification and Disclosure Of Other Information” and “Non-Collusive Proposing, and Code of Ethics Certification; Certification of No Solicitation Based on Commission, Percentage, Brokerage, Contingent or Other Fees.” By submitting a proposal, the selected Developer will be deemed to have made the certifications contained therein unless a statement is included in its proposal explaining why any such certification(s) cannot be made. Such a submission must be submitted in a separate envelope along with the proposal, clearly marked “CERTIFICATION STATEMENT.”

IV. SELECTION PROCESS

The Authority reserves the right to disqualify the Proposer if the Authority, in its sole discretion, determines that any interest disclosed from any source could create, or give the appearance of, a conflict of interest. The Authority’s determination regarding any question(s) of conflict of interest will be final.

The Authority will review and evaluate proposals employing the following criteria. After evaluating submittals, the Authority may enter into negotiations with one or more Proposers deemed best suited to meet the project objectives.

Category 1 – Design and Construction

1. quality of the design concept, including its innovation and compatibility with the airport facility and local lodging market
2. technical approach to the restoration aspects of the project and consistency with the setting, historical context and conformance to the requirements of the MOA
3. qualifications and experience of the proposed mechanical, structural, and geotechnical (as applicable) engineering firms on projects of similar size, scope and complexity
4. commitment of the team to achieving the sustainable building goals and the extent to which they will be incorporated into the building recognizing that this is a historic rehabilitation and the greatest opportunity exists in the new hotel portions; and
5. approach to phasing the work and the schedule/timing for completing the improvements.

Category 2 - Developer/Owner

1. overall qualifications and experience of the team including the quality of prior hotels
2. commitment and amount of equity and debt financing.

Category 3 – Ground Lease Terms and Financial Proposal

1. terms of the proposed Lease, including the net present value of the proposed ground rents, any other payments to the Authority and the net impact of any funding requested from the Authority
2. feasibility of achieving projected cash flows as shown in its 10-year Pro Forma, including consideration of the overall project schedule, construction costs, the construction loan schedule, anticipated revenue sources, operating and other expenses, and debt service
3. appropriateness of all costs, including construction, operating and maintenance costs, capital reserves and labor costs (estimated to support the proposed Hotel's competitive position and quality of operations), as well as costs to maintain the restored historic portions of the landmark structure.

Category 4 – Hotel Management

1. technical approach for management, operations and marketing of the proposed Hotel
2. technical approach for the maintenance of the historic portions of the Flight Center

V. ORAL PRESENTATIONS

Proposers may be asked to conduct oral presentations to the selection committee and others, as appropriate. Presentations will be limited to one (1) hour and are to include the material contained in your proposal. The presentation will be followed by a question and answer session of approximately 45 minutes. The Proposer's ownership representative, who may be supported by no more than six (6) other senior staff members on this project, will lead the presentation. Provide the name, telephone, fax and e-mail address of the person who should be contacted for presentation scheduling, if applicable, as well as an alternate in the event that person is unavailable.

VI. PRE-PROPOSAL CONFERENCE AND SITE TOUR

A pre-proposal conference and site tour is scheduled at the Flight Center (directions to be provided upon attendance confirmation) on Tuesday, August 19, 2014, at 10:00 am. to discuss the project and tour all portions of the site. Proposers are strongly encouraged to attend the session. Team members capable of assessing site conditions and capital improvements required to complete construction are encouraged to attend.

To attend this site visit, Proposers are required to send a written request via e-mail to Laurie E. Spencer at the following e-mail address: lspencer@panynj.gov to confirm your attendance, including the Proposer's name, name(s) of attendee(s), and contact information of the one person from the Proposer's team to be notified of any changes in

the conference location or restrictions as to the number of attendees.

VII. DOCUMENT REVIEW

The Authority will make related documents available for review by the Proposer. These Documents listed in Exhibit V are considered “Proprietary Information” and shall only be made available to respondents to this RFP that have completed and submitted a copy of the Authority’s *Non-Disclosure Agreement*, Exhibit I. The documents will be made available via an electronic portal. To view the documents, send a scanned copy of the signed NDA to Laurie Spencer at lspencer@panynj.gov, along with a completed Electronic Portal Access Form, Exhibit Ia. By its review, the Proposer agrees that it will not use such documents for any purpose other than in response to this RFP and further agrees that it will not disseminate the contents of any documents to a third party. The original, signed NDA must be submitted, in person, or by mail, to The Port Authority of New York and New Jersey, Procurement Department, 2 Montgomery Street, 3rd Floor, Jersey City, NJ 07302, Attention: Laurie E. Spencer. The Port Authority Information Security Handbook referenced in Exhibit I can be found at <http://www.panynj.gov/business-opportunities/pdf/Corporate-Information-Security-Handbook.pdf>

In addition, for ease of review, the Authority will also make available for viewing in hard copy certain drawings in a “Reading Room” at the Airport. To make arrangements to visit the Reading Room, please contact Laurie Spencer at the email address above. Persons viewing documents in the Reading Room must comply with and sign the Reading Room Instructions attached herewith as Exhibit I-B, in addition to submitting the NDA as described above.

VIII. ADDITIONAL INFORMATION

A. Governmental Assessments

The proposed Hotel is located on land controlled by the Authority and therefore not subject to real property taxes. However, the selected Developer will be required to pay all appropriate governmental assessments, including recordation and transfer taxes, hotel room taxes, excises, license fees, levies, duties, and charges levied against the Hotel or its operation. The foregoing is not meant to be an exhaustive representation, but merely illustrative of the fact that the selected Developer will pay all governmental assessments necessary for it to conduct its business.

B. Performance Bond

The selected Developer must provide the Authority with a performance bond issued by a responsible surety company licensed to do business in the State of New York and satisfactory to the Authority. Such bond must guarantee construction of the leasehold improvements at the site and be in an amount not less than 100 percent of the cost of said improvements.

C. Environmental Remediation

1. The selected Developer will be responsible for the removal or remediation, to the extent required by law, of all hazardous substances including asbestos containing materials (including building basement locations and hazardous substances and asbestos-containing materials found within above and underground utilities disturbed or encountered during construction.) Requirements for removal and remediation will depend on the proposed restoration/construction plans in compliance with Tenant Alteration Application permit and applicable law.
2. The selected Developer, at its sole cost and at the expiration or termination of the Lease, will also be responsible for the remediation of any environmental condition not shown in the March 2010 Environmental Subsurface Baseline Report. (See Attachment D.)

D. Utility Contract and Effective Costs

Energy requirements for JFK are currently met by a 110 MW natural gas-fired cogeneration plant located on-airport, the Kennedy International Airport Cogeneration (KIAC) Plant. The agreements with KIAC's current operator will expire on January 31, 2020. Currently, KIAC is responsible for the operation and maintenance of the Plant, and for supplying all the electricity requirements to the entire Airport as well as the requirements for thermal energy to heat and cool the Airport's Central Terminal Area buildings. The Plant provides the Authority with electricity in the form of sold electricity (the Plant is not directly connected, electrically, to the Airport), and hot and chilled water for the Authority's own consumption and for resale to Airport tenants of the Authority. The Authority currently sub-meters and sub-bills Airport tenants for electricity and thermal energy purchased from the Plant. Electric rates charged to tenants are based on applicable rates that would otherwise be charged by the local regulated utility, Con Edison. Thermal energy rates are based on formulae established in the Authority's contract with the Plant's current operator. The Authority plans to identify an operator/developer to replace or rehabilitate or redesign, as well as operate and maintain the Plant for a new term to start on February 1, 2020 and end on or about January 31, 2040.

	Electricity <u>\$/kWh</u>	Thermal Heating <u>\$/MMBtu</u>	Thermal Cooling <u>\$/MMBtu</u>	Water <u>\$/Cubic ft.</u>
January	0.3040	43.8282	112.2184	0.099
February	0.2140	43.5431	111.3594	0.099
March	0.1590	37.7886	121.7205	0.099
April	0.1380	29.3375	113.4400	0.099
May	0.1640	28.3498	113.4677	0.099
June	0.1800	27.7296	112.4476	0.099

Note: energy service rates for January-March 2014 were significantly higher than expected due to the extreme cold weather. The cold weather impacted the natural gas supply and produced challenging electrical system conditions across New York State.

E. Requirements of the States of New York and New Jersey

It is Authority policy that its contractors, vendors and tenants comply with the legal requirements of the States of New York and New Jersey. Proposer's attention is therefore called to New York State's requirements that certain contractors, affiliates, subcontractors and subcontractors' affiliates register with the New York State Department of Taxation and Finance for the purpose of collection and remittance of sales and use taxes. Similarly, New Jersey requires business organizations to obtain appropriate Business Registration Certificates from the Division of Revenue of the State's Department of the Treasury.

Should you have any questions regarding this RFP, please e-mail them to Laurie E. Spencer at lspencer@panynj.gov. All such emails must have "**RFP No. 38826**" in the subject line. All questions should be submitted no later than 4:00 P.M. ten (10) business days prior to the proposal due date. Neither Ms. Spencer nor any other employee of the Authority is authorized to interpret the provisions of this RFP or enclosed documents or give additional information as to its requirements. If interpretation or additional information is required, it will be communicated by written addendum issued by the undersigned and such writing will form a part of this RFP or the enclosed documents, as appropriate.

Proposal preparation costs are not reimbursable by the Authority, and the Authority will have no obligation to any firm except under a duly authorized agreement executed by the Authority.

No rights accrue to any Proposer except under a duly authorized definitive agreement for performance of the specified services.

The Authority reserves the right, in its sole and absolute discretion, to reject any or all proposals, to undertake discussions and modifications with one or more Proposers to waive defects in submissions, and to proceed with that proposal or modified proposal, if any, which in its judgment will, under all the circumstances, best serve the public interest.

Sincerely yours,

Laurie E. Spencer
Manager, Alternative Project Delivery
Procurement

Attachments

ATTACHMENT A

DEVELOPMENT, LEASING, MANAGEMENT AND OPERATION OF A HOTEL INCORPORATING THE TWA FLIGHT CENTER AT JOHN F. KENNEDY INTERNATIONAL AIRPORT (RFP #38826)

BACKGROUND

The Port Authority of New York and New Jersey (the “Port Authority” or “Authority”) is an agency of the States of New York and New Jersey, created and existing by virtue of the Compact of April 30, 1921, made by and between the two States, and thereafter consented to by the Congress of the United States. It is charged with providing transportation, terminal and other facilities of trade and commerce within the Port District. The Port District comprises an area of about 1,500 square miles in both States, centering about New York Harbor. The Port District includes the Cities of New York and Yonkers in New York State, and the cities of Newark, Jersey City, Bayonne, Hoboken and Elizabeth in the State of New Jersey, and over 200 other municipalities, including all or part of seventeen counties, in the two States. The Authority manages and/or operates all of the region’s major commercial airports (Newark Liberty International, John F. Kennedy International, Teterboro, LaGuardia Stewart International, Atlantic City), marine terminals in both New Jersey and New York (Port Newark and Elizabeth, Howland Hook and Brooklyn Piers), and its interstate tunnels and bridges (the Lincoln and Holland Tunnels; the George Washington, Bayonne, and Goethals Bridges; and the Outerbridge Crossing), which are vital “Gateways to the Nation.”

The Airport is located on Jamaica Bay in the Borough of Queens, New York. It is the principal international airport in the New York metropolitan region, providing domestic and international passenger and air cargo services. The airport spans approximately 4,960 acres and includes the following principal facilities: two pairs of parallel runways; a central terminal area with seven passenger terminals, five of which contain Federal Inspection Services facilities for processing international passengers; 123 aircraft contact gates; and AirTrain, a light-rail transit system linking passenger terminals with each other and with public transit lines. For more information about JFK, please visit www.panynj.info.

The legal address of the Flight Center is John F. Kennedy International Airport, Building #60, Jamaica, New York, 11430. A site plan is included in the list of Supplemental Documents (see Section II below).

A. The Site

The 5.8-acre site is located in the eastern portion of the Central Terminal Area of John F. Kennedy International Airport in Jamaica, New York. It is adjacent to Terminal 5 and includes the former Trans World Airways Flight Center and the grounds around it. Airplanes operate at JFK 24 hours a day, 7 days a week, 365 days a year. The site is bounded to the east by Terminal 5 (JetBlue Airways Corporation) and to the west by access roads, the AirTrain Station and the Yellow Parking garage. Utilities are

available at the site, including electricity, gas, telephone, water and sewer service.

As indicated in the Area Map below, access to the site is from southbound Van Wyck Expressway via the ramp to the CTA. Hotel guests may also arrive at the property via the AirTrain system, which provides access to the passenger terminals, Manhattan and other points of interest throughout the area.

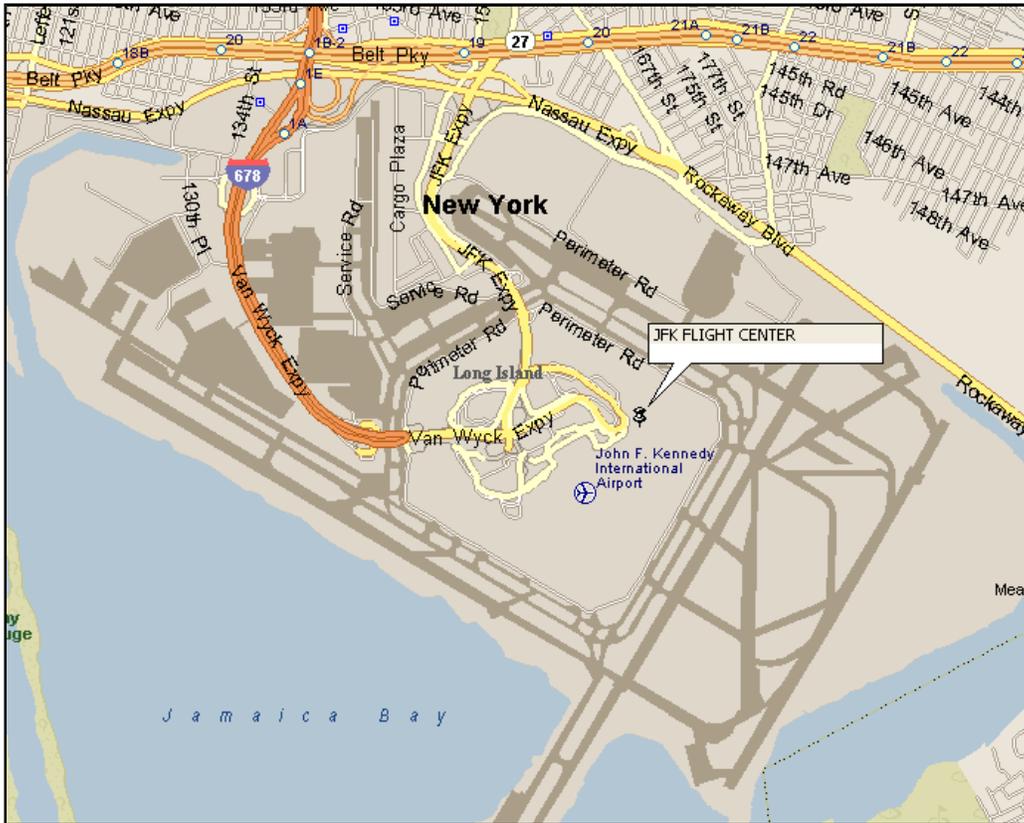
Since 2004, the AirTrain provides complimentary mass-transit access among the car rental area (Federal Circle), the eight passenger terminals and, for a \$5 fare, links with the Long Island Rail Road and New York City subway system. Travel time via the AirTrain and these public transit systems to Manhattan is less than one hour.

Parking for hotel guests and employees may be available in the existing parking lots located at the Airport and will be negotiated as part of the business terms of the final lease agreement with the selected Developer. A projection of the Proposer's parking needs is requested as part of this RFP.

Area Map



Neighborhood Map



B. History of the Flight Center

The Flight Center was designed for TWA in the late 1950s by Eero Saarinen, one of the preeminent architects of mid-20th century modernism in America. Saarinen's most significant projects include: the Flight Center in New York City, the Gateway Arch in St. Louis, Missouri; Dulles Airport in Chantilly, Virginia; and the CBS Headquarters in New York City. Opening in May 1962, the Flight Center was intended to be an expression of "the excitement of travel." This was one of Saarinen's last and most influential designs.

The building consists of four reinforced-concrete vaults separated by narrow skylights and supported on four reinforced-concrete buttresses, forming a shell 50 feet high and 315 feet long. Green-tinted glazed curtain walls are set within the vaults. The main building is flanked by wing-shaped single-story extensions on either side, which follow the curve of the roadway. Two elevated pedestrian connector bridges (Flight Tubes), constructed of steel framing with a stucco finish and oval in section, extend from the rear of the building and connect to Terminal 5.

The interior of the Flight Center is divided into three levels and contains many curvilinear sculptural elements, which echo the exterior design. The sculptural forms of signs, information boards, railings and counters help to create a unified interior environment.

In 1994, the New York City Landmarks Preservation Commission designated the Flight

Center's terminal building, Flight Tubes and Flight Wing 2 as a historic landmark (Flight Wing 2 was subsequently removed in connection with the approved project for the new Terminal 5.) In 2005, this facility was listed on the National and New York State Registers of Historic Places. Listing on the National Register recognizes the importance of this property to the history of our country. This listing also makes restoration or rehabilitation work eligible for Historic Preservation Tax Incentives.

C. Site Master Plan and Work Completed to Date

The federal environmental approval process for the redevelopment of the Terminal 5/6 site was conducted pursuant to the National Environmental Policy Act of 1970 and the Section 106 Process required by the National Historic Preservation Act. The Authority, the Federal Aviation Administration, the New York State Historic Preservation Office (SHPO), and the Advisory Council on Historic Preservation entered into a Memorandum of Agreement (MOA) in 2004 to establish the guidelines for the rehabilitation, restoration, adaptive reuse, operation and maintenance of the Flight Center as part of the master plan for the redevelopment of the Terminal 5/6 site (Master Plan).

Following review and comment by the Redevelopment Advisory Committee (RAC), the Authority, in consultation with the SHPO, would have to approve any changes to the height or massing in connection with new improvements at the site. The RAC was created to advise on the restoration/rehabilitation and reuse of the Flight Center in order to minimize adverse effects on the historic building. The MOA will govern the restoration and rehabilitation of the historic portions of the existing structure as well as any proposed new construction, which will be reviewed for compatibility with the setting and context of the landmark.

As part of Phase I of the Master Plan, Terminal 5 and a parking garage directly across from the Flight Center were completed in 2008. In addition, the existing Flight Tubes were connected to Terminal 5, allowing a public passageway through the Flight Center. Terminal 5 International Arrivals is currently under construction. The operation of Terminal 5 and the parking garage generate significant passenger traffic and related activities immediately adjacent to the proposed location of the Hotel. Flight Center construction will need to be carefully coordinated with these other uses.

The Authority has spent approximately \$20 million performing extensive restoration work on the Flight Center. In summary, the work consisted of replacing soundproofing material on the ceiling of the main hall, restoration of the lower and upper lobby areas of the main hall, replacement of skylights, restoration of the "East Flight Tube" bridge and removal and restoration of portions of the exterior. The work has been completed. Details of the work are described more fully in the contract documents (Exhibit V, item 16). Additional areas require restoration, as shown in Historic and Non-Historic Area Floor Plans and the Restoration and Rehabilitation Guidelines Report, included herewith and made a part hereof.

Phase II of the Master Plan includes redevelopment by JetBlue Airlines of the remaining portions of the Terminal 5/6 site.

D. Public Space Responsibilities

The project must incorporate public access through the Flight Center, which will provide additional food and beverage or other ancillary revenue opportunities for the selected Developer. The following are select requirements as detailed in the MOA:

1. Accommodate a minimum of two (2) electronic ticketing kiosks in an appropriate setting within the Flight Center for use by airline passengers without the need to check baggage. The Authority will require any airline responsible for the ticketing kiosks to install, operate, and maintain the kiosks and monitor their usage.
2. Accommodate an interpretive display on the TWA Terminal and other historic terminals and their relationship to JFK International Airport placed by the Authority in a prominent location at the Flight Center and accessible to the public during the normal operating hours after the hotel development is complete.
3. It is preferred that public access to the Flight Center be available as soon as practical, and the Proposer should identify when that can happen.

E. Zoning and Other Development Restrictions

As a bi-state agency, the Authority is not subject to local laws and regulations. However, pursuant to its lease with the City of New York for the Airport, the Authority has agreed as a matter of policy to conform to the extent practicable to the enactments, ordinances, resolutions and regulations of the City and its various departments, boards and bureaus with regard to the construction and maintenance of all improvements, and to life safety, health and fire protection. Therefore, as a matter of policy, the Authority will require the Developer to conform to New York City zoning and building codes and regulations. The Developer's plans and construction work shall be subject to the review and approval of the Authority, not the NYC Buildings Department.

The historic portions of the Flight Center must remain intact. Restoration/rehabilitation of the Flight Center's historic portions and any reconstruction or proposed addition to the structure is subject to review and approval in accordance with the MOA. Work must be in accordance with the Secretary of the Interior's Standards for the Treatment of Historic Properties (<http://www.nps.gov/hps/tps/standguide>). A drawing indicating the landmarked areas of the Site and Flight Center are included herewith and made a part hereof.

1. The proposed project shall comply with the following requirements:
 - a. Maintain unobstructed views of the Flight Center from Terminal 5, between the Flight Tubes.
 - b. Maintain views of the Flight Center's character defining features from the main public roadways in the CTA, on approach to the Flight Center.
 - c. Maintain access from the landside entrance of the Flight Center to Terminal 5 via the upper lobby and connecting tubes.

- d. Some of the existing building systems (including, but not limited to, HVAC, power, lighting and communications) were incorporated in the architectural elements within the building. Rehabilitation of those systems must be undertaken with sensitivity toward preserving the historical aspects of the Flight Center.
 - e. The ground floor of the east wing of the original building, adjacent to the loading dock, housed a kitchen and an employee cafeteria. There is also a west wing baggage area. Although these areas are not considered historic and can be modified all building changes require review by the Redevelopment Advisory Committee--RAC (Historic Preservation).
 - f. Traffic flow and frontage roads for the Flight Center, including the location of the truck dock may be modified at the Proposer's cost so the direction of traffic can be altered from what currently exists to improve efficiency. Any proposed changes are subject to approval by the Port Authority.
 - g. Subsurface conditions, including utilities, geotechnical data and groundwater elevations.
2. The site's frontage must be maintained in a presentable condition during construction.
 3. The Authority will soon complete the installation of a public safety radio system to ensure radio coverage throughout the site. The system will need to remain in service and any new construction on the site may require additional antennas or supporting equipment.
 4. The Proposer's design and construction documents shall also comply with the following guidelines, included herewith and made a part hereof: Port Authority Tenant Construction Review Manual (Exhibit V, item 11); Port Authority Tenant Alteration Procedures and Standards Guide (Exhibit V, item 12), Line of Sight Height Restrictions (Exhibit V, item 2); the Port Authority Building and Sustainability Guidelines (Exhibit V, item13), and Port Authority Customer Service Standards (Exhibit V, item 14).

F. New York City Lodging Market

The property is located in the New York City lodging market, which achieves higher Average Daily Rate (ADR) and guest room revenue per available room (RevPAR) levels than any other major metropolitan market in the United States. While hotels are located throughout all five boroughs of the City, Manhattan by far contains the highest concentration of properties and guest rooms, and is considered the most desirable hotel location in the City, appealing broadly to business travelers, tourists and meeting attendees.

Hotels throughout New York City achieved very strong growth in occupancy, ADR and RevPAR throughout the recent economic recovery. Between 2009 and 2013, RevPAR increased 30% for Manhattan hotels and 50% for JFK area hotels. This tremendous improvement, which occurred despite new hotels opening in both market areas and continued economic uncertainty, reflects the remarkable appeal of New York City to all types of overnight visitors.

The following table presents relevant operating statistics for all Manhattan hotels from January 2008 through December 2013.

Table 1 – Manhattan Hotels 2008 – 2014

Year	Occupancy (%)	ADR (\$)	RevPAR (\$)	Available Rooms	Room Night Demand	Rooms Revenue (\$)
2008	84.3%	306.17	258.09	24,536,071	20,683,639	6,332,613,833
2009	80.2%	236.84	189.89	25,812,724	20,696,281	4,901,677,410
2010	83.5%	256.28	213.88	27,173,960	22,678,024	5,811,967,569
2011	83.5%	270.53	226.02	28,756,522	24,025,049	6,499,563,571
2012	85.9%	277.34	238.36	29,305,136	25,186,078	6,985,067,352
2013	86.6%	286.25	248.02	30,047,455	26,034,770	7,452,462,530
Average Occupancy	84.0%					
CAGR (2008-2013)	0.6%	-1.3%	-0.8%	4.1%	4.7%	3.3%
Year-to-Date	Occupancy (%)	ADR (\$)	RevPAR (\$)	Available Rooms	Room Night Demand	Rooms Revenue (\$)
YTD 6/30/2013	84.4%	264.36	223.06	14,745,980	12,442,430	3,289,254,994
YTD 6/30/2014	84.9%	271.25	230.20	15,569,634	13,213,573	3,584,146,470
% Change	0.6%	2.6%	3.2%	5.6%	6.2%	9.0%

Source: Smith Travel Research

Occupancy levels for Manhattan hotels ranged from a low of 80% in 2009, the first full calendar year after the 2008 financial crisis, to a high of 87% in 2013. Between 2008 and 2013 the average occupancy for these hotels was 84%. Although occupancies did decrease in 2009 due to the recent recession and a 5% increase in available guest rooms, occupancy levels for these properties remained above 80%. Further, occupancies in 2010 and 2011 rebounded sharply to near historic highs despite continued economic difficulties and increases in available guest rooms of 5% and 6%, respectively, during those years.

ADR levels for Manhattan hotels in 2013 were \$286, still below the record-high of \$306 in 2008. This reflects the period's challenging economy, and an increase of over 22% in available guest room nights in Manhattan. According to STR nearly 15,100 hotel rooms were added to the market between 2008 and 2013, increasing nightly guest room supply by over 5.5 million.

As a result of the 2008 financial crisis, RevPAR for Manhattan hotels decreased 26%, from a record \$258 in 2008 to \$190 in 2009. However, the strong recovery in occupancy and consistent increases in ADR since 2009 resulted in a 2013 RevPar of \$248 for Manhattan hotels, just 4% below their 2008 record.

The above statistics indicate that the Manhattan hotel market, the premier location within the New York City area, began to recover in 2010 despite significant increases in new inventory during 2009, 2010, and 2011. Further, NYC & Company, the City's convention and visitor's bureau, indicates that a record 52.7 million visitors came to the City in 2012. As occupancy and ADR levels continue to increase in Manhattan, other markets in the City, including the JFK International Airport market, will continue to experience strong overflow demand and will likely experience increases to occupancy and ADR.

The underlying strength of the Manhattan hotel market is also evident in room night demand trends. Between 2008 and 2013, room night demand increased at a Compounded Annual Growth Rate (CAGR) of 4.1%. Despite tremendous economic difficulties, room night demand for 2009 increased slightly compared with 2008 levels, and room night demand for 2013 was a record high of over 26 million.

Guest room supply in Manhattan increased every year during this period, from 24.5 million in 2008 to 30.0 million in 2013. However, the 4.1% CAGR in available guest rooms remains below the 4.7% CAGR in room night demand during this period, suggesting an increasingly tight market despite these additions to supply.

New hotels are currently under construction, planned or proposed throughout New York City, especially in Lower Manhattan. However, given pressure from competing land uses, a relative dearth of available hotel sites and the current lending environment, it is anticipated that the Manhattan lodging market will continue to have a favorable supply/demand imbalance for the long term.

Year-to-date statistics through June 30, 2014 for Manhattan hotels indicate continued growth in occupancy, ADR and RevPAR, with demand for hotel rooms continuing to outpace increases in supply. As such, guest room revenue for Manhattan hotels increased 9% for YTD 2014 compared with the same period in 2013, from \$3.3 billion to nearly \$3.6 billion.

G. JFK Airport Lodging Market – Midscale to Upper Upscale Hotels

To better understand trends in the local lodging market, a Smith Travel Research report for midscale through upper upscale hotels in the vicinity of JFK was obtained. The following table presents statistics for these ten hotels, which together contain 2,219 guest rooms.

Table 2 – Selected JFK Airport/Queens Hotels

Year	Occupancy		RevPAR (\$)	Available		Room Night	
	(%)	ADR (\$)		Rooms	Demand	Rooms Revenue (\$)	
2008	80.0%	146.47	117.18	838,750	671,001	98,283,329	
2009	74.3%	126.62	94.05	790,739	587,366	74,370,533	
2010	84.1%	134.48	113.09	672,744	565,715	76,077,714	
2011	79.0%	138.40	109.37	639,525	505,385	69,947,511	
2012	79.5%	155.68	123.79	678,205	539,281	83,957,150	
2013	87.5%	159.81	139.81	689,120	602,885	96,345,682	
Average Occupancy	80.7%						
CAGR (2008-2013)	1.8%	1.8%	3.6%	-3.9%	-2.1%	-0.4%	
Year-to-Date	Occupancy		RevPAR (\$)	Available		Room Night	
	(%)	ADR (\$)		Rooms	Demand	Rooms Revenue (\$)	
YTD 6/30/2013	87.6%	165.46	144.95	341,728	299,375	49,533,642	
YTD 6/30/14	78.3%	149.95	117.42	401,608	314,477	47,156,489	
% Change	-10.6%	-9.4%	-19.0%	17.5%	5.0%	-4.8%	

Source: Smith Travel Research

Sample Includes: Hilton Garden Inn JFK, Sheraton JFK, Radisson JFK, Garden Inn & Suites, Fairfield Inn JFK, Holiday Inn Express JFK, Crowne Plaza JFK, Hampton Inn JFK, Courtyard JFK, Hilton JFK, Ramada Plaza JFK (closed)

Although JFK Airport/Queens hotels underperform Manhattan hotels overall, these competitors achieve higher occupancy, ADR, and RevPAR levels than most domestic lodging markets.

Between 2008 and 2013, occupancies in the local lodging market ranged from a low of 74.3% in 2009 to a high of 87.5% in 2013, and averaged 80.7% for this five-year period. The record high occupancy in 2013 resulted from a strong 12% increase in room night demand, reflecting increased travel to the New York City area.

ADRs for the area hotels ranged from a low of nearly \$127 in 2009 to a high of nearly \$160 in 2013. The \$160 ADR was a record high for the competitive market, surpassing the previous high of \$156 in 2012.

It should be noted that the ADR for the JFK Airport/Queens hotels in 2013 was \$126 below the average for Manhattan hotels in that year. While this discount declined from \$160 in 2008, JFK Airport/Queens hotels still reflect a significant savings compared with hotels located elsewhere in New York. With the introduction of the AirTrain service at the end of 2003, the ability of local hotels to compete more effectively with those located throughout the City significantly increased.

The number of occupied room nights in the market decreased between 2008 and 2013 in the local market due to the closing of the Ramada Plaza and the resulting decrease in available supply. As a result, current occupancies have increased to high levels, suggesting the remaining hotels were frequently turning away demand for potential business during the 2009 to 2013 period.

The most recent addition to guest room supply in the market is the 330 room Crowne Plaza JFK, which was previously affiliated with Hilton and Best Western, but had not operated as a hotel since the 1980s. This redeveloped property opened in January of 2014 and increased available rooms by over 18%. As a result, year-to-date occupancy, ADR and RevPAR through June 30, 2014 decreased compared with the prior year, as typically happens when a new hotel opens in a market. However, room night demand did increase 5% during the first six months of 2014, indicating that turnaway demand does exist in the market. Even with the opening of the Crowne Plaza the number of available rooms in the market still remain below 2008 levels.

This fact, together with the continued increases in passenger traffic anticipated at JFK, and the continued growth in NYC visitation, strongly supports the long-term viability of the JFK lodging market. The proposed Hotel, which is located on the airport in the Central Terminal Area, and is therefore the closest lodging facility to the area's primary demand generator, should have a significant competitive advantage over other hotels in the market.

H. New Supply

To the Authority's knowledge, there are no new hotels currently under construction or proposed in the competitive market area.

ATTACHMENT B
REQUEST FOR PROPOSALS FOR THE DEVELOPMENT, LEASING,
MANAGEMENT AND OPERATION OF A HOTEL INCORPORATING THE
TWA FLIGHT CENTER AT JOHN F. KENNEDY INTERNATIONAL AIRPORT
(RFP #38826)

AGREEMENT ON TERMS OF DISCUSSION

The Port Authority's receipt or discussion of any information (including information contained in any proposal, vendor qualification, ideas, models, drawings, or other material communicated or exhibited by us or on our behalf) shall not impose any obligations whatsoever on the Port Authority or entitle us to any compensation therefor (except to the extent specifically provided in such written agreement, if any, as may be entered into between the Port Authority and us). Any such information given to the Port Authority before, with or after this Agreement on Terms of Discussion ("Agreement"), either orally or in writing, is not given in confidence. Such information may be used, or disclosed to others, for any purpose at any time without obligation or compensation and without liability of any kind whatsoever. Any statement which is inconsistent with this Agreement, whether made as part of or in connection with this Agreement, shall be void and of no effect. This Agreement is not intended, however, to grant to the Port Authority rights to any matter, which is the subject of valid existing or potential letters patent. The foregoing applies to any information, whether or not given at the invitation of the Authority.

Notwithstanding the above, and without assuming any legal obligation, the Port Authority will employ reasonable efforts, subject to the provisions of the Port Authority's Freedom of Information Policy and Procedure adopted by the Port Authority's Board of Commissioners on November 20, 2008, which may be found on the Port Authority website at: <http://www.panynj.gov/corporate-information/freedom-of-information.cfm>, not to disclose to any competitor of the undersigned, information submitted which are trade secrets or is maintained for the regulation or supervision of commercial enterprise which, if disclosed, would cause substantial injury to the competitive position of the enterprise, and which information is identified by the Proposer as proprietary, which may be disclosed by the undersigned to the Port Authority as part of or in connection with the submission of a proposal.

(Company)

(Signature)

(Title)

(Date)

ORIGINAL AND PHOTOCOPIES ONLY OF THIS PAGE. DO NOT RETYPE.

EXHIBIT IA

**JFK FLIGHT CENTER RFP 38826
ELECTRONIC PORTAL ACCESS FORM**

**THE PORT AUTHORITY
OF NY & NJ**

Section A USER INFORMATION (All fields must be filled in)		
Last Name:	First Name:	Middle Initial:
Company Title:	Organization:	Date of Birth (MM/DD):
Street:		
City:	State/Country:	Zip:
Direct Phone Number:	Corporate Phone Number:	
Non-Disclosure Agreement: Y/N	Email:	

Section B AUTHORIZATIONS	
User Name:	User Signature:

EXHIBIT I B
READING ROOM INSTRUCTIONS

**REQUEST FOR PROPOSALS FOR PERFORMANCE OF EXPERT SERVICES AS
REQUIRED TO DEVELOP, LEASE, OPERATE AND MANAGE A HOTEL,
INCORPORATING THE TWA FLIGHT CENTER AT JOHN F. KENNEDY
INTERNATIONAL AIRPORT (RFP# 38826)**

To all Proposers:

Welcome to the Reading Room.

The documents provided in this Reading Room have been made available for your examination. The Port Authority makes no representation or guarantee, and shall not be responsible for their accuracy, completeness or pertinence, and, in addition, shall not be responsible for the conclusions drawn therefrom. These documents are made available merely for the purpose of making available such information as is in the possession of the Port Authority and which it is able to make available, whether or not such information may be accurate, complete or pertinent or of any value to prospective Proposers.

Please take a moment to read and become familiar with the guidelines that are to be followed while using the Reading Room.

1. Documents provided cannot be removed from the Reading Room.
2. When handling the documents, take the following precautions:
 - Do not make any marks on the pages.
 - Do not spindle, fold or mutilate any pages.
 - Do not trace, alter, tear or bend or handle the pages in such a way as to cause damage to any pages.
 - Do not tear out any pages.
 - Do not refold pages in a new or different way.
 - Use only Post-It notes or slips of paper for marking your place. Remove all page markers before leaving the Reading Room.
3. Reasonable duplication of documents by camera, scanner, photocopier or other means is allowed.
4. Laptop or other device for taking notes is permitted, but the Proposers must supply their own electrical (110v-120v) connections.
5. The Port Authority shall not be held responsible for the loss, damage or theft of any Proposer's electronic equipment or personal items brought into the Reading Room.

6. Access to the documents is by appointment only. If you require further examination of the documents provided, kindly schedule another appointment by contacting Laurie Spencer during the hours of 9:00 AM through 3:00 PM, Monday through Friday at 201-395-3444.

If you have read and accept the guidelines, please fill out the information requested below. Failure to sign this statement and agree to all the above conditions shall preclude you from having access to the available documents.

Name: _____

Title: _____

Company: _____

Address: _____

Phone/email: _____

Date and Time: _____

EXHIBIT II

CONFLICT OF INTEREST DISCLOSURE STATEMENT (RFP #38826)

Name of Proposer: _____ (the
“**Proposer**”)

Reference is made to the Request for Proposals for the TWA Flight Center (RFP No.) (the “**RFP**”) issued by The Port Authority of New York and New Jersey (the “**Port Authority**”). All capitalized terms used but not defined herein shall have the meanings set forth in the RFP (the “**ITP**”).

Proposer’s attention is directed to Section 1.7.2 (*Organizational Conflicts of Interest*) of the ITP regarding organizational conflicts of interest and the restrictions applicable to such conflicts. Proposers are advised that certain firms will not be allowed to participate on any Proposer’s team for the Project because of their work with the Port Authority in connection with the procurement of the Project or the Supporting Projects.

1. Required Disclosure of Conflicts

In the space provided below, and on supplemental sheets as necessary, identify all relevant facts relating to past, present, or planned interest(s) of the Proposer’s team (including the Proposer, and in the case of a joint Proposal each party thereto, proposed subcontractors, and their respective chief executives, directors, and lead personnel for the Project which may result, or could be viewed as, an organizational conflict of interest in connection with the RFP. Proposer should disclose (a) any current contractual relationships with the Port Authority, (b) any past, present, or planned contractual or employment relationships with any officer or employee of the Port Authority, and (c) any other circumstances that might be considered to create a financial interest in the contract by the Port Authority member, officer or employee if the Proposer is selected.. The Proposer should also disclose matters such as ownership of 10% or more of the stock of, or having directors in common with, any of the individuals or entities involved in preparing the RFP. The Proposer should also disclose contractual relationships (*i.e.*, joint ventures) with any of the individuals or entities involved in preparing the RFP, as well as relationships wherein such individual or entity is a contractor or consultant (or subcontractor or subconsultant) to the Proposer or a member of the Proposer’s team. The foregoing is provided by way of example, and shall not constitute a limitation on the disclosure obligations.

2. Explanation

In the space provided below, and on supplemental sheets as necessary, identify steps the Proposer or other entities have taken or will take to avoid, neutralize, or mitigate any organizational conflicts of interest described herein.

3. Certification

On behalf of the Proposer, the undersigned hereby certifies on and as of this _____ day of _____, 201[_], to the best of its knowledge, no interest exists that is required to be disclosed in this Conflict of Interest Disclosure Statement, other than as disclosed above.

	[ENTITY NAME]
	By: _____
	Name: _____
	Title: _____

EXHIBIT III

CERTIFICATION OF NO INVESTIGATION (CRIMINAL OR CIVIL ANTI-TRUST), INDICTMENT, CONVICTION, SUSPENSION, DEBARMENT, DISQUALIFICATION, PREQUALIFICATION DENIAL OR TERMINATION; BACKGROUND QUALIFICATIONS QUESTIONNAIRE, AUDIT, INTEGRITY MONITOR (RFP #38826)

By submitting its Proposal, each of the Proposer, and any person signing on behalf of the Proposer, certifies, and in the case of a joint Proposal each party thereto certifies as to its own organization, that it, and each parent and/or affiliate of each of them, has not: (a) been indicted or convicted in any jurisdiction; (b) been suspended, debarred, found not responsible or otherwise disqualified from entering into contracts with any governmental agency or been denied a government contract for failure to meet prequalification standards; (c) had a contract terminated by any governmental agency for breach of contract or for any cause related directly or indirectly to an indictment or conviction; (d) changed its name and/or Employer Identification Number (taxpayer identification number) following its having been indicted, convicted, suspended, debarred or otherwise disqualified, or had a contract terminated as more fully provided in (a), (b) and (c) above; (e) ever used a name, trade name or abbreviated name, or an Employer Identification Number different from those inserted in the Proposal; (f) been denied a contract by any governmental agency for failure to provide the required security, including bid, payment or performance bonds or any alternative security deemed acceptable by the agency letting the contract; (g) failed to file any required tax returns or failed to pay any applicable federal, state or local taxes; (h) had a lien imposed upon its property based on taxes owed and fines and penalties assessed by any agency of the federal, state or local government; (i) been, and is not currently, the subject of a criminal investigation by any federal, state or local prosecuting or investigative agency and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency, including an inspector general of a governmental agency or public authority; and (j) had any sanctions imposed as a result of a judicial or administrative proceeding with respect to any professional license held or with respect to any violation of a federal, state or local environmental law, rule or regulation.

The foregoing certification as to (a) through (j) above shall be deemed to have been made by the Proposer, as follows: if any of them is a corporation, such certification shall be deemed to have been made not only with respect to such Person itself, but also with respect to each director and officer, as well as, to the best of the certifier's knowledge and belief, each stockholder with an ownership interest in excess of 10%; if any of them is a partnership, such certification shall be deemed to have been made not only with respect to such Person itself, but also with respect to each partner. Moreover, the foregoing certification, if made by a corporation, shall be deemed to have been authorized by the Board of Directors of such corporation, and such authorization shall be deemed to include the signing and submission of the bid and the inclusion therein of such certification as the act and deed of the corporation.

In any case where the Proposer cannot make the foregoing certification, such Person shall so state and shall furnish with the signed bid a signed statement which sets forth in detail the

reasons therefor. If such Person is uncertain as to whether it can make the foregoing certification, it shall so indicate in a signed statement furnished with its Proposal, setting forth an explanation for its uncertainty.

Notwithstanding that the certification may be an accurate representation of the Proposer's status with respect to the enumerated circumstances provided for in the first paragraph as requiring disclosure at the time that the Proposal is submitted, the Proposer agrees to immediately notify the Port Authority in writing of any change in circumstances during the period of irrevocability, or any extension thereof.

The foregoing certification or signed statement shall be deemed to have been made by each of the Proposer with full knowledge that it would become a part of the records of the Port Authority and that the Port Authority will rely on its truth and accuracy in selecting the Proposer. In the event that the Port Authority determines at any time prior or subsequent to award that the Proposer has falsely certified as to any material item in the foregoing certification; willfully or fraudulently submitted any signed statement pursuant to this clause which is false in any material respect; or has not completely and accurately represented its status with respect to the circumstances provided for in this clause as requiring disclosure, the Port Authority may determine that the Proposer is not a responsible proposer with respect to its Proposal for this RFP or with respect to future proposals and may, in addition to exercising any other rights or remedies available to it, exercise any of the rights or remedies set forth in the Lease. In addition, the Proposer is advised that knowingly providing a false certification or statement pursuant hereto may be the basis for prosecution for offering a false instrument for filing (*see e.g.*, New York Penal Law, Section 175.30 et seq.). The Proposer is also advised that the inability to make such certification will not in and of itself disqualify a Proposer, and that in each instance the Port Authority will evaluate the reasons therefor provided by the Proposer.

Background Qualifications Questionnaire; Audit; Integrity Monitor

If selected:

- (i) The Proposer (or the Lessee, as applicable) shall be required to comply with, and shall require that its construction subcontractors and subconsultants, comply with, the provisions of the OIG Background Qualifications Questionnaire Package (“**BQQ Package**”) available at <http://www.panynj.gov/inspector-general/inspector-general-programs.html>. The Proposer (or the Lessee, as applicable) shall obtain from each construction subcontractor and subconsultant the necessary certifications and disclosure forms.
- (ii) Prospective subcontractors and subconsultants may be required to execute an additional Contractor Certification. The Proposer (or the Lessee, as applicable), or its prospective subcontractors and subconsultants may be required to enter into a Monitoring Agreement under which it will be required to take certain specific actions, including compensating an Integrity Monitor to be selected by the Port Authority. Said Integrity Monitor shall be charged with, among other things, auditing the actions of the Proposer (or the Lessee, as applicable), the subcontractors and/or subconsultants to determine

whether its business practices and relationships indicate a level of integrity sufficient to permit it to continue involvement with the Project.

(iii) Notwithstanding anything to the contrary, the Port Authority, including its Inspector General, Audit Department and Integrity Monitor, each shall have the right to audit all of the records of the Proposer (or the Lessee, as applicable) with respect to the Work and the Project, including, without limitation, records pertaining to any compensation paid, payable, or to be paid under the Lease. The Proposer (or the Lessee, as applicable), shall not be entitled to any reimbursement or other compensation for costs associated with such audit, investigation, or certification. The Proposer (or the Lessee, as applicable) agrees to pay for the cost of any audit or investigation conducted by, or on behalf of the Port Authority, in which any criminal activity, ethics violations, or professional misconduct by the Proposer (or the Lessee, as applicable) or any of its employees are discovered. The Proposer (or the Lessee, as applicable) further agrees that should it fail or refuse to pay for any such audit or investigation, the Port Authority is authorized to deduct from any sum owing the Proposer (or the Lessee, as applicable) an amount equal to the cost of such audit and the damages resulting therefrom. The determination of the value of any such costs and decision to charge for or withhold any such payments are at the sole discretion of the Port Authority (including its Inspector General). This paragraph must be included in any agreement the Proposer (or the Lessee, as applicable) enters into with any contractor or any other entity at any tier with respect to the Work or the Project.

(iv) The Proposer (or the Lessee, as applicable) and any construction subcontractors and subconsultants, shall cooperate fully with the Port Authority's Inspector General. In addition, the Proposer (or the Lessee, as applicable), and all construction subcontractors and subconsultants, shall cooperate fully with its Integrity Monitor. Such cooperation will include, but is not limited to, providing complete access to all personnel and records in any way related to the work performed in connection with the Project. A material failure to cooperate may result in a default and/or removal of the Proposer (or the Lessee, as applicable) subcontractor or subconsultant. This paragraph must be included in any agreement the Proposer (or the Lessee, as applicable) enters into with any contractor or any other entity at any tier with respect to the Work or the Project.

As used in this Exhibit III, the following terms shall mean:

Affiliate - An entity in which the parent of the Proposer owns more than 50% of the voting stock or has the power to direct or cause the direction of the management and policies of such entity by contract or otherwise, or an entity in which a group of principal owners which owns more than 50% of the Proposer also owns more than 50% of the voting stock or has the power to direct or cause the direction of the management and policies of such entity by contract or otherwise.

Agency or Governmental Agency - Any federal, state, city or other local agency, including departments, offices, quasi-public agencies, public authorities and corporations, boards of education and higher education, public development corporations, local development corporations and others.

Employer Identification Number - The tax identification number assigned to firms by the Federal government for tax purposes.

Investigation - Any inquiries made by any federal, state or local criminal prosecuting or investigative agency, including an inspector general of a governmental agency or public authority, and any inquiries concerning civil anti-trust investigations made by any federal, state or local governmental agency. Except for inquiries concerning civil anti-trust investigations, the term does not include inquiries made by any civil government agency concerning compliance with any regulation, the nature of which does not carry criminal penalties, nor does it include any background investigations for employment, or federal, state, and local inquiries into tax returns.

Officer - Any individual who serves as chief executive officer, chief financial officer, or chief operating officer of the Proposer by whatever titles known.

Parent - An individual, partnership, joint venture or corporation which owns more than 50% of the voting stock of the Proposer.

EXHIBIT V

The available documents are as follows:

1. Site Plan
2. Line of Sight Height Restrictions
3. Historic and Non-Historic Area Floor Plans
4. Underlying City Lease between the Port Authority and the City of New York
5. Memorandum of Agreement between the Port Authority, the Federal Aviation Administration, New York State Historic Preservation Office and the Advisory Council on Historic Preservation.
6. Subsurface Environmental Baseline Report - March 2010
7. Electrical System – Stage I Report - March 2009
8. Underground Utility Systems Drawings
9. Reference Drawings – TWA terminal Architectural, Structural, Mechanical, Electrical and Plumbing (RD-1 – RD-34)
10. Restoration and Rehabilitation Guideline Report and drawings – TWA Flight Center - 2006 (2 volumes: 8 ½ x 11 and 11 x 17)
11. Port Authority Tenant Construction Review Manual
12. Port Authority Tenant Alteration procedures and Standards Guide (Aviation Department)
13. Port Authority Building and Sustainability Requirements
14. Port Authority Airport Customer Service Standards
15. Bldg. 60 Adaptive Reuse – Phase I, Curtain Wall and Skylight Repairs Stage I Report Oct. 2009
16. Restoration Contract Drawings and Specifications – JFK-1008, JFK-1009, JFK1015
17. Prioritization Asbestos Assessment Study – Hall Kimbrell – 1989
18. JFK Building Condition Survey – Terminal 5 (TWA) – 2000
19. Terminal 5/6 Redevelopment Project – Environmental Assessment & DOT Section 4(f) Evaluation (EA) – (Volumes 1 and 2) – 2004
20. Terminal 5/6 Redevelopment Project – Environmental Determination – Finding of No Significant Impact (FONSI) and Record of Decision (ROD) – February 2005

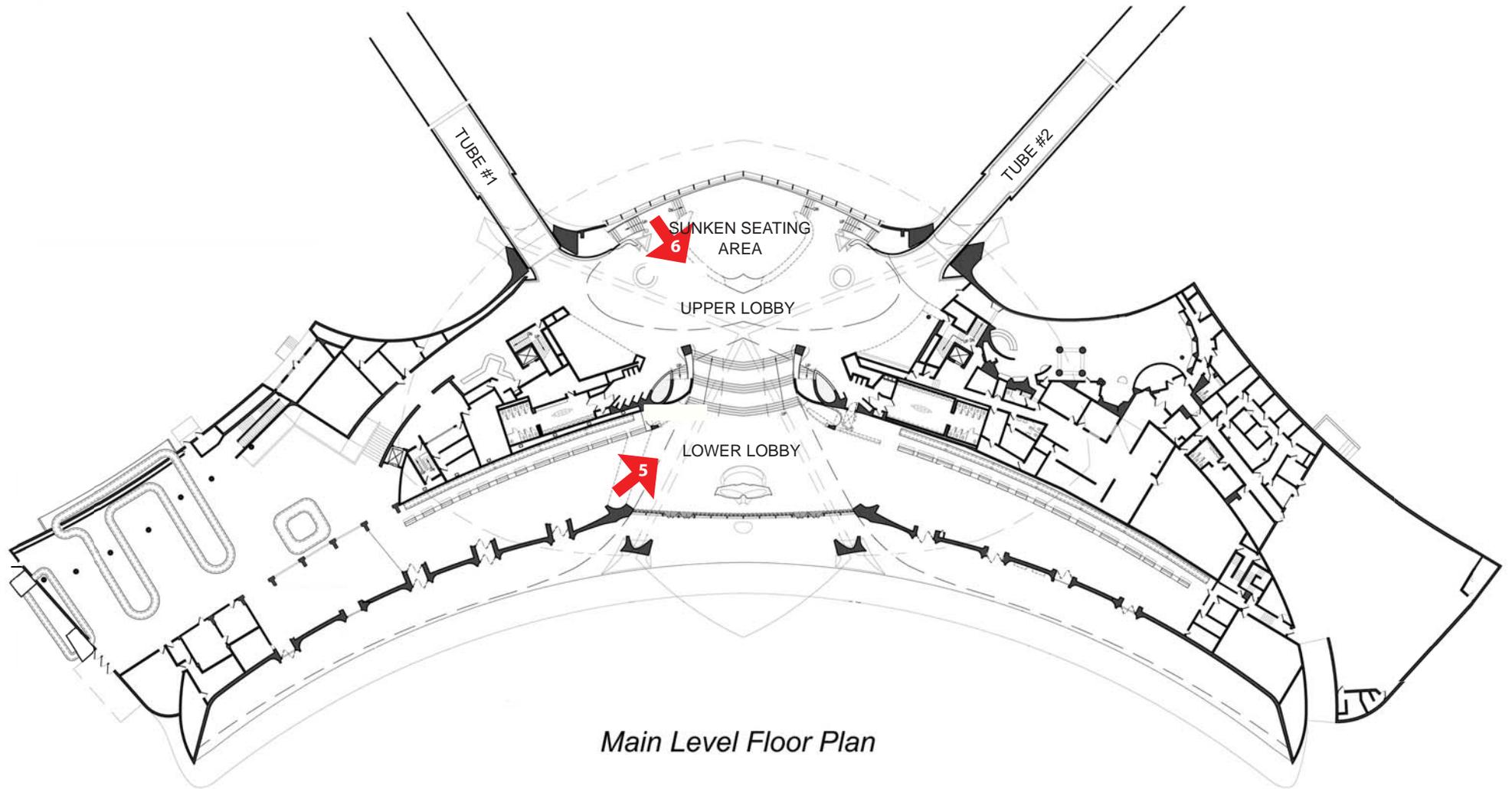
The following document will only be available for review at the Airport Reading Room.

21. Tenant Alteration Applications for Terminal 5, Including the Vicinity of building 60 – Site Preparation (April 2009) and Civil Landside (May 2009)



EXTERIOR RENDERING VIEWPOINT



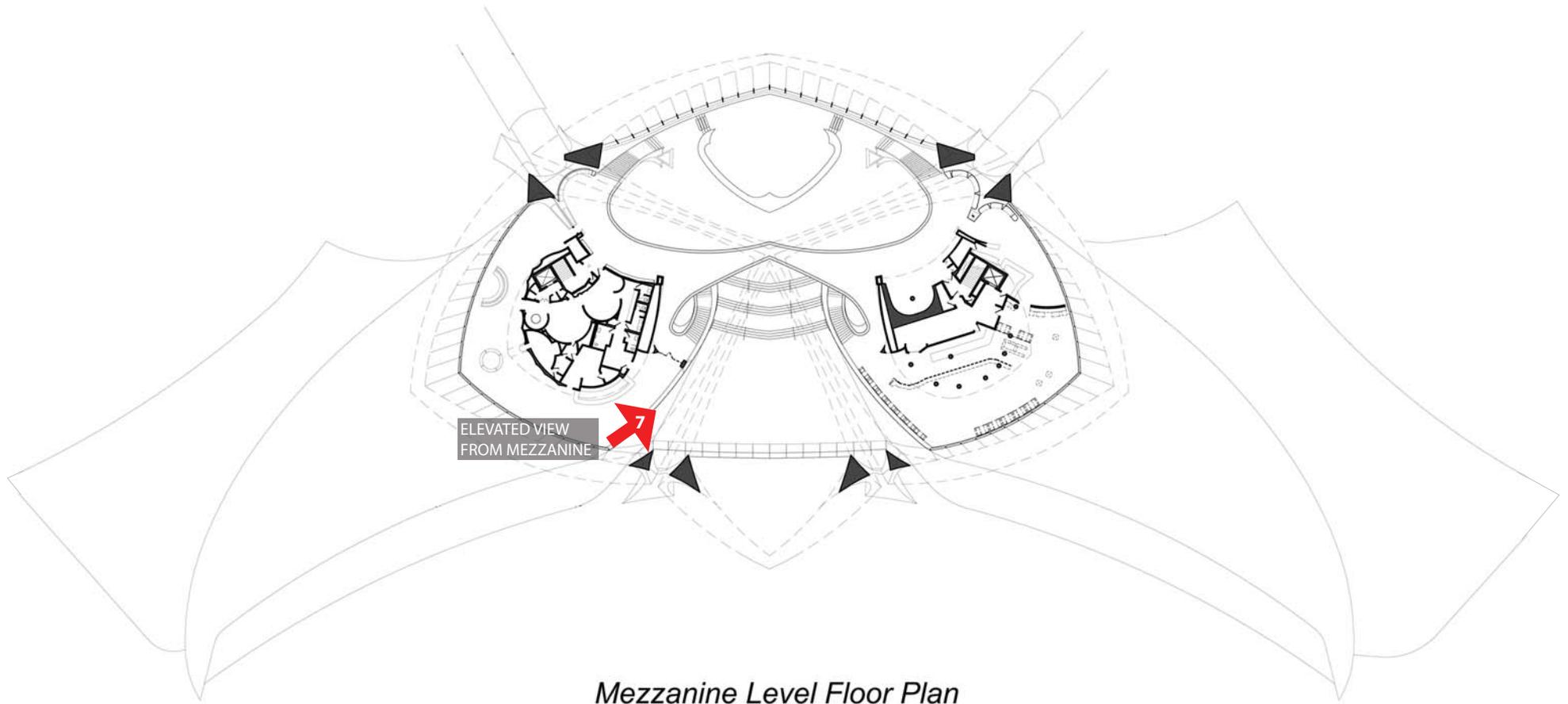


Main Level Floor Plan

 INTERIOR RENDERING VIEWPOINT

←N

JFK AIRPORT - TWA FLIGHT CENTER



INTERIOR RENDERING VIEWPOINT



JFK AIRPORT - TWA FLIGHT CENTER



View #1



View #2



View #3



View #4



View #5



View #6



View #7