

Torres Rojas, Genara

FOI#13262

**From:** bjohnson@infrareitcp.com  
**Sent:** Monday, June 18, 2012 9:20 AM  
**To:** Duffy, Daniel  
**Cc:** Torres Rojas, Genara; Van Duyne, Sheree  
**Subject:** Freedom of Information Online Request Form

Information:

First Name: Ben  
Last Name: Johnson  
Company: InfraREIT  
Mailing Address 1: 750 North Sain Paul Street  
Mailing Address 2: Suite 2000  
City: Dallas  
State: TX  
Zip Code: 75201  
Email Address: [bjohnson@infrareitcp.com](mailto:bjohnson@infrareitcp.com)  
Phone: 972-590-7735  
Required copies of the records: Yes

List of specific record(s):

copy of the lease agreement between American Airlines and JFK Airport for the priviledge to store jet fuel at fuel farm. Effective date of the lease is 1-1-2011

**THE PORT AUTHORITY OF NY & NJ**

Daniel D. Duffy  
*FOI Administrator*

July 31, 2012

Mr. Ben Johnson  
InfraREIT  
750 North Saint Paul Street, Suite 2000  
Dallas, TX 75201

Re: Freedom of Information Reference No. 13262

Dear Mr. Johnson:

This is a response to your June 18, 2012 request, which has been processed under the Port Authority's Freedom of Information Code (the "Code") for a copy the lease between the Port Authority and American Airlines related to the privilege to store jet fuel at fuel farm. The effective date of the lease is January 1, 2011.

Material responsive to your request and available under the Code can be found on the Port Authority's website at <http://www.panynj.gov/corporate-information/foi/13262-LPA.pdf>. Paper copies of the available records are available upon request.

Certain material responsive to your request is exempt from disclosure pursuant to Exemptions (1) and (4) of the Code.

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

Very truly yours,



Daniel D. Duffy  
FOI Administrator

CONFIDENTIAL

For Port Authority Use Only  
Permit Number: AYE-101

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**  
225 Park Avenue South  
New York, New York 10003

**JOHN F. KENNEDY INTERNATIONAL AIRPORT**

**PRIVILEGE PERMIT**

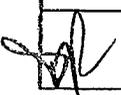
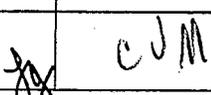
The Port Authority of New York and New Jersey (the "Port Authority") hereby grants to the Permittee hereinafter named the hereinafter described privilege at John F. Kennedy International Airport, in the Borough and County of Queens, City and State of New York, in accordance with the Terms and Conditions hereof and the endorsements annexed hereto; and the Permittee agrees to pay the fee or fees hereinafter specified and to perform all other obligations imposed upon it in the Terms and Conditions and the endorsements attached hereto.

1. **PERMITTEE:** AMERICAN AIRLINES, INC., a Delaware corporation
2. **PERMITTEE'S ADDRESS:** 4333 Amon Carter Blvd, MD 5223, Attn: Fuels Management, Ft Worth, TX 76155
3. **PERMITTEE'S REPRESENTATIVE:** Christine Wang
4. **PERMITTEE'S FEDERAL TAX ID NO.:** (Ex. 1)
5. **PRIVILEGE:** As set forth in Special Endorsement 2.
6. **FEES:** As set forth in Special Endorsement 3.
7. **SECURITY AMOUNT:** \$0.00
8. **EFFECTIVE DATE:** January 1, 2011
9. **EXPIRATION DATE:** December 31, 2020, unless sooner revoked, as provided in Section 1 of the Terms and Conditions.
10. **ATTACHMENTS:** Standard Endorsements 14.1, 16.1, 17.1, 19.2, 22, 28; Special Endorsements; Exhibits A, A-1, B, C and D Attachment Z (if not qualified to do business in New York State)

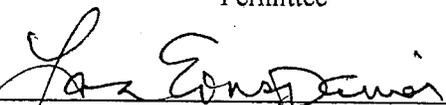
Dated: as of January 1, 2011

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

By   
 (Name) David Kagan  
Assistant Director  
(Please Print Clearly)  
Business Properties & Airport Development  
 (Title)

Port Authority Use Only	
Approval as to Terms:	Approval as to Form:
<u></u>	<u></u>

**AMERICAN AIRLINES, INC.**  
Permittee

By   
 (Name) Laura Einspanier  
(Please Print Clearly)  
 (Title) Vice President - Real Estate

TERMS AND CONDITIONS

1. The permission granted by this Permit shall take effect upon the effective date hereinbefore set forth. Notwithstanding any other term or condition hereof, it may be revoked without cause, upon thirty (30) days' written notice, by the Port Authority or terminated without cause, upon thirty (30) days' written notice by the Permittee, provided, however, that it may be revoked on ten (10) days' written notice if the Permittee fails to keep, perform and observe each and every promise, agreement, condition, term and provision contained in this Permit, including but not limited to the obligation to pay fees, and such failure has not been cured within five (5) days after notice to the Permittee from the Port Authority. Further, in the event the Port Authority exercises its right to revoke or terminate this Permit for any reason other than "without cause", the Permittee shall be obligated to pay to the Port Authority an amount equal to all costs and expenses reasonably incurred by the Port Authority in connection with such revocation or termination, including without limitation, collecting all amounts due to the Port Authority, 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). Unless sooner revoked or terminated, such permission shall expire in any event upon the expiration date hereinbefore set forth. Revocation or termination shall not relieve the Permittee of any liabilities or obligations hereunder which shall have accrued on or prior to the effective date of revocation or termination.

2. (a) The permission hereby granted shall in any event terminate with the expiration or termination of the lease of the Airport from the City of New York to the Port Authority under the Amended and Restated Agreement of Lease of the Municipal Air Terminals between The City of New York (the "*City*"), as landlord, and the Port Authority, as tenant, dated as of November 24, 2004 and recorded in the office of the City Register of the City on December 3, 2004 under City Register File No. 2004000748687, as the same from time to time may have been or may be supplemented, amended and/or restated (herein referred to as the "*Basic Lease*" or the "*City Lease*").

(b) The Permittee acknowledges that it has received a copy of, and is familiar with the contents of, the City Lease. The Permittee acknowledges that no greater rights or privileges are hereby granted to the Permittee than the Port Authority has the power to grant under the Lease.

(c) In accordance with the provisions of the City Lease, the Port Authority and the Permittee hereby agree as follows:

(i) This Permit is subject and subordinate to the City Lease and to any interest superior to that of the Port Authority;

(ii) The Permittee shall not pay the fees or other sums under this Permit for more than one (1) month in advance (excluding security and other deposits required under this Permit);

(iii) With respect to this Permit, the Permittee on the termination of the City Lease will, at the option of the City, enter into a direct permit on identical terms with the City;

(iv) The Permittee shall indemnify the City, as third party beneficiary hereunder, with respect to all matters described in Section 31 of the City Lease that arise out of the Permittee's operations at the Airport, or arise out of the acts or omissions of the Permittee's officers, employees, agents, representatives, contractors, customers, business visitors and guests at the Airport with the Permittee's consent;;

(v) The Permittee shall not use any portion of the Airport for any use other than as permitted under the City Lease;

(vi) The Permittee shall use the Airport in a manner consistent with the Port Authority's obligations under Section 28 of the City Lease;

(vii) The failure of the Permittee to comply with the foregoing provisions shall be an event of default under this Permit, which shall provide the Port Authority with the right to revoke this Permit, as provided in Section 1 above, and exercise any other rights that the Port Authority may have as the grantor of the permission hereunder; and

(viii) The City shall be named as an additional insured or loss payee, as applicable, under each policy of insurance procured by the Permittee pursuant to this Permit.

3. The rights granted hereby shall be exercised

(a) if the Permittee is a corporation, by the Permittee acting only through the medium of its officers and employees,

(b) if the Permittee is an unincorporated association, or a "Massachusetts" or business trust, by the Permittee acting only through the medium of its members, trustees, officers, and employees,

(c) if the Permittee is a partnership, by the Permittee acting only through the medium of its partners and employees, or

(d) if the Permittee is an individual, by the Permittee acting only personally or through the medium of his employees;

and the Permittee shall not, without the written approval of the Port Authority, exercise such rights through the medium of any other person, corporation or legal entity. The Permittee shall not assign or transfer this Permit or any of the rights granted hereby, or enter into any contract requiring or permitting the doing of anything hereunder by an independent contractor. In the event of the issuance of this Permit to more than one individual or other legal entity (or to any combination thereof), then and in that event each and every obligation or undertaking herein stated to be fulfilled or performed by the Permittee shall be the joint and several obligation of each such individual or other legal entity.

4. This Permit does not constitute the Permittee as the agent or representative of the Port Authority for any purpose whatsoever.

5. The operations of the Permittee, its employees, invitees and those doing business with it shall be conducted in an orderly and proper manner and so as not to annoy, disturb or be offensive to others at the Airport. The Permittee shall provide and its employees shall wear or carry badges or other suitable means of identification and the employees shall wear appropriate uniforms. The badges, means of identification and uniforms shall be subject to the written approval of the General Manager of the Airport. The Port Authority shall have the right to object to the Permittee regarding the demeanor, conduct and appearance of the Permittee's employees, invitees and those doing business with it, whereupon the Permittee will take all steps necessary to remove the cause of the objection.

6. In the use of the parkways, roads, streets, bridges, corridors, hallways, stairs and other common areas of the Airport as a means of ingress and egress to, from and about the Airport, and also in the use of portions of the Airport to which the general public is admitted, the Permittee shall conform (and shall require its employees, invitees and others doing business with it to conform) to the Rules and Regulations of the Port Authority which are now in effect or which may hereafter be adopted for the safe and efficient operation of the Airport.

The Permittee, its employees, invitees and others doing business with it shall have no right hereunder to park vehicles within the Airport beyond a reasonable loading or discharging time, except in regular parking areas and upon payment of the regular charges therefor.

7. Indemnification of Port Authority.

(a) The Permittee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees and representatives, from 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 any of the operations, acts or omissions of the Permittee hereunder, including claims and demands of the City against the Port Authority pursuant to the provisions of the City Lease.

(b) The Permittee represents that it is the owner of or fully authorized to use or sell any and all services, processes, machines, articles, marks, names or slogans used or sold by it in its operations under or in any way connected with this Permit. Without in any way limiting its obligations under the preceding paragraph (a) hereof, the Permittee agrees to indemnify and hold harmless the Port Authority, its Commissioners, officers, employees, agents and representatives of and from any loss, liability, expense, suit or claim for damages in connection with any actual or alleged infringement of any patent, trademark or copyright, or arising from any alleged or actual unfair competition or other similar claim arising out of the operations of the Permittee under or in any wise connected with this Permit.

(c) If so directed, the Permittee shall at its own expense defend any suit based on any claim or demand referred to in the foregoing paragraphs (a) or (b) (even if such claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining the prior written consent of the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal, the immunity of the Port Authority, its governmental nature or the provisions of any statutes respecting the Port Authority.

8. The Permittee shall promptly repair or replace any property of the Port Authority damaged by the Permittee's operations hereunder. The Permittee shall not install any fixtures or make any alterations or improvements in or additions or repairs to any property of the Port Authority except with its prior written approval.

9. Any property of the Permittee placed on or kept at the Airport by virtue of this Permit shall be removed on or before the expiration of the permission hereby granted or on or before the revocation or termination of the permission hereby granted, whichever shall be earlier.

If the Permittee shall so fail to remove such property upon the expiration, termination or revocation hereof, the Port Authority may at its option, as agent for the Permittee and at the risk and expense of the Permittee, 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 days may sell the same at public auction; the proceeds of any such sale shall be applied first to the expenses of removal, sale and storage, second to any sums owed by the Permittee to the Port Authority; any balance remaining shall be paid to the Permittee. Any excess of the total cost of

removal, storage and sale over the proceeds of sale shall be paid by the Permittee to the Port Authority upon demand.

10. The Permittee represents that it is the owner of or fully authorized to use or sell any and all services, processes, machines, articles, marks, names or slogans used or sold by it in its operations under or in any wise connected with this Permit. Without in any wise limiting its obligations under Section 7 hereof the Permittee agrees to indemnify and hold harmless the Port Authority, its Commissioners, officers, employees, agents and representatives of and from any loss, liability, expense, suit or claim for damages in connection with any actual or alleged infringement of any patent, trademark or copyright, or arising from any alleged or actual unfair competition or other similar claim arising out of the operations of the Permittee under or in any wise connected with this Permit.

11. The Port Authority shall have the right at any reasonable time and as often as it may consider it necessary to inspect the Permittee's machines and other equipment, any services being rendered, any merchandise being sold or held for sale by the Permittee, and any activities or operations of the Permittee hereunder. Upon request of the Port Authority, the Permittee shall operate or demonstrate any machines or equipment owned by or in the possession of the Permittee on the Airport or to be placed or brought on the Airport, and shall demonstrate any process or other activity being carried on by the Permittee hereunder. Upon notification by the Port Authority of any deficiency in any machine or piece of equipment, the Permittee shall immediately make good the deficiency or withdraw the machine or piece of equipment from service, and provide a satisfactory substitute.

12. No signs, posters or similar devices shall be erected, displayed or maintained by the Permittee in view of the general public without the written approval of the General Manager of the Airport; and any not approved by him may be removed by the Port Authority at the expense of the Permittee.

13. As used herein

(a) The term "*Executive Director*" shall mean the person or persons from time to time designated by the Port Authority to exercise the powers and functions vested in the Executive Director by this Permit, but until further notice from the Port Authority to the Permittee, it shall mean the Executive Director of the Port Authority for the time being or his duly designated representative or representatives.

(b) The terms "*General Manager of the Airport*" or "*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 General Manager by this Permit; but until further notice from the Port Authority to the Permittee it shall mean the General Manager or the Acting

General Manager of John F. Kennedy International Airport for the time being, or his duly designated representative or representatives.

14. The Permittee's representative, hereinbefore specified, (or such substitute as the Permittee may hereafter designate in writing) shall have full authority to act for the Permittee in connection with this Permit and any things done or to be done hereunder, and to execute on the Permittee's behalf any amendments or supplements to this Permit or any extension thereof and to give and receive notices hereunder.

15. A bill or statement may be rendered and any notice or communication which the Port Authority may desire to give the Permittee shall be deemed sufficiently rendered or given if the same be in writing and sent by registered mail addressed to the Permittee at the address specified on the first page hereof or at the address that the Permittee may have most recently substituted therefor by notice to the Port Authority, or left at such address, or delivered to the Permittee's representative, and the time of rendition of such bill or statement and of the giving of such notice or communication shall be deemed to be the time when the same is mailed, left or delivered as herein provided. Any notice from the Permittee to the Port Authority shall be validly given if sent by registered mail addressed to the Executive Director of the Port Authority at 225 Park Avenue South, New York, New York 10003, or at such other address as the Port Authority shall hereafter designate by notice to the Permittee.

16. The Permittee agrees to be bound by and comply with the provisions of all endorsements annexed to the Permit at the time of issuance.

17. Late Charges.

(a) If the Permittee should fail to pay any amount required under this Permit when due to the Port Authority, including without limitation any payment of any fixed or percentage fee 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 Permit. 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 Section with respect to such unpaid amount. 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 Permit, including without limitation the Port Authority's rights set forth in Section 1 of the Terms and Conditions of this Permit or (ii) any obligations of the Permittee under this Permit. In the event that any late charge imposed pursuant to this Section shall exceed a legal maximum applicable to such late charge, then, in such event, each such late charge payable under this Permit shall be payable instead at such legal maximum.

(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 Permittee, the Permittee 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 Permittee under this Permit 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 to payment of any late charge(s) or other service charge(s) payable under the provisions of this Section with respect to such unpaid amount. Each such service charge shall be and become fees, recoverable by the Port Authority in the same manner and with like remedies as if it were originally a part of the fees to be paid hereunder. 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 Permit, including, without limitation, the Port Authority's rights to revoke this Permit or (ii) any obligations of the Permittee under this Permit.

18. Federal Airport Aid.

The Permittee shall

- (a) Furnish good, prompt and efficient service hereunder, adequate to meet all demands therefore at the Airport;
- (b) Furnish said service on a fair, equal and non-discriminatory basis to all users thereof; and
- (c) Charge fair, reasonable and non-discriminatory prices for each unit of sale or service, provided that the Permittee may make reasonable and non-discriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

As used in the above subsections "service" shall include furnishing of parts, materials

and supplies (including sale thereof).

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, 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 Permittee of the promises and obligations contained in this Permit is therefore a special consideration and inducement to the issuance of this Permit by the Port Authority, and the Permittee further 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 Permittee of its obligations under this Permit, the Permittee will promptly comply therewith at the time or times, when and to the extent that the Port Authority may direct.

19. Non-Discrimination.

(a) Without limiting the generality of any of the provisions of this Permit, the Permittee, for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby agree that (1) no person on the grounds of race, creed, color, national origin or sex shall be excluded from participation in, denied the benefits of, or be otherwise subject to discrimination in the use of the Airport, (2) that in the construction of any improvements on, over, or under the Space and the furnishing of services thereon by it, no person on the grounds of race, creed, color national origin or sex shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that the Permittee shall use the Space 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, 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 Permittee's operations thereat, whether by reason of agreement between the Port Authority and the United States Government or otherwise.

(b) The Permittee 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 Permittee, 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 Permittee's noncompliance with the provisions of this Section shall constitute a material breach of this Permit. In the event of the breach by the Permittee of any of

the above non-discrimination provisions, the Port Authority may take any appropriate action to enforce compliance or by giving twenty-four (24) hours' notice, may revoke this Permit and the permission hereunder; 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 Permittee 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 Permittee's noncompliance with any of the provisions of this Section and the Permittee 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 Permittee the right to transfer or assign this Permit, to make any agreement or concession of the type mentioned in paragraph (b) hereof, or any right to perform any construction on the Airport.

20. Affirmative Action.

The Permittee 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 Permittee 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 Permittee assures that it will require that its covered suborganizations provide assurances to the Permittee 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.

21. No Commissioner, officer, agent or employee of the Port Authority shall be charged personally by the Permittee with any liability, or held liable to it, under any term or provision of this Permit, or because of its execution or attempted execution, or because of any breach thereof.

22. This Permit, including the attached endorsements and exhibits, if any, 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 on behalf of the parties. The Permittee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing herein.

Except as specifically provided herein to the contrary, the Permittee shall not, by virtue of the issue and acceptance of this Permit, be released or discharged from any liabilities or obligations whatsoever under any other Port Authority permits or agreements including but not limited to any permits to make alterations.

In the event that any space or location covered by this Permit is the same as is or has been covered by another Port Authority permit or other agreement with the Permittee, then any liabilities or obligations which by the terms of such permit or agreement, or permits thereunder to make alterations, mature at the expiration or revocation or termination of said permit or agreement, shall be deemed to survive and to mature at the expiration or sooner termination or revocation of this Permit, insofar as such liabilities or obligations require the removal of property from and/or the restoration of the space or location.

**STANDARD ENDORSEMENT NO. 14.1**  
**DUTIES UNDER OTHER AGREEMENTS**  
All Facilities  
7/21/49

The Permittee shall observe and obey (and compel its officers, employees, guests, invitees, and those doing business with it, to observe and obey) the rules and regulations of the Port Authority now in effect, and such further reasonable rules and regulations which may from time to time during the effective period of this Permit, be promulgated by the Port Authority for reasons of safety, health, preservation of property or maintenance of a good and orderly appearance of the Airport including any Space covered by this Permit, or for the safe and efficient operation of the Airport including any Space covered by this Permit. The Port Authority agrees that, except in cases of emergency, it shall give notice to the Permittee of every rule and regulation hereafter adopted by it at least five days before the Permittee shall be required to comply therewith.

The Permittee shall provide and its employees shall wear or carry badges or other suitable means of identification. The badges or means of identification shall be subject to the written approval of the Airport Manager.

STANDARD ENDORSEMENT NO. 16.1  
**RULES & REGULATIONS COMPLIANCE**  
Airports  
06/29/62

The Permittee shall procure all licenses, certificates, permits or other authorization from all governmental authorities, if any, having jurisdiction over the Permittee's operations at the Facility which may be necessary for the Permittee's operations thereat.

The Permittee shall pay all taxes, license, certification, permit and examination fees and excises which may be assessed, levied, exacted or imposed on its property or operation hereunder or on the gross receipts or income therefrom, and shall make all applications, reports and returns required in connection therewith.

The Permittee shall 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 or apply to the Permittee's operations at the Facility.

The Permittee's obligations to comply with governmental requirements are provided herein for the purpose of assuring proper safeguards for the protection of persons and property at the Facility and are not to be construed as a submission by the Port Authority to the application to itself of such requirements or any of them.

STANDARD ENDORSEMENT NO. 17.1

**LAW COMPLIANCE**

All Facilities

8/29/49

Notwithstanding any other provision of this Permit, the permission hereby granted shall in any event terminate with the expiration or termination of the City Lease. No greater rights or privileges are hereby granted than the Port Authority has power to grant under the City Lease.

“City Lease” or “Basic Lease” shall mean 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 and recorded in the office of the City Register of the City on December 3, 2004 under City Register File No. 2004000748687, as the same may have been or may be amended or supplemented.

“John F. Kennedy International Airport”, “Airport” or “Facility” shall mean the land and premises in The City of New York, in the County of Queens and State of New York, consisting of certain premises identified as “John F. Kennedy International Airport” on Sheet JFK-1 of Exhibit A, and more particularly described in Exhibit B, annexed to the City Lease, and such other property and premises as may be acquired in connection with and added to such premises pursuant to the terms of the City Lease.

The Port Authority has agreed by a provision in its agreement of lease with the City covering the Airport to conform to the enactments, ordinances, resolutions and regulations of the City and of 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, to the extent that the Port Authority finds it practicable so to do. The Permittee shall, within forty-eight (48) hours after its receipt of any notice of violation, warning notice, summons, or other legal process for the enforcement of any such enactment, ordinance, resolution or regulation, deliver the same to the Port Authority for examination and determination of the applicability of the agreement of lease provision thereto. Unless otherwise directed in writing by the Port Authority, the Permittee shall conform to such enactments; ordinances, resolutions and regulations insofar as they relate to the operations of the Permittee at the Airport. In the event of compliance with any such enactment, ordinance, resolution or regulation on the part of the Permittee, acting in good faith, commenced after such delivery to the Port Authority but prior to the receipt by the Permittee of a written direction from the Port Authority, such compliance shall not constitute a breach of this Permit, although the Port Authority thereafter notifies the Permittee to refrain from such compliance. Nothing herein contained shall release or discharge the Permittee from compliance with any other provision hereof respecting governmental requirements.

ENDORSEMENT NO. 19.2

**John F. Kennedy International Airport**

01/16/64

rev 7/05

The Permittee shall promptly observe, comply with and execute the provisions of any and all present and future rules and regulations, requirements, orders and directions of the New York Board of Fire Underwriters and the New York Fire Insurance Exchange, or if the Permittee's operations hereunder are in New Jersey, the National Board of Fire Underwriters and The Fire Insurance Rating Organization of N.J., and any other body or organization exercising similar functions which may pertain or apply to the Permittee's operations hereunder. If by reason of the Permittee's failure to comply with the provisions of this Endorsement, any fire insurance, extended coverage or rental insurance rate on the Airport or any part thereof or upon the contents of any building thereon shall at any time be higher than it otherwise would be, then the Permittee shall on demand pay the Port Authority that part of all fire insurance premiums paid or payable by the Port Authority which shall have been charged because of such violation by the Permittee.

The Permittee shall not do or permit to be done any act which

- (a) will invalidate or be in conflict with any fire insurance policies covering the Airport or any part thereof or upon the contents of any building thereon, or
- (b) will increase the rate of any fire insurance, extended coverage or rental insurance on the Airport or any part thereof or upon the contents of any building thereon, or
- (c) in the opinion of the Port Authority will constitute a hazardous condition, so as to increase the risks normally attendant upon the operations contemplated by this Permit, or
- (d) may cause or produce upon the Airport any unusual, noxious or objectionable smokes, gases, vapors or odors, or
- (e) may interfere with the effectiveness or accessibility of the drainage and sewerage system, fire-protection system, sprinkler system, alarm system, fire hydrants and hoses, if any, installed or located or to be installed or located in or on the Airport, or
- (f) shall constitute a nuisance in or on the Airport or which may result in the creation, commission or maintenance of a nuisance in or on the Airport.

For the purpose of this Endorsement, "Airport" includes all structures located thereon.

STANDARD ENDORSEMENT NO. 22

**PROHIBITED ACTS**

Airports  
07/13/49

If any type of strike or other labor activity is directed against the Permittee at the Facility or against any operations pursuant to this Permit resulting in picketing or boycott for a period of at least forty-eight (48) hours which, in the opinion of the Port Authority, adversely affects or is likely adversely to affect the operation of the Facility or the operations of other permittees, lessees or licensees thereat, whether or not the same is due to the fault of the Permittee, and whether caused by the employees of the Permittee or by others, the Port Authority may at any time during the continuance thereof, by twenty-four (24) hours' notice, revoke this Permit effective at the time specified in the notice. Revocation shall not relieve the Permittee of any liabilities or obligations hereunder which shall have accrued on or prior to the effective date of revocation.

**STANDARD ENDORSEMENT NO. 28**

**DISTURBANCES**

All Facilities

6/20/51

SPECIAL ENDORSEMENTS

1. General Agreement

(a) *Fuel Storage Facilities.* The Port Authority provides storage tanks and incidental physical facilities or substitute facilities at the Airport (the "**Fuel Storage Facilities**") for the receipt, storage and distribution of Aviation Fuel in bulk at the Airport. The drawings attached hereto, hereby made a part hereof and marked "Exhibit A" and "Exhibit A-1" show the site location of the Fuel Storage Facilities (consisting of the "Bulk Fuel Storage Area" and the "Satellite Storage Area" shown on such drawings).

(b) *The Port Authority's Contractor.* Subject to the provisions of the following paragraph (c) of this Special Endorsement 1, the handling of Aviation Fuel delivered to and stored in the Fuel Storage Facilities (the "**Fuel Storage Services**") and the delivery of Aviation Fuel from the Fuel Storage Facilities into-plane (the "**Into-Plane Services**") both initially shall be performed by Allied New York Services, Inc., an independent contractor designated by the Port Authority (the "**Contractor**"). The Permittee acknowledges having entered into a contract with the Contractor for the Fuel Storage Services and the Into-Plane Services in the form and substance of the exhibit attached hereto, hereby made a part hereof and marked "Exhibit B". The Permittee acknowledges that the form of contract attached as Exhibit B is currently under revision, and agrees that it shall enter into a revised contract or contracts with the Contractor for the Fuel Storage Services and the Into-Plane Services in the form(s) approved by the Port Authority.

(c) *Privatization of Into-Plane Services.* It is contemplated that the system of providing the Into-Plane Services will be "privatized", subject to the consent of the Port Authority, so that instead of the Port Authority's designation of the Contractor to provide the Into-Plane Services at the Airport, the Permittee and other Fuel Storage Permittees will enter into agreements for Into-Plane Services with independent contractors of their choosing. Upon the implementation of such privatized system of providing Into-Plane Services, the relevant provisions of this Permit, including without limitation Exhibits B and D, shall be amended by notice from the Port Authority to the Permittee.

(d) *Sale of Aviation Fuel.* The Permittee acknowledges and agrees that it shall have no right to sell Aviation Fuel to General Aviation Aircraft Operators (which shall include non-scheduled commuter aircraft operators, air taxi, general aviation, and itinerant aircraft operators, and charter aircraft

SPECIAL ENDORSEMENTS

operators operating general aviation aircraft certificated by the Federal Aviation Administration.

(e) *Certain Definitions.* The following capitalized terms shall have the meanings provided below:

**"Aircraft"** shall mean airplanes, helicopters and every other contrivance now or hereafter used for the navigation of or flight in air or space.

**"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.

**"Aviation Fuel"** shall mean aviation turbine fuel and any other fuel now or hereafter used in the propulsion of Aircraft, consistent with industry standards.

**"Fuel Storage Permit"** shall mean this form of Permit, entered into between the Port Authority and any Fuel Storage Permittee.

**"Fuel Storage Permittee"** shall mean an Aircraft Operator, a Supplier of an Aircraft Operator, or the Contractor each of which holds a permit to store Aviation Fuel in the Fuel Storage Facilities. With respect to the Contractor, the fuel storage permit shall be a permit to store Aviation Fuel in the Fuel Storage Facilities of such grade currently furnished to general aviation aircraft at the Airport.

**"Gallon"** means a U.S. gallon.

**"Gallorage"** means the number of Gallons of Aviation Fuel delivered into the Aircraft of a Fuel Storage Permittee at the Airport.

**"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 Permittee it shall mean the General Manager (or Acting Manager) of the Airport for the time being or his duly designated representative or representatives.

**"JFK Fuel Committee"** shall have the meaning provided in Section 18 below.

**"Person"** shall mean a natural person, corporation or other legal entity.

SPECIAL ENDORSEMENTS

"Scheduled Aircraft Operator" shall mean an 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 Permit unless it also holds such a permit or certificate.

"Supplier" shall mean a Person primarily engaged at the Airport in the business of supplying Aviation Fuel to an Aircraft Operator.

2. Storage Privilege

(a) *Storage Privilege.* The Permittee shall have the privilege to store for reasonable periods of time in such fuel storage tank or tanks which are or may be located in the Fuel Storage Facilities, as may be designated from time to time by the Contractor or the Port Authority, Aviation Fuel in an amount equal to an adequate quantity for consumption by the Permittee in its airline operations at the Airport.

(b) *Title to Aviation Fuel.* The Permittee shall have and shall be deemed to have title to all such Aviation Fuel stored by the Permittee in the fuel storage tank or tanks in the Fuel Storage Facilities.

(c) *Transfer to Other Tanks.* Subject to the provisions of Special Endorsement No. 4, the Aviation Fuel delivered by or on behalf of the Permittee and stored by the Permittee in the Fuel Storage Facilities may be transferred into such other tanks of the Fuel Storage Facilities as the Port Authority or the Contractor may at any time deem desirable.

(d) *Standards and Procedures.*

(1) It is recognized that the Port Authority, in consultation with the JFK Fuel Committee and the Contractor, shall adopt quality standards and procedures for testing and delivery of Aviation Fuel as well as specifications with respect thereto consistent with industry standards. The Permittee shall comply with the said specifications. The Permittee acknowledges that it shall be a condition for acceptance of Aviation Fuel from each of the Permittee's Suppliers that the Suppliers likewise comply with such specifications.

(2) It is specifically understood and agreed that the contents of Exhibit B form an agreement between the Contractor and the Permittee, and, further, that neither Exhibit

SPECIAL ENDORSEMENTS

B nor anything contained therein shall limit, modify or alter in any way the rights and remedies of the Port Authority under this Permit or constitute the Port Authority as a party to the said agreement between the Contractor and the Permittee. It is further specifically understood and agreed that neither Exhibit B nor anything contained therein shall or shall be deemed to impose any liability or responsibility of any type whatsoever on the part of the Port Authority for any failure of the Contractor to perform or for any improper performance by the Contractor of any of its obligations under the said agreement between the Contractor and the Permittee.

(3) In the event of any inconsistency between the provisions of Exhibit B and this Permit, the provisions of this Permit shall control.

3. Fees

(a) *Fuel Storage Fee.*

(1) "**Fuel Storage Fee**" shall mean a fee per gallon of Aviation Fuel, calculated as provided in the exhibit attached hereto, hereby made a part hereof and marked "Exhibit C", and shall include the Initial Fuel Storage Fee, the Mid-Year Fuel Storage Fee (if any) and the Final Fuel Storage Fee, as applicable. As set forth more fully in Exhibit C, the Port Authority shall provide the JFK Fuel Committee with reasonable information (as contemplated by the *pro forma* computation shown in Appendix 2 of Exhibit C) regarding the basis for the Fuel Storage Fee, any adjustments to the Fuel Storage Fee and the Final Fuel Storage and Distribution Requirement, and shall consult with, and consider the comments of, the JFK Fuel Committee with respect to the Fuel Storage Fee, any adjustments to the Fuel Storage Fee and the Final Fuel Storage and Distribution Requirement.

(2) For the calendar year commencing January 1, 2011 the Fuel Storage Fee shall be \$0.0113 per Gallon of Aviation Fuel; and on or before December 15, 2011 and on or before December 15 of each succeeding year up to and including December 15, 2019, the Port Authority shall give written notice to the Permittee of the Fuel Storage Fee which the Port Authority intends to establish commencing January 1 next following. The Fuel Storage Fee set forth above for the calendar year commencing January 1, 2011 shall be the "**Initial Fuel Storage Fee**" for 2011, and the Fuel Storage Fee set forth in said notice shall be the "**Initial Fuel Storage Fee**" for the calendar year to which the notice relates.

(3) Notwithstanding the foregoing, the Port Authority may prospectively revise the Fuel Storage Fee in any

SPECIAL ENDORSEMENTS

calendar year by implementing, effective July 1 of such calendar year, a **"Mid-Year Fuel Storage Fee"**, if the Port Authority estimates in good faith that total Fuel Storage Fee billings for such year will differ by more than five percent (5%) (either greater or lesser) from the final Fuel Storage and Distribution Requirement (as defined in Exhibit C) expected to be calculated (the **"Final Fuel Storage and Distribution Requirement"**) for such calendar year.

(4) On or before April 15 of each calendar year, beginning on April 15, 2012 and for each subsequent calendar year, including the year following the expiration of the term of this Permit, the Port Authority shall prepare and furnish to the Permittee a statement showing the **"Final Fuel Storage Fee"** for the preceding calendar year, computed as follows: (x) the Final Fuel Storage and Distribution Requirement for such preceding calendar year, divided by (y) the total gallons of fuel stored for all Fuel Storage Permittees in the Fuel Storage Facilities during such preceding calendar year. The statement shall also set forth the Permittee's total Final Fuel Storage Fees for such preceding calendar year. If the total Final Fuel Storage Fees for the preceding calendar year are in excess of the total Initial Fuel Storage Fees and/or Mid-Year Fuel Storage Fees, as the case may be, paid by the Permittee for the preceding calendar year, or if the total Final Fuel Storage Fees are less than the total Initial Fuel Storage Fees and/or Mid-Year Fuel Storage Fees, as the case may be, paid by the Permittee with respect to the preceding calendar year, then the amount of such underpayment or overpayment, respectively, shall be taken into account and incorporated, if applicable, by the Port Authority in its calculation of the Initial Fuel Storage Fee or Mid-Year Fuel Storage Fee for the current calendar year; notwithstanding the foregoing, with respect to the final year of this Permit (whether through expiration or revocation), if there be an underpayment or overpayment, the Port Authority shall apply such underpayment or overpayment to any Fuel Storage Fees owed to the Port Authority in the next succeeding year or, if no Fuel Storage Fees are owed because the Permittee is not operating at the Airport in such succeeding year, then either (x) invoice the Permittee for such underpayment, (y) refund such overpayment to the Permittee within sixty (60) days of the date of such statement, or (z) apply such overpayment to other undisputed amounts owed by the Permittee to the Port Authority under other Airport agreements to which it is a party with the Port Authority or, alternatively, in the sole discretion of the Port Authority, retain such overpayment until disputed amounts are resolved between the Permittee and the Port Authority.

(5) The Port Authority's statement of the Final Fuel Storage Fee pursuant to the foregoing subparagraph (4) shall

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include a written notice to the Permittee of the Fuel Storage and Distribution Requirement for the preceding calendar year. Such notice shall be accompanied by a statement showing separately and in detail (x) the computations upon which the Fuel Storage and Distribution Requirement for the preceding calendar year is based, and (y) any new capital expenditures settled during the preceding calendar year and the basis of the amortization thereof. Appendix 2 to Exhibit C sets forth, by way of example and for purposes of illustration only, the *pro forma* computation of the Fuel Storage Fee for the year 2009, and the *pro forma* Fuel Storage and Distribution Requirement for the calendar year 2009. Computations contained in future statements, including the statement applicable to calendar year 2011, shall give at least the information given in or contemplated by the *pro forma* computation shown in Appendix 2 of Exhibit C, where such information is necessary for a proper determination of the Fuel Storage and Distribution Requirement for the preceding calendar year and which information where appropriate shall be in substantially the same form.

(6) In computing and allocating any revenues or costs of the Port Authority for the purpose of calculating the Fuel Storage and Distribution Requirement, the accounting principles set forth in Exhibit C shall be followed and there shall be included only those elements of cost to the Port Authority that a prudent airport operator would incur under the same or similar circumstances. The provisions of this Permit relating to the methods of computing the revenues or costs of the Port Authority, or the methods of keeping its books, are to be followed for the computation and allocation of the costs of the Port Authority in cases where fees or charges are to be paid, or revenues are to be allocated, or other payments made by the Permittee based in whole or in part upon such costs, or where such costs are a factor in determining the reasonableness of fees, charges or other payments; and said provisions are not intended as a covenant or agreement as to the manner in which the Port Authority will keep its books, accounts and records for its general purposes.

(b) *Payment of Fuel Storage Fee.*

(1) For each and every calendar month during the effective period of this Permit, the Permittee shall pay to the Port Authority, for each and every gallon of Aviation Fuel delivered into the fuel storage tanks of the Fuel Storage Facilities by the Permittee or on its behalf pursuant to this Permit, the Fuel Storage Fee.

(2) The Fuel Storage Fee shall be payable monthly, on or before the twentieth day of each calendar month (including the month following the expiration, revocation or termination of the permission granted hereunder) for all Aviation

SPECIAL ENDORSEMENTS

Fuel delivered into said storage tanks by or on behalf of the Permittee, as aforesaid, during the preceding calendar month.

(3) The Fuel Storage Fee shall constitute full payment to the Port Authority of all of the Port Authority's costs of providing the Fuel Storage Facilities in a safe, working and operable condition, and shall be paid by the Permittee irrespective of what arrangements may be made for the distribution of Aviation Fuel from the Fuel Storage Facilities into Aircraft.

(4) For the avoidance of doubt, it is understood that the Fuel Storage Fee is payable by the Permittee only with respect to Aviation Fuel delivered and stored pursuant to this Permit, and that the Permittee shall not be liable for the payment of any Fuel Storage Fee with respect to any Aviation Fuel used by the Permittee that is delivered and stored in the Fuel Storage Facilities pursuant to the Fuel Storage Permit of another party, such as a Supplier.

(c) *Contractor Fees.*

(1) Contractor Fuel Storage Fee.

(i) In addition to the Fuel Storage Fee, the Permittee shall pay to the Contractor certain fees for the Fuel Storage Services (the "**Contractor Fuel Storage Fee**") at the rates set forth in the "Tank Farm (Satellite & Bulk fuel Facility Budget Costs" portion of "Exhibit D" attached hereto and hereby made a part hereof, adjusted as provided in this Permit.

(ii) The Contractor Fuel Storage Fee rates shall be adjusted annually pursuant to budget and supporting cost information provided by the Contractor for review, consultation and recommendation of approval or disapproval by the JFK Fuel Committee, subject to the Port Authority's reasonable approval, and that upon the establishment of new Contractor Fuel Storage Fee rates, the Port Authority shall deliver to the Permittee a notice setting forth the new rates and the effective date of the same.

(2) *Into-Plane Fee.*

(i) In addition to the Fuel Storage Fee and the Contractor Fuel Storage Fee, until privatization of the Into-Plane Services, the Permittee shall pay to the Contractor certain fees for the Into-Plane Services (the "**Into-Plane Fee**"; collectively with the Contractor Fuel Storage Fee, the "**Contractor Fees**") at the rates set forth in the "Into-Plane Fueling Budget Costs" portion of "Exhibit D" attached hereto and hereby made a part hereof, adjusted as provided in this Permit.

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(ii) The Into-Plane Fee rates shall be adjusted annually pursuant to budget and supporting cost information provided by the Contractor for review, consultation and recommendation of approval or disapproval by the JFK Fuel Committee, subject to the Port Authority's reasonable approval, and that upon the establishment of new Into-Plane rates, the Port Authority shall deliver to the Permittee a notice setting forth the new rates and the effective date of the same.

(d) *Statement to Accompany Payment.* All payments of the Fuel Storage Fee shall be accompanied by a statement setting forth the total gallons of Aviation Fuel delivered by or on behalf of the Permittee under this Permit into the storage tanks of the Fuel Storage Facilities during the preceding calendar month.

(e) *Manner and Place of Payment.*

(1) All payments of the Fuel Storage Fee shall be made by mail to the following address:

THE PORT AUTHORITY OF NEW YORK  
AND NEW JERSEY  
P.O. BOX 95000-1517  
PHILADELPHIA, PENNSYLVANIA 19195-0001

or made via the following wire transfer instructions:

Credit Bank Name: TD BANK  
Credit Bank Address: 6000 Atrium Way  
Mount Laurel, NJ 08054  
Credit Bank ABA #: 031201360  
Beneficiary Acct/ID #: (Ex. 1)  
Beneficiary Name: THE PORT AUTHORITY OF NY & NJ

or sent to such other address, or made by such other wire transfer instructions, as may hereafter be substituted therefor by the Port Authority, from time to time, by notice to the Permittee.

(2) All payments of the Contractor Fees shall be made to the Contractor.

4. Commingling

(a) *Commingling.* The Permittee acknowledges and agrees that its Aviation Fuel stored in the Fuel Storage Facilities may be commingled with Aviation Fuel owned by others. Notwithstanding the foregoing, the Permittee shall not be required to commingle Bonded Aviation Fuel with non-Bonded

SPECIAL ENDORSEMENTS

Aviation Fuel, but the Permittee shall and hereby agrees to commingle, in storage tanks reserved exclusively for Bonded Aviation Fuel and designated as bonded storage tanks, Bonded Aviation Fuel of the same grades stored by different Fuel Storage Permittees. As used in this Permit "**Bonded Aviation Fuel**" shall mean Aviation Fuel imported by the Permittee or its Supplier under U.S. Customs Warehouse Bond and as to which the Permittee or its Supplier has delivered to the Port Authority or the Contractor all necessary and appropriate certifications with respect to the grade and specifications of such bonded fuel.

(b) *Common Ownership of Commingled Fuel.* It is specifically understood and agreed, with respect to Aviation Fuel commingled as herein provided, that the Permittee shall be and shall be deemed to be an owner in common of its share of commingled fuel with all other Fuel Storage Permittees with whom the Permittee's Aviation Fuel has been so commingled.

5. Obligations of the Permittee

(a) *Use.* The Permittee shall use the Fuel Storage Facilities for no purposes other than those specified in Special Endorsement No. 2 hereof.

(b) *No Assignment or Transfer.* The Permittee shall not assign or transfer this Permit or any of the rights or privileges granted hereby, and any such assignments or transfer shall be void as to the Port Authority.

(c) *Port Authority Rules and Regulations.* In its use of the Fuel Storage Facilities, the roadways, streets, and other portions of the Airport used by the Permittee in connection with its deliveries of Aviation Fuel for storage, the Permittee shall conform (and shall require its employees, contractors, invitees and persons doing business with it to conform) with the Port Authority's rules and regulations and the standards and codes required by the Contractor, now in effect or hereinafter adopted.

(d) *Local Laws and Regulations.* The Port Authority has agreed by a provision in the Basic Lease to conform to the enactments, ordinances, resolutions and regulations of The City of New York and of its various departments, boards and bureaus in regard to health and fire protection, to the extent that the Authority finds it practicable so to do. The Permittee shall, within forty-eight hours after its receipt of any notice of violation, warning notice, summons, or other legal process for the enforcement of any such enactment, ordinance, resolution or regulation, but only if such notice, summons or other legal process pertains to the operation of the vehicles or barges of the Permittee or to the delivery of fuel in or on the Airport, deliver the same to the Port Authority for examination and

SPECIAL ENDORSEMENTS

determination of the applicability of the agreement of lease provision thereto. Unless otherwise directed in writing by the Authority, the Permittee shall conform to such enactment, ordinances, resolutions and regulations insofar as they relate to the operations of the Permittee at the Airport. In the event of compliance with any such enactment, ordinance, resolution or regulation on the part of the Permittee, acting in good faith, commenced after such delivery to the Port Authority but prior to the receipt by the Permittee of a written direction from the Port Authority, such compliance shall not constitute a breach of this Permit, although the Port Authority thereafter notifies the Permittee to refrain from such compliance.

(e) *Applicable Law - Permittee's Operations.* The Permittee shall 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 or apply to the Permittee's operations at the Airport. The Permittee's obligations to comply with governmental requirements are provided herein for the purpose of assuring proper safeguards for the protection of persons and property at the Airport and are not to be construed as a submission by the Port Authority to the application to itself of such requirements or any of them.

(f) *Manner of Conduct of Operations.*

(1) The Permittee, its employees, contractors, invitees and persons doing business with it, shall conduct their operations in an orderly and proper manner and so as not to annoy, disturb or be offensive to others at the Airport.

(2) The Permittee shall not commit any nuisance or permit its employees, agents or contractors performing services on its behalf to commit or create or tend to create any nuisance on any area or areas on the Airport in which the Permittee may conduct its operations hereunder, the foregoing not to apply to the contract between the Permittee and the Contractor entered into pursuant to Special Endorsement No. 1 of this Permit.

(3) The Permittee shall not do or permit to be done any act which may cause or produce upon the Airport any unusual, noxious or objectionable smokes, gases, vapors or odors.

(4) All contaminated fuel or other waste material arising out of or in connection with the Permittee's operations hereunder shall promptly be removed from the Airport by the Contractor at the Permittee's expense.

(5) The Permittee shall not do or permit to be done any act which will invalidate or be in conflict with any fire insurance policies, or will increase the rate of any fire

SPECIAL ENDORSEMENTS

insurance, extended coverage or rental insurance, covering the Airport or any part thereof or upon the contents of any building thereon.

(6) The Permittee shall not do or permit to be done any act which in the opinion of the Port Authority will constitute a hazardous condition, so as to increase the risks normally attendant upon the operations contemplated by this Permit.

(7) Barges and highway vehicles of the Permittee shall be docked or parked only in such areas as may be designated by the General Manager of the Airport.

(8) The Permittee shall promptly raise and remove, or cause to be raised or removed, any and all vessels, barges or other equipment used in its operations owned or operated by or on behalf of the Permittee, its contractors, or by others doing business with the Permittee, which shall have sunk, settled, or become partially or wholly submerged in the channel designated as Bergen Basin on Exhibit A or which block the immediate approaches to said Bergen Basin.

(9) The Permittee shall erect no signs, posters or similar devices without the prior written approval of the General Manager of the Airport; and any not approved by him may be removed by or on behalf of the Port Authority at the expense of the Permittee.

(g) *Damage to Port Authority Property.* The Permittee shall promptly reimburse the Port Authority for the cost of repairing any damage to Port Authority property caused by the operations of the Permittee, its employees, agents or contractors performing services on its behalf (but, for the avoidance of doubt, specifically not including the Contractor or any other independent contractor designated by the Port Authority to perform services relating to the receipt, handling, storage and distribution of Aviation Fuel at the Airport).

(h) *Books and Records.*

(1) The Permittee shall maintain, in accordance with accepted accounting practice, during the effective period of this Permit, for one (1) year after the expiration or earlier revocation or termination thereof, and for a further period extending until the Permittee shall receive written permission from the Port Authority to do otherwise, but not exceeding an additional four years, records and books of account recording all transactions of the Permittee under the Permit at, through, or in anywise connected with the Airport, which records and books of account shall be made available within the Port of New York District promptly upon request.

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(2) The Permittee shall permit in ordinary business hours, during the effective period of the Permit and for one year thereafter, 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 Permittee, or which owns or controls the Permittee, if said company performs services, similar to those performed by the Permittee, anywhere in the Port of New York District.

6. Obligations of the Port Authority

(a) *Vehicular Access.* The Port Authority shall provide and maintain a vehicular road or roads providing access to the Fuel Storage Facilities when by reason of strikes or other reasons, the Permittee is unable, through no fault of its own, to bring its Aviation Fuel to the Fuel Storage Facilities by means of the channel designated as Bergen Basin on Exhibit A attached hereto and made a part hereof, but only for so long as required for Aviation Fuel delivery purposes.

(b) *Maintenance of Channel.* The Port Authority shall maintain the channel designated on the aforesaid Exhibit A as Bergen Basin, so long as required for Aviation Fuel delivery purposes, at a depth of not more than 13 feet at mean low water and shall provide and maintain reasonably adequate dockage facilities reasonably conveniently located to the Fuel Storage Facilities.

(c) *Maintenance of Fuel Storage Facilities.* Except as provided in Special Endorsements 5 and 7, the Authority shall maintain or cause to be maintained the Fuel Storage Facilities in safe, working and operable condition. The Port Authority shall have the right at any time and as often as it considers necessary to inspect the Fuel Storage Facilities and to enter thereon to make ordinary repairs, and in the event of emergency to take such action therein as may be required for the protection of persons or property.

7. Damage to Storage Tanks

In the event any of the Fuel Storage Facilities, or any part thereof, are damaged by fire or as a result of sinking, settling or shifting of the supporting ground or other casualty, then:

(1) if in the opinion of the Port Authority the necessary repairs or replacements can be made within ninety days after the occurrence of the damage, the Port Authority shall make the repairs or replacements with due diligence; or

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(2) if in the opinion of the Port Authority such repairs or replacements cannot be completed within ninety days after the occurrence of the damage, then the Port Authority shall have the option either to proceed with due diligence to make the necessary repairs or replacements or, notwithstanding any other provision of this Permit, to terminate this Permit effective as of the date of the occurrence of such damage insofar as it pertains to the obligation of the Port Authority to provide and maintain storage tanks and incidental physical facilities for receiving and storing Aviation Fuel at the Airport.

8. Indemnification

Section 7 of the Terms and Conditions of this Permit shall be deemed deleted and the following paragraph shall be deemed to have been substituted therefor:

"The Permittee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees, representatives and agents from and against (and shall reimburse the Port Authority for the Port Authority's costs and expenses including legal costs and 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 any default of the Permittee in performing or observing any term or provision of this Permit, or out of the operations of the Permittee hereunder, or out of the use by the Permittee of the Fuel Storage Facilities, or out of any of the acts or omissions of the Permittee, its officers, directors, employees, and agents arising out of or in connection with the activities permitted hereunder, including (to the extent consistent with the foregoing) claims and demands of the City of New York and the New York City Economic Development Corporation against the Port Authority for indemnification arising by operation of law or through agreement of the Port Authority with the said City of New York; provided that this paragraph shall not apply to claims and demands arising from the sole negligence or willful misconduct of the Port Authority, its officers, employees, representatives and agents. The Port Authority shall give to the Permittee prompt written notice of all such claims and demands, and actions received by it, and the Permittee shall have the right to investigate, compromise and defend the same to the extent of its own interests."

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9. Property of Permittee

(a) Removal at End of Term.

(1) Except as otherwise provided in this Permit, any Aviation Fuel or other property of the Permittee placed in or on the Fuel Storage Facilities shall remain the property of the Permittee and shall be removed on or before the expiration, revocation or termination of the permission hereby granted. In the event of revocation or termination the Permittee shall have ten (10) days, exclusive of Saturdays, Sundays and legal holidays after the effective date of revocation or termination in which to remove such property.

(2) If the Permittee shall so fail to remove such property upon the expiration, termination or revocation hereof, the Port Authority may, at its option, as agent for the Permittee and at the risk and expense of the Permittee, remove such property.

(b) Commingled Aviation Fuel. Notwithstanding the provisions of paragraph (a) of this Special Endorsement, in the event the Permittee's Aviation Fuel has been commingled with Aviation Fuel owned by others, as provided in Special Endorsement No. 4 hereof, the Permittee, upon the expiration, revocation or termination of the Permit, shall either (i) promptly remove its share of such commingled Aviation Fuel, in accordance with the directions of the Contractor; or (ii) promptly sell or transfer its share of the commingled fuel to one or more of the Fuel Storage Permittees at the Airport.

10. Representatives

The Permittee's representative hereinbefore specified (or such substitute as the Permittee may hereafter designate in writing) shall have full authority to act for the Permittee in connection with this Permit, and to do any acts or thing to be done hereunder, and to give and receive notices hereunder.

11. Notices

Section 15 of the Terms and Conditions of this Permit shall be deemed deleted and the following paragraph shall be deemed to have been substituted therefor:

"Any bills or statements including any notices or communications which the Port Authority may desire to give the Permittee shall be deemed sufficiently rendered or given if the same are in writing and sent by overnight courier or registered or certified mail, addressed to the Permittee at the address

SPECIAL ENDORSEMENTS

specified on the first page hereof or at the address that the Permittee may have most recently substituted therefor by notice to the Port Authority, or left at such address, or delivered to the representative of the Permittee. Any notice from the Permittee to the Port Authority shall be validly given if sent by overnight courier or registered or certified mail, addressed to the Executive Director of the Port Authority at 225 Park Avenue South, New York, New York 10003 or at such other address as the Port Authority may hereafter designate by notice to the Permittee. Each notice by either party shall be deemed given and effective (x) upon receipt, (y) in the event of a refusal by the addressee, on the first tender of such notice to the addressee at the designated address and (z) in the event of failure of delivery by reason of changed address of which no notice was given hereunder, on the first attempt at delivery."

12. Permit Constitutes Entire Agreement

This Permit, including the attachments, constitutes the entire agreement of the Port Authority and the Permittee on the subject matter hereof. It may not be changed, modified, discharged or extended, except by written instrument duly executed on behalf of the Port Authority and the Permittee. The parties agree that no representations or warranties shall be binding upon either party unless expressed in writing herein.

13. Survival of Obligations

The suspension, revocation or other termination of the permission granted herein shall not relieve either party of any liabilities or obligations hereunder which shall have accrued prior to the effective date of such suspension, revocation or termination.

14. Force Majeure

(a) Neither the Port Authority nor the Permittee shall be deemed to be in violation of this Permit 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 other circumstances for which it is not responsible and which are not within its control; provided, that this provision shall not apply to failures by the Permittee to pay fees in accordance with Special Endorsement 3 hereof.

SPECIAL ENDORSEMENTS

(b) The Port Authority shall be under no obligation to furnish any services if and to the extent and during any period that the furnishing of any services 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 or if the Port Authority deems it in the public interest to comply therewith.

(c) (1) If any type of strike or other labor activity is directed against the Permittee at the Airport or against any operation pursuant to this Permit resulting in picketing or boycott for a period of at least forty-eight (48) hours which, in the opinion of the Port Authority, adversely affects or is likely adversely to affect the operation of the Airport or the operations of other permittees, lessees or licensees thereat, and whether caused by the employees of the Permittee or any others, the Port Authority may at any time during the continuance thereof, by twenty-four (24) hours' notice, suspend or revoke this Permit effective at the time specified in the notice. During the period of any such suspension the Permittee shall not perform any operations hereunder. The period of suspension shall end not more than twenty-four (24) hours after the cause thereof has ceased or been cured. The Permittee shall notify the Port Authority of such cessation or cure. Suspension shall not relieve the Permittee of any liabilities or obligations hereunder which shall have accrued on or prior to the effective date of suspension.

(2) No exercise by the Port Authority of the right of suspension pursuant to this Special Endorsement shall be or shall be deemed to be a waiver of the Port Authority's right of revocation pursuant to this Special Endorsement.

(3) Prior to the exercise of any rights by the Port Authority hereunder, it shall give the Permittee notice thereof, which notice may be oral. No exercise by the Port Authority of the rights granted to it in this Special Endorsement shall be or shall be deemed to be a waiver of any other rights of termination or revocation contained in this Permit or a waiver of any rights or remedies which may be available to the Port Authority under this Permit or otherwise. Revocation shall not relieve the Permittee of any liabilities or obligations hereunder which shall have accrued on or prior to the effective date of revocation.

15. Rights of Permittee

If requested by the Permittee, the Port Authority or the Contractor will affix or cause to be affixed to any fuel storage tank within the Fuel Storage Facilities in which the Permittee has been granted permission to store Aviation Fuel, at

SPECIAL ENDORSEMENTS

the expense of the Permittee, a removable sign which shall be sufficient to indicate ownership of the contents and shall be subject to the prior and continuing approval of the Port Authority, or, in the case of commingling, a removable sign which shall be sufficient to indicate ownership of a portion of the contents and shall be subject to the prior and continuing approval of the Port Authority.

16. No Personal Liability

No Commissioner, officer, agent or employee of the Port Authority shall be charged personally by the Permittee with any liability, or held liable to it, under any term or provision of this Permit, or because of its execution or attempted execution, or because of any breach thereof.

17. Surrender

The Permittee promises and agrees to yield and surrender its right to use the Fuel Storage Facilities at the expiration, revocation or other termination of this Permit, and at such time to surrender, yield and deliver peaceably such space in such Fuel Storage Facilities as it may then be using for fuel storage purposes, with all of the Permittee's obligations with respect to the care, maintenance and repair thereof fully performed, ordinary wear and tear and acts of God excepted.

18. JFK Fuel Committee

(a) There shall be a committee (the "**JFK Fuel Committee**") the membership of which shall be comprised, each year, of at least six (6) but not more than eight (8) Fuel Storage Permittees not then in breach or default under their respective Permits, provided, however, that at least one of such Fuel Storage Permittees shall be a Scheduled Aircraft Operator that is in the business of transporting cargo and not passengers. The members of the JFK Fuel Committee shall be elected by the vote of Fuel Storage Permittees who, in the aggregate, have taken delivery into their Aircraft of more than fifty percent (50%) of the total Gallonage delivered into Aircraft at the Airport during the previous year.

(b) The JFK Fuel Committee shall adopt any and all rules and procedures that the members may deem necessary or appropriate for the governance of the JFK Fuel Committee and its communications with the Port Authority, the Contractor and the community of Fuel Storage Permittees, including without limitation rules and procedures governing the number, title and

SPECIAL ENDORSEMENTS

duty of officers and their election, the holding of meetings and notice thereof, quorums, participation by telephone, action with and without a meeting, procedural rules and such other matters as the Fuel Committee determines appropriate.

(c) The JFK Fuel Committee may consult with and may make recommendations to the Port Authority and the Contractor regarding budgeting, fuel quality matters, planning, financing, installation, expansion, contraction, operation and management of the Fuel Storage Facilities and, until privatization as contemplated by this Permit, the Into-Plane Services.

19. Amendment to Standard Endorsement No. 22

The second sentence of the first paragraph of Standard Endorsement No. 22 is deemed amended to read as follows:

"If by reason of the Permittee's failure to comply with the provisions of this Endorsement, any fire insurance, extended coverage or rental insurance rate on the Airport or any part thereof or upon the contents of any building thereon shall at any time be higher than it otherwise would be, then, the Permittee, upon proof thereof, shall on demand pay the Port Authority that part of all fire insurance premiums paid or payable by the Port Authority which shall have been charged because of such violation by the Permittee".

20. Non-exclusivity

The privileges granted to the Permittee hereunder are non-exclusive.

INITIALED	
For the Port Authority	For the Permittee
	

**EXHIBIT B  
TO FUEL STORAGE PERMIT**

(Shall be amended by notice from the Port Authority to the Permittee)

**AGREEMENT**

Agreement made as of \_\_\_\_\_ between ALLIED NEW YORK SERVICES, INC., a New York corporation, with an office at 462 Seventh Avenue, 17<sup>th</sup> Floor, New York, NY 10018 ("Allied"), and \_\_\_\_\_, a \_\_\_\_\_ corporation, with an office at \_\_\_\_\_ ("Airline").

**WITNESSETH:**

WHEREAS, the Airline Lease (as defined in paragraph 101) sets forth the basic arrangement between The Port Authority of New York and New Jersey ("Port Authority") and the Airline Lessees signatory thereto with respect to providing, operating and maintaining the Aviation Fuel Storage and Distribution System ("System") for the receiving, storage and distribution of aviation fuel at John F. Kennedy International Airport ("Airport"), including provisions for the designation by the Port Authority of an independent contractor to operate the System; and

WHEREAS, the Port Authority has designated Allied as the independent contractor to operate the System; and

WHEREAS, the Airline Lease provides for the issuance of fuel storage permits (as therein defined) to fuel storage permittees (as therein defined) to effectuate the provisions of the Airline Lease with respect thereto; and

WHEREAS, the Airline is a fuel storage permittee of the Port Authority, and

WHEREAS, the Airline Lease contemplates and the fuel storage permit provides that each fuel storage permittee enter into an agreement with the operator of the System covering the various procedures, terms and provisions to effectuate the basic arrangements under the Airline Lease; and

WHEREAS, the Airline desires to enter into this Agreement with Allied for the performance of services with respect to its commercial aircraft at the Airport in accordance with Title IV of the Airline Lease and Allied desires to furnish such services to the Airline on the terms and provisions hereof;

IT IS AGREED:

## ARTICLE 1

### Definitions

The following terms shall have the respective meanings given below when used in this Agreement, unless the context clearly indicates a different meaning:

101. The term "Airline Lease" shall mean the several indentures of lease dated as of January 1, 1953 between the Port Authority and several of the airlines engaged in air transportation service at the Airport (commonly referred to as the "Dewey Lease"), all of which are uniform as to provisions of Title IV thereof for the receipt, storage and distribution of aviation fuel, as the same have been or may be amended or supplemented; and the term "Dewey Lessees" shall mean those Airlines which are parties to Airline Leases.

102. The term "aviation fuel" shall mean aviation turbine fuel and any other fuel now or hereafter used in the propulsion of aircraft.

103. The term "bond aviation fuel" shall mean aviation fuel imported by the Airline or its Supplier (as defined in paragraph 104) under U.S. Customs Warehouse Bond, and as to which the Airline or its Supplier has delivered to Allied a document setting forth the information specified in paragraph 205.

104. The term "Supplier" shall mean any person, firm or corporation which, on the date in question, has an agreement in effect for the supply of aviation fuel to the Airline at the Airport.

105. The term "Pipeline" shall mean the pipeline operated by Buckeye Pipe Line Company which is used to deliver aviation fuel to the Airport.

106. The term "Permittee" shall mean any person, firm or corporation for whom there is in effect a fuel storage permit at the Airport issued by the Port Authority.

## ARTICLE 2

### Services

201. The following services with respect to the commercial aircraft of the Airline shall be furnished by Allied to the Airline subject to and in the manner provided in this Article:

- (a) accept delivery of the aviation fuel delivered by or on behalf of the Airline for use by it at the Airport;
- (b) monitor the delivery of such aviation fuel into, and while in, the storage tanks of the System for the account of the Airline;
- (c) transfer aviation fuel (including aviation fuel taken into storage by another Permittee for the account of the Airline) from the storage tanks of the System through the

transfer pipes of the System to the fixed underground hydrants and from such hydrants through hydrant carts into the aircraft of the Airline or deliver such aviation fuel by refueling tenders into aircraft of the Airline, pursuant to requisitions given to Allied by duly authorized employees or agents of the Airline; and

(d) defuel aircraft of the Airline, pursuant to requisitions given to Allied by duly authorized employees or agents of the Airline.

202. The Airline hereby appoints Allied as its agent to accept delivery on its behalf of aviation fuel delivered to the Airport by the Airline or by its Supplier. Allied's authority and responsibility in such respect shall be limited to (a) accepting only such deliveries of aviation fuel of which Allied has been notified in advance in writing by the Airline or the Supplier, through its duly authorized officers, employees or agents, and (b) checking each delivery of aviation fuel for quantity and, as set forth in paragraph 203, examining each delivery of aviation fuel. The Airline shall accept Allied's determination of the quantity of any delivery, except in the case of fraud, gross negligence or willful misconduct. Allied shall acknowledge receipt of the aviation fuel so delivered and, after each such delivery, shall forward no later than the next following working day to the Airline, and to its Supplier upon request of the Airline, a copy of the receipt for the aviation fuel so delivered. By reason of accepting delivery of aviation fuel and acting as agent of the Airline set forth above, Allied shall not be responsible in any way or incur any liability whatsoever to the Airline or any Supplier or transporter for any charges or for payment for such aviation fuel and the Airline shall indemnify Allied and the Port Authority and hold each of them harmless from and against any and all claims, liabilities, damages, losses, and judgments, including costs and expenses incidental thereto, which may be suffered by, accrue against, be charged to, or recoverable from them, by reason of any claim for payment by the Supplier or transporter for aviation fuel delivered for the account of the Airlines.

203. At the time of each delivery of aviation fuel, Allied shall perform simple visual tests (and make a record thereof) to ascertain the correct grades of aviation fuel delivered to it regardless of any delivery ticket or loading certificate, or barge loading report (or similar document), including the bright and clear test, the color test, and the specific gravity test and such other test as may be required under current standard industry practice. Allied shall reject any aviation fuel which fails to meet such test. All aviation fuel meeting such tests taken into storage, at which time Allied shall send a sample to an independent testing laboratory which shall perform the "8-point test" (as defined in Exhibit 1 hereto). Except to the extent of making the aforesaid test, Allied shall have no responsibility whatsoever for the quality of the aviation fuel delivered by or on behalf of the Airline. The Airline shall indemnify Allied and the Port Authority and hold each of them harmless from and against any and all claims, liabilities, damages, losses, and judgments, including costs and expenses incidental thereto, which may be suffered by, accrue against, be charged to, or recoverable from them, by reason of Allied's rejection of any aviation fuel delivered by or on behalf of the Airline, provided, but only as to Allied, that in so rejecting such fuel Allied shall have acted with reasonable care and in accordance with its obligations hereunder.

204. Delivery of aviation fuel shall normally be made through the Pipeline and otherwise in the manner permitted by the Airline Lease, and Allied shall promptly accept and report delivery of the same.

205. At the time of, or prior to, each delivery, the Airline or its Supplier shall deliver to Allied at the Airport its delivery ticket, loading certificate, or barge loading report (or similar document) which shall specify (i) the kind and grade of such aviation fuel and (ii) the quantity thereof contained in the shipment being delivered to Allied, and (iii) which shall state that if such aviation fuel is bonded aviation fuel that it is bonded aviation fuel, and (b) a certificate which shall state that such fuel meets ASTM specification D1655, as such specification may be amended from time to time, for the kind and grade of such aviation fuel.

206. Allied shall not deliver into aircraft or commingle with other aviation fuel any aviation fuel delivered by or on behalf of the Airline until Allied has received advice from independent testing laboratory referred to in paragraph 203 that the aviation fuel has met the "8-point test" or otherwise is unfit for aviation use (hereinafter referred to as "condemned aviation fuel"), Allied shall cause the same to be separately stored. If the condemned aviation fuel becomes of the sole negligence of Allied, its agents or employees, it shall be removed by Allied at its expense from time to time so that it shall not interfere with the storage of any uncondemned aviation fuel. If the responsibility for the condemned aviation fuel is not so chargeable to Allied, then it shall be removed or made usable by the Airline or its Supplier within 12 hours of notice of verification of its condemnation. If not so removed or made usable, then Allied may remove the same, the expense of such removal to be paid by the Airline. If any of the aviation fuel delivered by or on behalf of the Airline is condemned aviation fuel when delivered, and by reason thereof any other aviation fuel with which it has been commingled has become condemned aviation fuel, the Airline (a) within 12 hours of notice of verification thereof, shall remove, or cause its Supplier to remove, all such aviation fuel which has become condemned aviation fuel, and upon its failure to do so within such time, Allied may remove the same, the expense of such removal to be paid by the Airline, and (b) shall replace all aviation fuel which has become condemned aviation fuel, provided, however, that if the responsibility for the condemned aviation fuel shall be chargeable to Allied as hereinabove set forth, it shall be removed by Allied at its expense and Allied shall replace all such condemned aviation fuel at its expense. When any condemned aviation fuel has been made usable by the Airline or its Supplier, the Airline shall furnish, or cause its Supplier to furnish, to Allied a document similar to that provided for in paragraph 205. The statement referred to in paragraph 306 shall reflect any adjustment made necessary by any withdrawal and subsequent redelivery of condemned aviation fuel made usable by the Airline or its Supplier.

207. Allied shall retain records relating to the visual tests referred to in paragraph 203 and the "8-point test" for at least 6 months after the performance of such tests.

### ARTICLE 3

#### Reports by Allied

301. Promptly after each delivery to it of aviation fuel, Allied shall complete or cause to be completed a receipt showing the date and time of such delivery, the quantity of such delivery, and the grade and source of the aviation fuel delivered. Such receipt shall be in such form as shall be prepared by Allied and shall be provided by Allied.

302. Allied shall accurately meter the amount of all aviation fuel delivered into aircraft of the Airline. Promptly after each such delivery by Allied, Allied shall complete, and have signed by an authorized employee of the Airline, a dispensing ticket showing the grade and quantity of aviation fuel delivered, the date so delivered, the number of the aircraft and the flight number. The dispensing ticket shall be in such form as shall be prepared by Allied and shall be provided by Allied. Allied shall forward to the Airline copies of the dispensing ticket, normally on the next succeeding day but never later than five days after deliver is made.

303. Promptly after each defueling, Allied shall complete and obtain a defueling ticket signed by an authorized employee of the Airline, showing the quantity, as determined by Allied, and the grade, as asserted by the Airline, of the aviation fuel so defueled. The defueling ticket shall be in the same form as the dispensing ticket, except that when used as a defueling ticket the same shall be indicated by prominent marking. Allied shall forward to the Airline copies of each defueling ticket, normally on the next succeeding day but never later than five days after each defueling.

304. Allied shall transfer defueled aviation fuel into a truck or trucks which at the time such defueling commences shall either be empty or shall contain only aviation fuel which Allied has not been notified to segregate. Allied shall deliver such defueled fuel into an aircraft of the Airline as soon thereafter as its possible contingent on the Airline's operating requirements, provided in each case that (i) delivery is made within 24 hours after such defueling, and (ii) the grade of such defueled aviation fuel, asserted, at the time of defueling, by the Airline is the same grade as that specified in the requisitions given to Allied for the into-plane delivery of aviation fuel. If such delivery is not so made within 24 hours, Allied shall at the expense and upon instructions of the Airline dispose of such defueled aviation fuel, and shall obtain and deliver to the Airline a receipt thereof. Such disposal may, under appropriate conditions, include delivery of such fuel into storage.

305. If Allied delivers into aircraft of the Airline aviation fuel in excess of the amount specified in the requisition given to Allied pursuant to paragraph 201 (c), Allied shall defuel the amount of such excess from such aircraft without charge to the Airline.

306. As of the last day of each month, Allied shall furnish to the Airline a statement, on such forms as shall be prepared by Allied, prepared as of the last day of each month, showing with respect to each grade of aviation fuel, separately stated for bonded and non-bonded aviation fuel, (i) the monthly opening inventory held for the account of the Airline, which shall be the same as the monthly actual closing inventory (as hereinafter defined) for the preceding month, (ii) the aggregate quantity shown on the delivery tickets with respect to all deliveries received from the Airline or its Suppliers by Allied during such month for storage under the Airline's fuel storage permit, (iii) the aggregate quantity of aviation fuel transferred to the Airline at the Airport by other Permittees during such month, (iv) the aggregate quantity of aviation fuel defueled from aircraft of the Airline, (v) the aggregate quantity shown on the dispensing tickets with respect to all into-plane deliveries made by Allied during such month into aircraft of the Airline, (vi) the aggregate quantity of defueled aviation fuel disposed of, (vii) the aggregate quantity of other authorized withdrawals from inventory, (viii)

the book balance, i.e., the difference between the sum of items (i), (ii), (iii) and (iv), less the sum of items (v), (vi) and (vii) (herein referred to as the "monthly closing book inventory"). The statement shall also show (ix) the "monthly actual closing inventory," which shall mean the actual quantity of aviation fuel of the Airline held for the account of the Airline in the System and tenders or refueling vehicles on the last day of the month, plus or minus, as the case may be, the Airline's share of the actual gains or losses of the respective grade of aviation fuel, which shall be determined as follow" the actual gain or loss shall be the difference between (A) the aggregate of the monthly closing book inventory of such grade of all Permittees and (B) the actual quantity of such grade in the System, tenders and refueling vehicles on the last day of the month, determined by actual measurement, and the Airline's share of such actual gain or loss shall be the amount which bears the same proportion to the actual gain or loss as the number of gallons of such grade of aviation fuel delivered to the Airport by or on behalf of the Airline and taken into storage under the Airline's fuel storage permit during the month bears to the aggregate number of gallons of such grade delivered to the Airport by or on behalf of all Permittees during such month. If the Airline's share of any actual loss as shown on such statement for any month is equal to or exceeds  $\frac{1}{4}$  of 1% of the volume of aviation fuel delivered to the Airport by or on behalf of the Airline and taken into storage under the Airline's fuel storage permit during the month, Allied shall furnish an explanation of the reasons therefore.

307. Allied shall be required to delivery to the Airline the quantity of each grade of aviation fuel delivered to Allied by or on behalf of the Airline and taken into storage under the Airline's fuel storage permit, less or plus actual net losses incurred or gains experienced, respectively, as determined in the manner provided in paragraph 306. Neither Allied nor the Port Authority shall be responsible for storages or losses of aviation fuel except, as to Allied, as to losses covered by the insurance carried by Allied pursuant to paragraph 1103 hereof.

**ARTICLE 4**  
**Method of Operation**

401. All Allied's obligations hereunder shall be subject to (a) the capacity and physical limitation of the System, and (b) the impairment or interruption of service caused by or due to fire, earthquake, flood, lightning, windstorm, power shortages, labor disputes, war (whether declared or undeclared), riot, embargoes, delayed, losses or damages in transportation, regulations, rulings or requests of any governmental agency now existing or hereafter in effect (not involving a breach of Allied's obligations under this Agreement), acts of God, or any other cause beyond the control of Allied, whether or not of the nature or character hereinbefore specifically enumerated. Subject to the foregoing, Allied shall (a) furnish good, prompt and efficient service, (b) furnish service on a fair, equal and nondiscriminatory basis to all Permittees, (c) keep open for business 24 hours a day, 7 days a week, and (d) conduct its operations at the Airport consistent with Title IV of the Airline Lease and in accordance with generally accepted practices of the industry.

402. Allied shall maintain such accounting records and measuring and / or metering devices and procedures as will accurately show receipts of products, deliveries and quantities on hand for each grade of bonded and non-bonded aviation fuel for the Airline and shall make the same available for inspection by the Airline at any time during regular business hours Allied shall cooperate with the Airline, its Suppliers, other Permittees, and with the United States Customs officers in the taking of a physical inventory of bonded aviation fuel in the manner described in paragraph 306, if permissible under the United States Customs regulations, or if not so permissible, at midnight on December 31 in each year, and shall make its records readily available to the Airline and its Suppliers, and to United States Customs officers during such stock audits for ready determination of all transactions respecting bonded aviation fuel delivered by or on behalf of the Airline. As of the last day of each month or as of midnight on December 31 in each year, as the case may be, Allied shall prepare and submit to the Airline and its Supplier a statement of losses or gains of each grade of bonded aviation fuel for the preceding month or 12 months, as the case may be, to provide the information required to be furnished to United State Customs. Losses or in such statement among the Permittees in the

proportion thereof which, for the month of the year in question, the number of gallons of such grade of bonded aviation fuel delivered to the Airport by or on behalf of each Permittee and taken into storage under its fuel storage permit during such month or year bears to the total number of gallons of such grade of bonded aviation fuel delivered to the Airport by or on behalf of all Permittees during such month or year.

403. In performing its obligations herein, Allied shall comply with (a) all applicable orders, rules, regulations and requirements of the Port Authority, and (b) all applicable laws, orders, rules, regulations and requirements of federal, state and New York City governments and departments, agencies and bureaus thereof ("governmental requirements"); but if Allied contests the amount or validity, in whole or in part, of any such governmental requirement by appropriate proceedings, the Airline shall not be entitled to assert any breach of this provision unless Allied shall have failed to comply with such governmental requirement after a determination with respect thereto shall have become final and the time to appeal there from has expired. Allied shall maintain in full force and effect throughout the period of this Agreement all licenses, permits, permissions, certificates and any other evidence of authority necessary to permit it lawfully to perform its obligations hereunder.

404. Once each day, at approximately the same time, Allied shall measure the quantity, by grade, of the Airline's aviation fuel in the storage tanks and tenders and refueling vehicles, but excluding line displacements, and shall keep accurate record of the same. Upon the Airline's request, Allied shall inform it on the amount of such fuel so measured. Allied shall notify the Airline, at least 48 hours in advance of the time when, in its opinion, additional deliveries but Allied Shall have no responsibility or liability whatever by reason of any such notification or assistance or for failure to take any such action.

405. A committee (the "Airline Committee") consisting of one representative of each of the Dewey Lessees and one representative representing all airlines engaged in operations at the Airport

which are not Dewey lessees and representative representing all airlines engaged in operations at the Airport, which are not Dewey Lessees, shall be established to consult regularly with Allied concerning the performance of services pursuant to this Agreement and the general operating procedures under which services will be performed. The Airline Committee shall also have the right to consult with Allied concerning Allied's proposed annual budget, after the same shall have been approved by the Port Authority, and for this purpose shall meet with Allied at least once each calendar year.

## ARTICLE 5

### No Commingling

501. Until such time as delivery is made into aircraft, the aviation fuel, the delivery of which is accepted by Allied at the Airport, shall at all times be and remain the property of the Permittee for whose account such aviation fuel is taken into storage under its fuel storage permit, unless such aviation fuel is transferred to another Permittee pursuant to Article 7 hereof. Allied shall not be required to accept for storage at any one time quantities in excess of the amount the Airline is entitled to store under its Airline Lease or fuel storage permit, as the case may be, for the Airline's particular grade of aviation fuel.

502. In the storage tanks of the System, aviation fuel of the same specifications may be delivered for the account of two or more Permittees, and such aviation fuel accepted for storage may be commingled, except that bonded aviation fuel shall not be commingled with aviation fuel which is bonded aviation fuel. No Permittee shall have the right to require separation by specification subject to the terms of the Airline Lease. No consequence attributable to the following of, or inability to follow, the foregoing provisions with respect to commingling or non-commingling shall constitute a breach by Allied of this Agreement, and Allied shall not be liable to any Permittee for, or with respect to, any such consequence, except where attributable to Allied's negligence.

503. No airline, including the Airline, shall be entitled to have delivered into its aircraft aviation fuel in an amount greater than that stored in the System under its fuel storage permit or for its account under the fuel storage permit or permits of its Supplier or Suppliers, unless another Permittee agrees to supply the required aviation fuel.

## **ARTICLE 6**

### **Quality of Aviation Fuel**

601. The Airline represents and warrants to Allied, or shall cause its Supplier to represent and warrant directly to Allied, that all aviation fuel delivered by it or its Supplier to Allied shall be of the kind and grade represented upon any delivery ticket, loading certificate or barge loading report (or similar document) delivered to Allied at, or before, the time of delivery and shall meet current specification for the kind and grade so represented, and that all such fuel at the time of the delivery will be uncontaminated as to purity as fuel and will be uncommingled with any other kind or grade of fuel. Such representations and warranties shall not relieve Allied of its obligations under paragraph 203 with regard to the testing of fuel upon delivery, nor of its obligations under paragraph 206 with regard to the handling of condemned aviation fuel.

## **ARTICLE 7**

### **Transfers of Aviation Fuel**

701. The Airline shall promptly notify Allied of all aviation fuel received in the storage tanks of the System by another Permittee which, after such receipt, is transferred to the Airline for storage by it in an exchange between them. The Permittee for which the aviation fuel was first taken into storage shall be credited or charged, as the case may be, with any gains, losses or shortages pursuant to paragraphs 306 and 307 with respect to aviation fuel so transferred.

## **ARTICLE 8**

**Airline's Right of Removal of Aviation Fuel**

801. At the time during the term of this Agreement and within a period of 10 days after its termination, the Airline shall have the right, at its expense and without liability to Allied, to remove all or any part of such quantity of aviation fuel of its particular grade as is in storage under its fuel storage permit subject to the provisions of this Agreement.

**ARTICLE 9**

**Independent Contractor**

901. In performing all of its obligations hereunder, Allied shall act as an independent contractor.

**ARTICLE 10**

**Airline Committee and Cooperation**

1001. The Airline shall cooperate with Allied in every way possible and shall give Allied reasonable advance notice of its requirements, changes in its schedule, types of aircrafts to be flown, extra sections and delays in plane arrivals and departures to the extent that these items affect fuel demands and are pertinent to Allied's services under this Agreement.

**ARTICLE 11**

**Insurance and Indemnity**

1101. Allied shall maintain in effect at all times during the term of this Agreement (and shall name the Airline as an additional insured on the insurance described in item III below) the following

described insurance covering it and its operations and activities under this Agreement in the respective amounts set forth below and, at the Airline's request, shall furnish the Airline with certificates of insurance certifying that such insurance is in full force and effect and that the insurer will notify the Airline 30 days prior to any cancellation or change.

	<u>Description</u>	<u>Limit of Liability</u>
I.	Workers' Compensation Employer's Liability	Statutory as required \$500,000
II.	Legal Liability Insurance	
	A. Airport Premises - Operations	
	Comprehensive General Liability, including automotive vehicles, contractual and products hazards, combined single limit for bodily injury and property damage	\$250,000,000 each occurrence, subject to a \$250,000,000 annual policy aggregate for products hazards coverage
	B. Automotive Vehicles (while away from Airport premises)	
	Comprehensive Automotive Vehicles Liability combined single limit for bodily injury and property damage	\$50,000,000 each occurrence
III.	Environmental Impairment Liability	\$4,000,000 per claim subject to a deductible of \$5,000 per Claim and \$8,000,000 annual Policy aggregate

1102. Allied further agrees, subject to the proviso hereinafter set forth in this paragraph 1102, to indemnify, defend and hold harmless the Airline from and against any and all claims, liabilities, fines, penalties, damages, losses, and judgments, including costs and expenses incident thereto, which may be suffered by, accrue against, be charged to, or recoverable from the Airline by reason of loss of or damage to property, or by reason of injury to or death of any persons, arising out of or in any way connected with the furnishing of any of the services herein provided for the Allied under this Agreement and caused by the negligence of Allied, its agents, or employees, provided that, notwithstanding anything to the contrary contained herein, (a) Allied's liability under this paragraph 1102 shall be limited to the risks to be insured pursuant to paragraph 1101 and shall in no event exceed the amount for which Allied is obligated to be insured pursuant to paragraph 1101 with respect to the loss, injury, or damage involved in the particular case, and (b) Allied shall not be liable for mail fines or for loss, damage or expense caused by or arising in connection with delay to scheduled or non-scheduled arrivals or departures of aircraft, cargo, or passengers, or for loss of full or partial use and occupancy of any aircraft or facilities, whether or not caused by the negligence of Allied, its agents or employees. The Airline expressly waives any and all rights against Allied with respect to the liabilities referred to in the foregoing provisos (a) and (b), and the Airline shall indemnify and hold harmless Allied from and against any and all claims, liabilities, damages, losses and judgments, including costs and expenses incident thereto, which may be suffered by, accrue against, be charged to, or recoverable from Allied by reason of the liabilities referred to in the foregoing provisos (a) and (b), whether or not caused by the negligence of Allied, its agents or employees. Allied will insure its liability under this paragraph 1102 as part of the insurance provided for in paragraph 1101. Certificates of insurance furnished to the Airline pursuant to paragraph 1101 shall state that such liability is so insured.

1103. During the term of this Agreement, Allied shall maintain

(a) to the extent of the replacement value thereof, on all aviation fuel stored hereunder on behalf of the Airline, from the time such fuel is accepted on delivery until it is transferred into the Airline's aircraft hereunder, physical loss or damage insurance on an all-risk basis except for the perils of (i) delay, deterioration, inherent vice and/or loss of market, (ii) mysterious disappearance or unexplained shortages disclosed by the taking of inventory, (iii) hostile or warlike action in time of peace or war, (iv) infidelity or dishonesty of any employee of Allied, (v) nuclear explosion and radiation contamination, (vi) loss or damage caused by or resulting from the explosion or rupture or bursting of pressure vessels or pipes (however, explosion, rupture or bursting of oil transfer lines and associated piping and equipment to and from storage tanks and facilities are covered), or steam boilers, or steam pipes, or steam turbines, or steam engines, or flywheels, owned or operated by Allied, or mechanical breakdown, and

(b) fidelity insurance, to the extent of \$100,000 per employee, plus \$900,000 per occurrence;

such insurance under subparagraph (a) above to be written in the names of, and payable to, Allied and the Airline, as their respective interests may appear. At the Airline's request, Allied shall furnish the Airline with certificates of insurance certifying that such insurance is in full force and effect and that the insurer will notify the Airline 30 days prior to any cancellation or change.

## ARTICLE 12

### Charges for Services

1201. Allied shall bill the Airline for charges due Allied for Allied's services hereunder in the following manner: As of the last day of a week during which this Agreement is in effect (and with respect to that portion of the last week, if the Agreement terminates on a day other than the last

day of a week, as of the date of such termination), Allied shall render to the Airline a bill in an amount equal to the number of gallons of aviation fuel delivered into or defueled from aircraft of the Airline at the Airport (including aviation fuel delivered into aircraft of the Airline from aviation fuel taken into storage by or on behalf of another Permittee) during such week multiplied by the rate per gallon for such week determined pursuant to Exhibit 2 attached hereto based on Allied's estimate of the aggregate number of gallons of aviation fuel to be delivered into or defueled from aircraft of all airlines at the Airport for the month during which such week occurs. As of the last day of each month during which this Agreement is in effect, Allied shall issue an adjustment bill (or credit) to the Airline to reconcile differences between bills based on such estimates and actual gallonage for such month. Each bill shall become due and payable by the Airline 10 days after receipt thereof by the Airline. If the Airline shall fail to pay any bill in full within 10 days after the receipt thereof, Allied may charge the Airline a service charge equal to 1-1/2% per month or portion thereof on the unpaid amount of such bill until payment is received by Allied. The Airline shall indemnify Allied for the amount of any sales tax and any penalties, interest and expenses (including reasonable attorneys' fees) in connection therewith that Allied may be required to pay in the event of a determination that any such tax should have been billed and collected by Allied in connection with the payment by the Airline of Allied's charges for services hereunder.

1202. For periods subsequent to December 31, 1980, the rates set forth in Exhibit 2 may be changed after compliance with the procedures set forth with respect to such rates in the Airline Lease and Exhibit 2 shall be deemed amended, without further action by Allied or the Airline, to reflect the rates as so changed effective as of the effective date of such amendment.

1203. Concurrently with the execution of this Agreement, the airline has paid to Allied the sum of \_\_\_\_\_, which Allied shall maintain for the account of the Airline with respect to payments to be made by the Airline hereunder. If a bill rendered by Allied to the Airline is not paid when due, Allied may apply any part or all of such deposit against such invoice, in which event Allied shall give notice of the amount so applied to the Airline. Upon receipt of such notice, the Airline shall promptly pay to Allied an amount equal to the sum so applied together with the

amount due on the bill with respect to which such application was made if such bill is still outstanding. If the balance maintained for the account of the Airline is reduced below the amount which Allied reasonably believes is necessary to secure it against costs and expenses incurred by it as a result of late payments by the Airline, the Airline, promptly upon notice and demand from Allied, shall pay to Allied such additional sum to be maintained by Allied for the account of the Airline as Allied reasonably believes is necessary to so secure it. Allied may commingle such amount with its general funds and shall not be required to account to the Airline with respect to any earnings thereon.

## ARTICLE 13

### Term

1301. This Agreement shall take effect as of 12:01 A.M. on September 1, 1980 and shall continue in effect so long as Allied continues as the operator of the System, subject to the further provisions of this Article 13.

1302. If either Allied's designation as the operator of the System or Airline's fuel storage permit is terminated, this Agreement shall terminate automatically and simultaneously therewith.

1303. If either Allied or the Airline shall make a general assignment for the benefit of creditors, or if the petition in bankruptcy shall be filed by it, or if it files a petition or answer seeking its reorganization or the readjustment of its indebtedness under any present or future federal bankruptcy law or other federal or state law, or if a receiver, trustee or liquidator of all or substantially all of its property shall be appointed or applied for, or if a judgment, decree or order shall be entered by a court of competent jurisdiction determining that proceedings for reorganization, arrangement, adjustment, composition, liquidation, dissolution or winding up or any similar relief

under any present or future federal bankruptcy laws or other federal or state law have been properly instituted otherwise than by it and such judgment, decree or order shall remain unstayed and in effect for 30 days, this Agreement may, at the option of the other, be terminated forthwith.

#### **ARTICLE 14**

##### **Uniform Form of Agreement**

1401. It is intended that the form of agreement between Allied and all Permittees shall be uniform in all material respects other than the amount of deposit to be maintained pursuant to paragraph 1203. Neither Allied nor the Airline shall execute a material amendment to this Agreement unless the same amendment is offered for execution by Allied and all other Permittees.

#### **ARTICLE 15**

##### **Miscellaneous**

1501. The right of either party to require strict performance hereunder by the other shall not be affected by any previous waiver, forbearance or course of dealing.

1502. This Agreement contains the entire contract between the parties with reference to the subject matter thereof and may not be changed, modified, discharged or extended except by written instrument signed by the parties.

1503. The article headings are inserted only as a matter of convenience and for reference and in no way define, limit or described the scope or intent of any provisions of this Agreement.

1504. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

**ARTICLE 16**

**Successors and Assigns**

1601. Allied may not assign the performance of this Agreement without the prior written consent of the Airline, but, without the consent of the Airline, Allied may assign moneys due or to become due under this Agreement. Otherwise, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of Allied and the Airline

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first above written.

ALLIED NEW YORK SERVICE, INC

[ NAME OF AIRLINE ]

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

**Exhibit 1**

**8-Point Test**

The following tests shall constitute the "8-point test":

	<u>Specification</u>
1. Color, Saybolt, min.	Plus 16
2. API Gravity at 60°F	37° - 51°
3. Flash Point, TCC, min.	105° - 150°
4. Copper Strip Corrosion, max.	No. 1
5. Freeze Point, ASTM D2386 max.	Jet A - 40°F Jet A-1 - 47°F
6. Water Tolerance:	
Interface rating, max.	1(b)
MI Change, max.	1.0
7. Distillation:	
10% Evaporated, max. Temp.	400°
50% Evaporated, max. Temp.	450°
90% Evaporated, max. Temp.	465°
Final Boiling Point, max. Temp.	550°
Residue, max %	1.5%
Loss, max. %	1.5%
8. Water Separometer Index, Modified min.	85

INITIALED:	
For the Port Authority	For the Permittee
	

**EXHIBIT C**  
**TO**  
**FUEL STORAGE PERMIT**

**FUEL STORAGE FEE METHODOLOGY AND ACCOUNTING PRINCIPLES**

**INTRODUCTION**

The calculation of the *Fuel Storage Fee*, pursuant to the Fuel Storage Permit to which this Exhibit C is attached (the "Permit") will be based on the accounting principles set forth below. If not otherwise stated, the calculation will be performed in accordance with Port Authority historic accounting practices. In the event that there is no Port Authority historic practice for the treatment of a particular cost element, and if not otherwise stated herein, then the item will be accounted for based on generally accepted accounting principles.

The accounting principles below make reference to Cost Center (cc) numbers that are currently used in the Port Authority's accounting system (as shown in Appendix 1, "Cost Centers Listing", attached hereto). Cost Centers are used to accumulate operating and maintenance expenses and capital costs for the construction, financing, operation, administration and maintenance of the structures, land areas, buildings, facilities, services, and activities, as well as the revenues credited or otherwise allocable to such Cost Centers. There may be future changes in the number and numeration of Cost Centers. The intention here is to define the Cost Centers that figure in the Fuel Storage Fee calculation.

"**Airline Passenger Terminal Areas**" means the areas within the Airport that are leased by the Port Authority to airlines and others for the construction and operation of passenger air terminals.

"**Fuel Distribution System**" means all facilities for the transfer of Aviation Fuel from the dike wall in the Bulk Fuel Storage area to the dike wall in the Satellite Storage Area and from the dike wall in the Satellite Storage Area to the Airline Passenger Terminal Areas, including without limitation controls, signals, data control installation, pumps, motors, water separators, piping, valves, suppressors, electrical installations, appurtenances and related facilities.

"**Fuel Storage and Distribution Requirement**" means the annual costs to the Port Authority of providing (including, by way of example, the construction and financing costs), maintaining and operating the Fuel Storage Facilities (as defined in Special Endorsement 1 to the Permit) and the Fuel Distribution System (collectively, the "**Fuel Storage and Distribution Facilities**"). It is calculated as the sum of all costs and credits delineated in Sections II, III, IV, V and VI below.

**I – Cost Groups**

A Cost Group is comprised of one or more Cost Centers. The following two Cost Groups are used in the establishment of the Fuel Storage and Distribution Requirement and the calculation of Fuel Storage Fee Rates. The procedures governing inclusion in the Fuel Storage and Distribution Requirement of costs accumulated in these Cost Groups are set forth in Section II hereof (for O&M Costs) and Section III hereof (for Capital Costs - Fixed Charges). The Port Authority shall maintain books and records in such a manner that the costs applicable to each Cost Center and Cost Group at the Airport may be readily determined.

JFK- Exhibit C

1. **Fuel Storage and Distribution Facilities Cost Group** is comprised of the costs of the Fuel Storage and Distribution Facilities. The costs associated with this Cost Group will be included in the following Cost Centers:

*Aircraft Fuel Storage (cc501)*, which relates to the Fuel Storage Facilities, comprising, by way of example, all the aircraft fuel tanks, valves, piping, and appurtenances wholly within the bulk dikes and satellite dikes, including the dike walls themselves, and service roads around the dike wall enclosure, high pressure water and foam fire protection systems, area illumination, area drainage and perimeter fencing at the Bulk Fuel Storage Area and the Satellite Storage Area.

*Aircraft Fuel Distribution System (cc502)*, which relates to the Fuel Distribution Facilities, comprising, by way of example, all controls, signals, data control installation, pumps, motors, water separators, piping, valves, suppressors, electrical installations, appurtenances and related facilities within the Fuel Distribution System. This system also includes the Port Authority installed hydrant valves, surge suppressors, emergency stop system, and related appurtenances and facilities used in connection with the transfer of Aviation Fuel within the Airline Passenger Terminal Areas.

2. **Systems Cost Group**, is comprised of the costs of the following systems:

*The Communication and Signal System (cc121)*, which are those installations at the Airport comprising, by way of example, the equipment and installations (ducts, lines, switching apparatus) necessary for PBX, signals, alarms, fire alarm panels, public address units, fiber optics, radio appliances and other communications and signals technologies, up to the point where the system serves a specific area.

*The Electrical Distribution System (cc122)*, which is that installation at the Airport comprising, by way of example, the electric power feeder lines, ducts and conduits, transformers, switching equipment, instruments, including structures required for housing the equipment, up to the point where electricity is distributed to a particular Cost Center. It does not include electrical lines or appliances used exclusively within an area.

*The Storm and Sanitary Sewer System (cc124)*, which is that installation at the Airport comprising, by way of example, the catch basins, underground drainage lines, drainage ditches and tide gates, including all electrical or mechanical auxiliary units for drainage and sewerage disposal at the Airport.

*The Water Distribution System (cc125)*, which is that installation at the Airport comprising the high and low pressure mains, pump house, water lines, and master meters, etc., ending at the point where water is distributed from the principal mains to pipe lines of a specific Cost Center. It does not include plumbing fixtures or water lines or meters used exclusively by a single airport area.

*The Air Terminal Highway System (cc127)*, which are those portions of the Airport designated and made available temporarily or permanently by the Port Authority to the public for general or limited highway use. It refers to that portion of the Airport (as shown upon the most current Accounting Area Map) comprising the designated roadway right of way land area, including sidewalks and landscaping, designated and made available temporarily or permanently to the public for unrestricted or limited highway use inside the airport boundaries.

**II - Operating and Maintenance Costs (O&Ms)**

All O&M costs, including salaries and wages, retirement, health insurance and other employee costs and benefits, materials, supplies, contracts, equipment, and all other costs which are directly attributable to a particular Cost Center, shall be charged directly thereto, as follows:

1. **O&M Costs Charged to Fuel Storage and Distribution Facilities Cost Group.**  
The Fuel Storage and Distribution Requirement will include 100% of O&M costs incurred for the benefit of and charged directly to the Fuel Storage and Distribution Facilities Cost Group.
2. **O&M Costs Charged to Systems Cost Group**  
The Fuel Storage and Distribution Requirement will include 1.05% of O&M costs included in the Systems Cost Group.

**III- CAPITAL INVESTMENT – Fuel-Related Fixed Charges**

Fixed Charges shall mean the sum of (1) amortization and interest on Port Authority investment completed and placed in service subsequent to December 31, 2010 (“New Investment”) and (2) amortization and interest on Port Authority investment completed and placed in service on or prior to December 31, 2010 (“Old Investment”).

Such charges, for New Investment and Old Investment, will be computed on an equal annual payment method and amortized over the useful life of the asset in accordance with generally accepted accounting principles, with the exception of investment that is taken out of service and still has a remaining unamortized balance. Such investment will not incur an accelerated fixed charge but will instead be recovered over the estimated useful life first established when the asset was placed into service. The interest factor used in determining the fixed charges for all the foregoing shall be the weighted average coupon rate for the 12 months ending November 30, of each year, rounded to the nearest hundredth percent, on all Port Authority long-term bonds and notes outstanding, the proceeds of which were made available for construction at the New York Airports. Such interest factor is applied to all unamortized investment at the Airport and is recalculated each year to reflect the current year interest rate.

For purposes of this section, New Investment shall consist of projects whose costs are the sum of:

- a. Construction Costs
  - (1) payments to contractors and/or vendors and suppliers;
  - (2) premiums or charges for Performance Bonds;
  - (3) insurance premiums or charges;
  - (4) direct payroll and costs of the Port Authority forces engaged in performance or supervision of the construction work, charged in accordance with Port Authority accounting practice.
- b. Engineering Services
  - (1) payments to outside consultants and engineering firms;
  - (2) direct payroll and costs of Port Authority resources, charged in accordance with Port Authority accounting practice.
- c. Land acquisition costs and the cost of acquisition of any interest therein for Airport purposes, including air rights, whether by purchase, lease, condemnation or other taking

JFK- Exhibit C

for a purpose, use or otherwise. These costs are allocated to airport Cost Centers in accordance with Port Authority accounting practice.

- d. Other costs charged in accordance with Port Authority accounting practice, including Aviation General Capital (CA1) and Engineering General (CG3) but excluding General Administrative Expenses (G1).
- a. Financial Expense (interest during construction until asset is put into service) on the foregoing computed in accordance with Port Authority accounting practice.

For purposes of this section, Old Investment shall consist of the investment as defined under the Old General Operating Agreement, and as so recorded on the books and records of the Port Authority.

Port Authority Investment as used for the computation of fixed charges shall be reduced by the amount of any contributions or grants heretofore or hereafter received specific to that project, by the Port Authority from the Federal Government, or the State or City of New York, or from any other entity. Port Authority investment as used for the computation of fixed charges shall also be reduced by the amount of Passenger Facility Charges (PFCs) funds applied to a particular project.

1. **Fuel Storage and Distribution Facilities Cost Group**

100% of all fixed charges on Port Authority investment in the Fuel Storage and Distribution Facilities are includible in the Fuel Storage and Distribution Requirement.

2. **Systems**

The Fuel Storage and Distribution Requirement will include the following percentages of fixed charges computed on Port Authority investment in each of the systems in the Systems Cost Group:

- a. Communication & Signal System 1.05%
- b. Electrical Distribution System 1.05%
- c. Storm and Sanitary Sewer System 1.05%
- d. Water Distribution System 1.05%
- e. Air Terminal Highway System 1.05%

3. **Coverage Factor**

A coverage factor shall be computed equal to 0.3 times the sum of fixed charges for (1) the Fuel Storage and Distribution Facilities Cost Group, and the (2) Systems Cost Group, and shall be added to the Fuel Storage and Distribution Requirement.

**IV – CREDITS**

1. **Cost of Port Authority Electricians**

The Fuel Storage and Distribution Requirement will be credited with reimbursement payments from the *Contractor* as defined in Special Endorsement 1 associated with work done by Port Authority electricians.

2. **Partial Credit of Coverage Factor**

The Fuel Storage and Distribution Requirement will be credited with 25% of the 0.3 Cover amount (as calculated in paragraph III - 3)

**V - ADJUSTMENT FOR UNDER-COLLECTION OR OVER-COLLECTION OF FUEL FEE REVENUES**

The Fuel Storage and Distribution Requirement for a current year will include (as a charge or credit, whichever is applicable) the difference between the total amounts billed for Fuel Storage Fees to all *Fuel Storage Permittees* for the previous year and the Fuel Storage and Distribution Requirement for the previous year. Commencing with the 2011 calculation, when calculating the *Initial Fuel Storage Fee Rate* and the *Mid- Year Fuel Storage Fee Rate*, as defined in the Permit, the Port Authority will take into account its estimate of this over-collection or under-collection of Fuel Storage and Distribution revenues.

**VI - 15% OVERHEAD ON DIRECT COSTS**

The Fuel Storage and Distribution Requirement will include an overhead equivalent to 15% of the sum of the O&M costs and Fixed Charges charged to the Fuel Storage and Distribution Facilities Cost Group, and the O&M costs and Fixed Charges charged to the Systems Group, net of the partial credit of Coverage Factor and the credit for the Port Authority electricians.

**VII - CALCULATION OF FINAL FUEL STORAGE FEE RATE**

The *Final Fuel Storage Fee Rate* shall be the Fuel Storage and Distribution Requirement divided by the total gallons of fuel stored in the Fuel Storage Facilities for all Fuel Storage Fee Permittees. The calculation shall be done on a calendar year basis.

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For the Port Authority	For the Permittee
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**JF KENNEDY INTERNATIONAL AIRPORT  
COST CENTERS LISTING  
EFFECTIVE: NOVEMBER 1, 2010**

<u>Cost Centers</u>	<u>Associated Building Nos</u>
<b><u>GENERAL OPERATING EXPENSES</u></b>	
101	General Area
110	General Area - Fixed Charges
<b><u>Systems and Highways</u></b>	
121	Communications & Signal System 346, 347
122	Electrical Distribution system 85, 98-100, 102-05, 109, 115, 167, 202, 203
123	Illuminating Gas Distribution System
124	Storm & Sanitary Sewer System 236, 238, 239, 245A/B/C (added 11/1/10)
125	Water Distribution System 161, 174, 175
126	Facility Waterways System
127	Air Terminal Highway System
128	Light Rail System (LRS) AirTrain 400-418
<b><u>Facility Occupied Buildings</u></b>	
131	General Aviation Terminal 145
132	Building #141 - Multi-Tenant 141
133	Building #141 - Land
134	PA Sodium Acetate Storage Building 177
136	Satellite Rescue Station & Training Center (Police), ARFF Control Building 254
137	Main Rescue Station (Police) 269
138	Main Rescue Station - Land (Excluding Aircraft Apron)
<b><u>Other</u></b>	
161	Landscaped Area - CTA
163	Field Service Roads
<b><u>PUBLIC AIRCRAFT FACILITIES</u></b>	
<b><u>Public Landing Area</u></b>	
211	Public Landing Area 162-166, 168, 169, 176, 255, 256, 257, 295
212	PAF Penalty Fees (For use of Acctg. Div. Only)
213	Approach Light Pier
<b><u>Environment</u></b>	
215	Environmental Fees 288, 289
220	<b><u>Public Aircraft Parking</u></b>

**JF KENNEDY INTERNATIONAL AIRPORT  
COST CENTERS LISTING  
EFFECTIVE: NOVEMBER 1, 2010**

<u>Cost Centers</u>	<u>Associated Building Nos</u>
231	New Airport Traffic Control Tower 156 (Part)
<b><u>PASSENGER TERMINAL FACILITIES &amp; SERVICES</u></b>	
<b><u>PASSENGER TERMINAL SITES</u></b>	
301	Terminal 3 (Delta Air Lines) 53, 298
302	Terminal 2 (Delta Air Lines) 54
303	Terminal 1 (Terminal One Group Assoc - TOGA) 55A
304	Old Terminal 9 Site (demolished 2006) (old T9 was Bldg 56)
305	New AA Terminal 8 Site (Old T8 closed 9/07, demolished in 2008) 56A, 56B, 56C, 56D (old T8 was Bldg 57)
306	Terminal 5 (new jetBlue terminal officially opened 10/22/08) 60, 60A, 60B, 295 (Bldg 296 demol 2005)
307	Terminal 6 (old jetBlue Airways terminal closed 11/08) 58
308	Terminal 7 (British Airways) 59, 294
309	Aircraft Boarding Security Program Domestic (see cc395 for international)
321	Terminal 4 (IAT) 50A, 50B, 156 (Part),
360	<b><u>COGENERATION PLANT</u></b> 49, 61, 62, 63
<b><u>GROUND TRANSPORTATION</u></b>	
371	Public Vehicular Parking CTA, Lot 7, Lot 9 & Lot 12 29, 29A, 29B, 29C, 30, 30A, 30B, 31, 31A, 34, 34A, 34B, 35, 36 (700.689), 38, 43, 44, 45, 64, 65
373	Exclusive Managers Parking
375	Ground Transportation
377	Employee Parking - Parking Lot #8 41
378	CTA Intra Mural Bus Service
379	Central Taxi Hold 185, 187 (700.733), 188 (700.734)
<b><u>MISCELLANEOUS</u></b>	
395	Aircraft Boarding Security Program Foreign Flags
396	Transportation Security Association (TSA)
<b><u>HANGAR &amp; CARGO FACILITIES</u></b>	
<b><u>Exclusive Hangars - U.S. Flag Carriers</u></b>	
401	Hangar #6 - Federal Express 6, 129-131
402	Hangar #8 - DEMOLISHED (1999)
403	Hangar #9 - DEMOLISHED (1998)
404	Hangar #10 - American Airlines/Sky Chefs 10, 121, 122 (B123 demo completed 7/30/10)
405	Hangar #12 - Vacant 12, 94-96, 20
406	Building #14 - Port Authority Area 14 (Part)
407	Hangar #16 - Vacant 16
408	Hangar #19 - PA Mtce & Ad Hoc Aircraft Mtce 19, 208, 208 A/B/C, 209, 210, 211 212, 266, 267 (Triangle/AYD-717 eff 8/1/07), 268

**JF KENNEDY INTERNATIONAL AIRPORT  
COST CENTERS LISTING  
EFFECTIVE: NOVEMBER 1, 2010**

<u>Cost Centers</u>		<u>Associated Building Nos</u>
<u>Exclusive Hangars - Other</u>		
421	Hangar #7 - Vacant	7, 265
422	Hangar #15 - Worldwide Flight Services / PA Mtce	15
423	Hangar #17 - only WTC Artifacts since 2002	17, 216
431	Hangar #2 - DEMOLISHED (1999)	
432	Korean Air Cargo Building	9
433	Delta Air Lines Cargo	21
434	United Airlines	22, 22A
435	AIRIS/Aero JFK	23, 23A, 23B
436	Cargo Airport Svcs & GSE Facility for JetBlue	73,74
437	Air Express Intl	89
438	Continental Cargo Facility	71
441	Hangar #3 - West Lean-To - Vacant	192
442	Hangar #3 - Vacant	3
443	Hangar #3, 4 - West Center Lean-To - Vacant	127
444	Hangar #4 - Vacant	4
445	Hangars #4, 5 - East Center Lean-To - Vacant	128
446	Hangar #5 - Vacant	5
447	Hangar #5 - East Lean-To - Vacant	193
<u>Exclusive Cargo &amp; Cargo Service Bldg.</u>		
461	Cargo Building - British Airways	66
462	Cargo Building - Delta	67 (bldg is vacant, only land is rented)
465	Cargo Building - Vacant	259, 260
466	Cargo Building - KLM	261
467	Cargo Building - Federal Express	262
468	JetBlue	81, 81A, 81B
<u>Multi-Occupancy - Cargo Buildings</u>		
473	Cargo Building #83 - Vacant	83
474	Cargo Building #84 - UPS	84
475	Cargo Building #86 - Multi-Tenant	86
476	Cargo Building #86 - Associated Land	
477	Cargo Building #87 - North American Aviation Svcs & Evergreen	87
478	Cargo Building #87 - Associated Land	
<u>Multi-Occupancy - Cargo Service Bldgs.</u>		
481	Cargo Service Building #80 - Vacant	80
482	Cargo Service Building #68 - Vacant/Mothballed	68
483	Cargo Service Building #68 - Associated Land	
<u>Exclusive Cargo &amp; Cargo Service Bldg.</u>		
491	Cargo Building - DHL / Asiana Airlines	263, 264
492	Multi-Tenant Cargo Facility - Halmar/AMB	75
493	Multi-Tenant Cargo Facility - Vacant	78
494	Halmar/AMB	77
495	China Airlines	76
496	Nippon Cargo Airlines/AA	79

**JF KENNEDY INTERNATIONAL AIRPORT  
COST CENTERS LISTING  
EFFECTIVE: NOVEMBER 1, 2010**

<u>Cost Centers</u>		<u>Associated Building Nos</u>
497	JAL Cargo Bldg (JMC)	14 (Part), 151
<b><u>OTHER AVIATION FACILITIES</u></b>		
<b><u>Aviation Fuel Facilities</u></b>		
501	Aircraft Fuel Storage	114, 170, 171, 173, 194, 195, 217-219, 221-234, 240, 243, 246, 270-276, 278-286, 288, 289, 290, 291, 292, 293
502	Aircraft Fuel Distribution System	241, 242
503	Aircraft Fuel Trucks	
504	Fuel Distribution Maintenance Garage - Allied	90, 91, 92, 101
505	Garage/Storage Bldg - Allied	158
506	Buckeye Pipeline Site Area	154, 157
507	Acctg Office - Allied	159
<b><u>Ground Transportation</u></b>		
511	Building #207 - DEMOLISHED (2005)	
512	Building #206 - Vehicle Towing Impound Lot	206
513	Building #199 - DEMOLISHED (2000)	
515	Federal Circle Consolidated Rental Car Site	300-301, 303, 306-312, 336-345
<b><u>Other Buildings - Exclusive Sites</u></b>		
521	Commissary - Flying Food	146
522	Commissary Bldg 183 - DEMOLISHED (2005)	
524	Storage Building - Allied	204
525	Commissary - Vacant	196
526	Animal Shelter - Vetport	189
527	Commissary - Sky Chefs/LSG	137, 139
528	Office Bldg Mtce Facility - Swissport	150, 244
529	El A1 Decompression Chamber	314
<b><u>Other Buildings</u></b>		
534	Building 110 - Vacant	110
535	Building 124 - Vacant	124
536	Building 125 - Vacant	125
538	Building 153 - Gate Station - Keyspan / National Grid	153
539	Building 214 - Vacant	214
541	Building 197 - USPS	197
545	Building 215 - Vacant	215
546	Building 69 - ELRAC/Enterprise	69, 70
547	Building 350 - JFKidsport	350
549	Building 213 - Partially Vacant / PA Mtce Contractor	213
552	PA Office Building	111 (currently occupied by NYS National Guard & DHS O)
<b><u>Government Buildings</u></b>		
553	USPS Air Mail Facility	250

**JF KENNEDY INTERNATIONAL AIRPORT  
COST CENTERS LISTING  
EFFECTIVE: NOVEMBER 1, 2010**

<u>Cost Centers</u>	<u>Associated Building Nos</u>
<u>MISCELLANEOUS</u>	
591	Privilege Permits
592	Paved Land - General
593	PAF Paved Land - Used for Other Purposes (for Acctg Div use only)
594	Unpaved Land - General
595	PAF Unpaved Land - Used for Other Purposes (for Acctg Div use only)
597	Federal Aid Credits
<u>INDUSTRIAL AND COMMERCIAL</u>	
<u>Industrial Sites</u>	
601	Building 143 - LSG Lufthansa / SkyChefs 143
602	Building 142 - PA Records Storage (Office of Secy) 142
603	Building 140 - Vacant 140
604	New York Racing Association
605	Aqueduct Property
606	Ferry Terminal 318
<u>Other Airport Structures</u>	
611	Ramada Plaza Hotel (closed 12/1/09) 144
612	Medical Office Building (vacant 1/1/09) 198
613	Citibank (North Service Road) 72
614	Verizon 147
615	Service Station at Federal Circle 138
616	Service Station Mini Mart 135
617	Compressed Natural Gas (CNG) Station #1 315
618	Shell Hydrogen Fueling Station adj to Bldg 141 313
690	<u>Electrical Submetering</u>
<u>Other</u>	
<u>Special Cost Center Areas Assigned by Comptroller's Department Upon Request</u>	
700-799	For accumulation of Special Expense Items
800-899	For expenses recoverable from Tenants and Others
900-999	For accumulation of expenses included in JFK Major Work Program

JFK FINANCIAL SERVICES / AVIATION DEPT  
UPDATED JANUARY 7, 2011

**John F. Kennedy International Airport  
2009 Formula Cost Computation**

**Pro Forma Calculation of 2009 JFK Fuel Storage Fee  
"For illustration purposes only"**

	<b>Total Fuel Storage and Distribution Requirement</b>	<b>Total Gallons Stored in the Fuel Storage Facilities</b>	<b>2009 JFK Fuel Storage Fee per gallon</b>
	<u>A</u>	<u>B</u>	<u>C</u>
Computed Cost of Fuel Storage and Distribution Facilities	\$ 12,873,439	1,256,476,000	\$ 0.0102
Indirect Costs	\$ 1,931,016	1,256,476,000	\$ 0.0015
<b>Total Fuel Storage and Distribution Requirement</b>	<u>\$ 14,804,455</u>		<u>\$ 0.0118</u>
Computed cost of Fuel Storage and Distribution Facilities Divided by total gallons stored in the Fuel Storage Facilities	<u>\$ 14,804,455.05</u>	<u>1,256,476,000</u>	
<b>2009 JFK Fuel Storage Fee</b>	<b>\$ 0.0118</b>		

**John F. Kennedy International Airport  
2009 Formula Cost Computation**

**Cost of Operation of the Fuel Storage and Distribution Facilities  
(In Thousands of Dollars)  
"For illustration purposes only"**

	Total	Ratio		Fuel Storage and Distribution Facilities
Operating and Maintenance Expenses Charged Directly to the Airport (Appendix 2, page 3)				
Fuel Storage and Distribution Facilities (Per Exh. C, II-1)	\$ 6,616	100.00%	\$	6,616
Systems (Per Exh.C, II-2)	21,936	1.05%		230
	\$ 28,552		\$	6,846
Fixed Charges (Appendix 2, page 4)				
Fuel Storage and Distribution Facilities (Per Exh. C, III-1)	4,546	100.00%		4,546
Systems (Per Exh.C III-2)	52,143	1.05%		546
	\$ 56,689		\$	5,092
.3 Fixed Charges (Per Exh. C, III-3)			\$	1,528
Credits				
Port Authority Electricians (Per Exh. C, IV-1)				(210)
25% of .3 Fixed Charges (Per Exh. C, IV-2)				(382)
Computed Cost of Fuel Storage and Distribution Facilities			\$	12,873
15% Overhead on Direct Costs (Per Exh. C, VI)			\$	1,931
Total Fuel Storage and Distribution Requirement			\$	14,804

**John F. Kennedy International Airport  
2009 Formula Cost Computation**

**Fuel Storage and Distribution Requirement for Systems  
(In Thousands of Dollars)  
"For illustration purposes only"**

<b>Systems</b>	Operating Expenses	Fixed Charges	Total
<b>Costs</b>			
Communication & Signal	1,911	3,824	5,735
Electric Distribution	8,602	6,713	15,315
Storm & Sanitary Sewer	936	6,604	7,540
Water Distribution	3,309	2,995	6,304
Air Terminal Highways	7,178	32,007	39,185
	<u>\$ 21,936</u>	<u>\$ 52,143</u>	<u>\$ 74,079</u>

**Amounts Included in the Fuel Storage and Distribution Requirement**

Communication & Signal	20	40	60
Electric Distribution	90	70	160
Storm & Sanitary Sewer	10	69	79
Water Distribution	35	31	66
Air Terminal Highways	75	335	410
	<u>230</u>	<u>546</u>	<u>776</u>
.3 Fixed Charges Cover		164	164
25% of .3 Fixed Charges Cover		(41)	(41)
	<u>\$ 230</u>	<u>\$ 669</u>	<u>\$ 898</u>

**John F. Kennedy International Airport  
2009 Formula Cost Computation**

**Summary of Fixed Assets and Fixed Charges  
(In Thousands of Dollars)  
"For illustration purposes only"**

	Dec 31, 2008	Additions & Adjustments	Dec 31, 2009	Fixed Charges	Fuel Storage and Distribution Ratio	Fuel Storage and Distribution Requirement
Fuel Storage and Distribution Facilities	-	-		4,546	100%	4,546
<b>Systems</b>						
Communication & Signal	22,618	11,701	34,319	3,824	1.05%	40
Electric Distribution	80,485	1,247	81,732	6,713	1.05%	70
Storm & Sanitary Sewer	78,678	4,609	83,287	6,604	1.05%	69
Water Distribution	17,888	1,263	19,150	2,995	1.05%	31
Air Terminal Highways	161,887	1,844	163,731	32,007	1.05%	335
	<u>361,556</u>	<u>20,664</u>	<u>382,220</u>	<u>52,143</u>		<u>546</u>
<b>TOTAL</b>	\$ 361,556	\$ 20,664	\$ 382,220	\$ 56,689		\$ 5,092

**Notes:**

Fixed assets are carried at cost after deducting contributions, grants or Passenger Facility Charges received from governmental authorities and other entities. Fixed assets do not include work in progress as of December 31, 2009

Fixed charges are computed only on completed fixed assets; they include interest and amortization calculated on an equal payment method for the period following completed construction

**APPENDIX 3**

**EXHIBIT C  
TO  
FUEL STORAGE PERMIT**

**SCHEDULE OF INFORMATION, MEETINGS AND EFFECTIVE DATES**

January	1 *	Effective Date for Initial Fuel Storage Fee Rate for the current year
February	28	PA provides Fuel Committee with prior year Fuel Storage Fee estimate
April	30	PA provides Fuel Storage Permittees with final prior year Fuel Storage Fee computation
June	22	PA and JFK Fuel Committee meet to review prior-year final results and current year estimate as well as discuss any perceived need for a July 1 Mid-Year Fuel Storage Fee Rate adjustment.  PA to provide variance analyses explaining significant increases or decreases for "prior year actual to prior-prior year actual" (except for the first year of the agreement), "prior year actual to current year estimate" (except for the first year of the agreement) and "current year estimate to current year Initial Fuel Storage Fee Rate".  A Mid-Year Fuel Storage Fee Rate adjustment may be implemented only if billings for the full year are projected to be at least five (5) percent more or less than the amount needed to recover the Fuel Storage Fee Storage and Distribution Requirement.  PA provides JFK Fuel Committee with update of current year Fuel-related capital projects and 3-year forecast of Fuel-related capital projects.
June	30	PA notifies Fuel Storage Permittees whether a Mid-Year Fuel Storage Fee Rate adjustment will be implemented effective July 1.
July	1 *	Mid-Year Fuel Storage Fee Adjustment (if applicable) is effective
December	15	PA and JFK Fuel Committee meet to review current year estimate and forecast for the following year's Initial Fuel Storage Fee Rate.  PA to provide variance analyses explaining significant increases or decreases for "prior year actual to updated current year estimate" (except for the first year of the agreement), "former current year estimate to updated current year

Exhibit C, Appendix 3

estimate” and “updated current year estimate to current year Initial Fuel Storage Fee Rate”.

PA provides JFK Fuel Committee with update of current year Fuel-related capital projects and updated 3-year forecast of Fuel-related capital projects.

December 22 PA notifies Fuel Storage Permittees of the Initial Fuel Storage Fee Rate to be implemented effective January 1 of the following year.

*All dates are approximate, except those denoted with an asterisk.*

Note: In addition to the above, a Mid Year Fuel Storage Fee Adjustment may occur.

Procedures

The PA and the JFK Fuel Committee will meet and consult concerning the establishment of Fuel Storage Fee Rates according to the Schedule of Information, Meetings and Effective Dates set forth in this Appendix 3 to Exhibit C. The PA shall give due consideration to the comments and requests of the JFK Fuel Committee during the consulting process. This Schedule may be modified, with additions or deletions, by mutual agreement of the PA and the JFK Fuel Committee. All data, projections and calculations to be provided by the PA shall be sent to the entity or entities that JFK Fuel Committee designates, and may be provided by electronic communication (e-mail).

**EXHIBIT D**

**JFK INTERNATIONAL AIRPORT**

The full costs of the JFK Airport Fuel Storage and Distribution System include:

- 1) the **Fuel Storage Fee** (as defined in Section 3(a)(1) of the Special Endorsements of this Privilege Permit and calculated as provided in Exhibit C) which is a fee paid by the Fuel Storage Permittees directly to the Port Authority for the reimbursement of fuel storage and distribution system related costs; and
- 2) the **Contractor Fuel Storage Fee and Into-Plane Fee** (billed as one until privatization of the Into-Plane Services)
  - a) the **Contractor Fuel Storage Fee** (as defined in Section 3(c) of the Special Endorsements of this Privilege Permit) which is a fee paid by the Fuel Storage Permittees directly to Allied New York Services, Inc. (Allied) as the Port Authority's Contractor for the maintenance, operation and management of the Bulk and Satellite Fuel Facility as outlined in Allied's annual budget provided to the airline Permittees on behalf of the Port Authority; and
  - b) the **Into-Plane Fee** (as defined in Section 3(c) of the Special Endorsements of this Privilege Permit) which fee is paid by the Fuel Storage Permittees directly to Allied for the present Into-Plane Services provided by Allied. Upon privatization of the Into-Plane Services as provided in Section 1(c) of the Special Endorsements to this Privilege Permit, the Into-Plane Services cost portion of this Exhibit D will terminate.

**Contractor Fuel Storage Fee  
Budget Year 2011  
January 1, 2011 – December 31, 2011**

**Tank Farm (Satellite & Bulk Fuel Facility) Budget Costs  
For the Receipt, Storage and Distribution of Aviation Fuel**

**\$0.01200 per gallon**

Note: Rate is based on 100% gallons measured on volume reported delivered into aircraft.

**Into-Plane Fee  
Budget Year 2011  
January 1, 2011 – December 31, 2011**

Into-Plane Fueling Budget Costs  
For the present exclusive into-plane services  
provided by the Port Authority's Contractor

1. \$34.00 per flight\* plus \$0.01644 for each and every gallon delivered into plane whether by hydrant cart or refueler.
2. \$34.00 for each defueling occurrence plus \$0.01644 for each and every gallon of aviation fuel defueled.

\*For purposes hereof, an aircraft departing a designated fueling position with a subsequent take off will be considered a "flight" regardless of the number of fueling equipment utilized. If the aircraft returns to the fueling position prior to take off, the subsequent departure from the fueling position will be considered as one flight (i.e., not a separate flight); however, any return by an aircraft, for any reason whatsoever, to a fueling position subsequent to a take off will be considered a separate "flight."

The term "fueling position" shall mean an aircraft gate position, hardstand, or other area approved by the Port Authority for aircraft fueling and subject to all Port Authority requirements including, without limitation, Port Authority rules and regulations covering fueling operations.

INITIALED	
For the Port Authority	For the Permittee
	