



LTA REPORT

JFK Terminal 6 & 7 Redevelopment Project

REPORT NUMBER V1.6

NOVEMBER 24, 2021

PREPARED FOR:

JFK Millennium Partners on behalf of the Project Lenders

Contents

127 John Street, Toronto, ON, M5V 2E2
T 416 596 9339

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	Prepared By	Reviewed By	Date
V1.0	Ben Connor Brendan Kwan	Marie Foley	October 18, 2019
V1.1	Ben Connor Brendan Kwan	Marie Foley	November 15, 2019
V1.2	Brendan Kwan	Marie Foley	February 7, 2020
V1.3	Brendan Kwan	Marie Foley	October 15, 2021
V1.4	Brendan Kwan	Marie Foley	November 5, 2021
V1.5	Brendan Kwan	Marie Foley	November 15, 2021
V1.6	Brendan Kwan	Marie Foley	November 24, 2021

1.0 Executive Summary

1.1 Introduction

The Port Authority of New York and New Jersey (the “Port Authority”) and JFK Millennium Partners (the “Developer” or “Lessee”) are entering into a lease (the “Lease”) for the design, construction, financing, operations and maintenance of the redevelopment of Terminals 6 and 7 at JFK Airport, in New York City (the “Project”).

Vantage Airport Group (“Vantage”), American Triple I Partners, RXR Realty (“RXR”), and potentially JetBlue Airways Corporation (“JetBlue”) will form JFK Millennium Partners, a special purpose vehicle entity (“Lessee”) as the contractual entity through which the Project will be designed, built, financed, operated and maintained over the Lease term (“Lease Term”).

BTY US, LLC (“BTY” or the “LTA”) is the Lenders’ Technical Advisor on the Project.

1.2 Key Inputs

Below are the key project inputs:

Phase 1 Terminal Area	[836,392 sf]	
Phase 2 Terminal Area	[328,934 sf]	
Total Project Area	[1,165,326 sf]	
Financial Close	[April 2022]	
Scheduled Phase 1 Completion Date	[March 19, 2025]	
Phase 1 Date of Beneficial Occupancy (“DBO”)	[June 12, 2025]	
Scheduled Phase 2 Completion Date	[January 18, 2027]	
Phase 2 DBO	[March 3, 2027]	
Construction Schedule (<i>Financial Close to Phase 2 DBO</i>)	[58] months	
Overall Project Cost	[\$2.6B – \$2.8B]	
Design-Builder Guaranteed Maximum Price	[\$2.30B – \$2.36B]	[\$1,972 – \$2,027]/sf
Lessee Costs	[\$352M – \$569M]	
Expected Savings	[\$76M - \$117M]	
Term (<i>Financial Close to End of Term</i>)	[39] years	
End of Term	December 30, 2060	
Annual Operations Cost Model T6 – Phase 1 (836,392sf)	[\$48,023,417]M	[\$57]/sf/year
Annual Operations Cost Model T6 – Phase 2, Complete (1,165,326sf)	[\$63,053,848]M	[\$54]/sf/year

Operator Mobilization Amount	\$[●]M	
Total Lifecycle Cost Model <i>(over term)</i>	\$[●] M	\$[●] /sf/year

1.3 Security Package Summary

The security packages proposed by the Design-Build Contractor and Qualified Terminal Operator (“QTO”) are as follows:

	Design Build Contractor	QTO
Parent Company Guarantee (“PCG”)	Provided by AECOM Hunt in amount to be determined that will be between \$500M and \$1B. Under the DBA Term Sheet, the Design-Build Contractor has agreed to provide a PCG equal to \$500M, which can be increased to \$1B if required by the Lessee with the Lessee responsible for the additional cost	Provided by Vantage Airport Group Ltd.
Limit of Liability	[35%] of the GMP, subject to typical exclusions	
Liquid Security / Letter of Credit	AECOM Hunt to provide liquid security equal to the greater of (1) 10% of the GMP, and (2) the minimum amount for the payment of 12-months of Design-Build Contractor’s Liquidated Damages	
Bonds, Subcontractor Default Insurance and Assignment of Subcontracts	The Design-Build Contractor will require all subcontractors to post payment and performance bonds as permitted by the Port Authority, Lessee and the Lenders. As an alternative to payment and performance bonds, the Lessee may also implement the Design-Build Contractor’s subcontractor default insurance (“SDI”) program to cover certain subcontractors as approved by the Port Authority or Lenders. The Lessee also has the right to take assignment of subcontracts upon termination of the Design-Build Agreement	

	Design Build Contractor	QTO
Liquidated Damages (Design-Builder to Lessee)	<ul style="list-style-type: none"> • [\$200,000 – \$300,000]/day for a delay to Substantial Completion of Phase 1 • [\$200,000 – \$300,000]/day for a delay to Substantial Completion of Phase 2 	
Liquidated Damages (Lessee to Port Authority)	<ul style="list-style-type: none"> • \$40,000/day for a failure to achieve the Substantial Completion of Phase 1 within 30 days after the Scheduled Phase 1 Completion Date • \$40,000/day for a failure to achieve the Substantial Completion of Phase 2 within 30 days after the Scheduled Completion Date 	
Lifecycle Tests	N/A	

BTY will comment on the above security packages, upon receipt and review of the Construction and Operations contracts, which is pending receipt of updated contracts, with finalized terms, following the necessary negotiations in the lead up to Financial Close.

1.4 Key Parties

Entity	Party	Responsibilities
The Port Authority	The Port Authority of New York and New Jersey (“Port Authority”)	Governmental authority as Lessor
Lessee	JFK Millennium Partners	Design, build, finance, operate and maintain
Lessee Equity	[0-5]% JetBlue Airways Corporation [45-48]% Vantage Airport Group [20-22]% RXR [30%] American Triple I Partners [NTD: Percentages to be finalized following JetBlue’s decision on its 5% equity option]	Provide equity to the Lessee
Design-Builder	Hunt Construction Group, Inc.	Design and construction
Design-Builder Guarantor	AECOM Hunt	Guarantee the obligations of the Design-Builder
QTO	Vantage Airport Group	Facilities management and lifecycle over the Operational Term
QTO Guarantor	Vantage Airport Group Ltd.	

1.5 Summary of Key Contracts

Contract	Intent
Lease	Contract between the Port Authority of New York and New Jersey and the Lessee detailing the acceptance of the design, build, finance, operation and maintenance responsibilities with respect to Terminals 6 and 7 by the Lessee, and responsibilities retained by the Port Authority of New York and New Jersey.
Design-Build Agreement Term Sheet ("DBA Term Sheet")	Term Sheet between the Lessee and Design-Builder which will form the basis for the Design-Build Agreement ("DBA"). The DBA will be a guaranteed maximum price ("GMP"), date certain contract between the Lessee and the Design-Builder which constitutes a drop down of certain Lessee responsibilities for the D&C Work, which will make up the "DB D&C Work". The Project Definition Document ("PDD") describes certain carveouts from the Design-Builder's scope which will be retained by the Lessee and further defined in the DBA once finalized. The scope to be retained by the Lessee includes retail and concession fit-outs, artwork and advertising installations and certain FF&E for the terminal or stakeholders such as airlines.
[Management Services Agreement]	[Fixed price contract between the Lessee and the QTO dropping down the Lessee's responsibilities for the O&M Work, including the operation, maintenance and lifecycle of the Project.]
[Lending Agreements]	[Agreement between the Lessee and the Lenders detailing financing terms]
[Anchor Tenant Agreement]	[Agreement between JFK Millennium Partners and JetBlue]
Term Sheet: JFK Terminal 7 Premises Transfer and Cooperation Agreement ("Cooperation Agreement Term Sheet")	Term sheet between JFK Millennium Partners, JetBlue, British Airways plc, and the Port Authority governing the handover of the Terminal 7 Premises from British Airways to the Lessee. A full agreement between JMP and BA is being negotiated, and will supersede the Term Sheet, and be the governing agreement once it is executed.

1.6 Definitions

In this report, capitalized terms have the same meaning as ascribed to them in the Lease, DBA Term Sheet, or Management Services Agreement, as determined by the context of the section being read.

1.7 Further Information

All queries concerning the contents of this report should be addressed to:

Marie Foley
BTY Group
127 John Street
Toronto, ON, M5V 2E2
Tel: +1 (416) 596-9339
Email: mariefoley@bty.com

Brendan Kwan
BTY Group
2288 Manitoba Street
Vancouver, BC, V5Y 4B5
Tel: +1 (604) 734-3126
Email: brendankwan@bty.com

2.0 Risk Summary

The general technical aspects presently known have been assessed against experience of P3 Projects of similar type, as well as generally considered market positions.

The status rating for the following table should be interpreted as follows:

Draft Report	Final Report	
Project aspect that requires further assessment, information or mitigation prior to the Final Report. A red item indicates points to be considered with substantial Project impact.	Project aspect with a red rating should be considered by the creditor as a significantly higher than expected risk profile that could have significant impact on the Project from a technical perspective.	R
Project aspect that requires further assessment, information or mitigation prior to the Final Report, but is not anticipated to have significant Project impact.	Project aspect with an amber rating should be noted by the Creditor as a higher than expected risk profile but should not have significant impact on the Project from a technical perspective.	A
Project aspect that has an appropriate risk profile and therefore appropriate from a technical perspective.	Project aspect with a green rating is considered typical or an appropriate Project risk or suitable full technical mitigation has been received to ensure minimal technical Project effects.	G

We note that some items have not been assigned a risk rating of green, amber or red. The risk assessment of such items will be completed following the receipt and review of all necessary and relevant information.

Report Ref	Item	Summary	
3.4	LEED NC-Silver Certification	<ul style="list-style-type: none"> The Lease has a requirement to achieve LEED-NC Silver (50 points) Most of the Lessee's risk related to the achievement of LEED Silver is transferred to Design-Builder We note that the Design-Builder's draft targeted LEED Scorecard indicates that 44 points are believed to be achievable and 59 points are probable/maybe, which puts the Design-Builder above the 50 points required for LEED Silver with over 100 points currently being studied. We will review the Design-Builder's updated LEED Scorecard when it has finalized its approach to achieving the LEED target 	
3.6	Design Solution Overview	<ul style="list-style-type: none"> Most of the Lessee's risk related to design is transferred to Design-Builder The proposed design solution is reasonable There are no new or unproven technologies/techniques to be used We consider the expected level of design progression by Financial Close to be more advanced than other similar US P3 projects 	G

Report Ref	Item	Summary	
3.7	Design Review Procedure	<ul style="list-style-type: none"> Design review procedure is well defined and provides clear review periods for the Port Authority, which the Design-Builder has incorporated into its schedule The Design-Builder's schedule includes a detailed sequencing of design submissions, Port Authority reviews and allows for a resubmission to address Port Authority comments for the majority of design packages The Executive Design Review Committee ("EDRC") and Design Review Working Committee ("DRWC") processes add an additional layer of design review to the Project; however, we note that the Lessee is provided with protection via a Port Authority Change if either group requests design changes inconsistent with the Lessee's approved Basis of Design 	G
3.8	Coordination with British Airways	<ul style="list-style-type: none"> The Lessee is provided with schedule relief via a Delay Event for any failure by British Airways to comply with its surrender obligations as a result of a delay to the completion of Terminal 8, which British Airways is relocating to from Terminal 7 The Cooperation Agreement Term Sheet between the Lessee, JetBlue, British Airways and the Port Authority provides the Lessee with compensation for delays to British Airways relocation out of Terminal 7 	G
4	Consortium	<ul style="list-style-type: none"> The major parties' substantial experience in air transportation is testament of their abilities to successfully complete large and complex aviation projects The experienced equity partners should have no issues collaboratively carrying out the responsibilities of the Lessee The Design-Builder is well established in the aviation industry with over \$4.5B of aviation work and \$9B of design-build projects completed nationwide. Hunt's extensive experience planning and managing complex logistics, security challenges and multi-level coordination on large infrastructure projects across the United States will be leveraged on the Project In Vantage, the consortium brings award winning airport management expertise to the table. Their experience not only in airport operations, but managing operations during complex construction phasing and transitioning to a private facility, only enhances the overall consortium's strength Vantage will leverage its experience working on airports within the New York area. In 2016, Vantage led the LaGuardia Gateway Partners consortium on the LaGuardia Airport Terminal B redevelopment project to financial close and lease commencement. Construction is ongoing with the majority of new facilities now open and operational RXR brings significant local New York experience in its role as co-developer and equity investor in the Lessee, including experience with the Port Authority where senior RXR executives have previously held leadership positions. The company manages 71 commercial real estate properties and investments with an aggregate gross asset value of approximately \$20.5 billion 	G

Report Ref	Item	Summary	
5	Regulatory Approvals	<ul style="list-style-type: none"> • Most of the Lessee's risk related to regulatory approvals for the DB D&C Work, including its obligations related to obtaining the Governmental Approvals for the construction work, is generally transferred to the Design-Builder with the full details to be finalized in the DBA • There is no re-zoning required for the Project • The PA has received the FONSI / ROD under the NEPA process, which is the key environmental permit required for the Project • The Design-Builder has identified some permitting durations in the Draft Preliminary Baseline Schedule. The Lessee has provided a summary of the additional governmental approvals that may be required for the Project, which remains under discussion between the Lessee and Design-Builder. The Design-Builder intends to incorporate any additional permits required as the schedule is further developed 	G

6	Site Conditions	<ul style="list-style-type: none"> • The Lessee's risk related to site conditions will be managed through a series of budgets and contingencies between the Lessee and Port Authority, as well as certain risk transfer to the Design-Builder with respect to conditions that are known or should have been known based upon the standard of care. The Lessee is holding certain contingency to cover unknown environmental and existing conditions • The Lease includes a Delay Event for the discovery of any Unknown Condition that adversely affects the D&C Work • The Lessee is responsible for the Remediation of Releases of Hazardous Substances encountered in areas excavated during construction, and outside of such areas if Remediation is required by a Governmental Authority • The Lessee is responsible for all necessary operations, maintenance and modifications related to the existing Tanks and Utilities, except for Tanks that will not be used by the Lessee and will be closed by British Airways • Overall, the Final EA has determined that the Project will not result in significant impacts to the environmental resources, and that mitigation measures in addition to those already included in the Project plan are not required • The geotechnical engineer, who has significant experience working at the airport and is now a Design-Builder consultant, has provided initial foundation design recommendations based on limited existing boring data within the proposed limits of the Project. The Design-Builder will be performing a detailed supplemental geotechnical investigation and test pile program ahead of Financial Close to validate the geotechnical conditions and inform the foundation design • Through discussion with the Lessee, BTY understands the remnants of the former Terminal 6 building's basement is a known geotechnical conditions and the current design contemplates keeping the structure in place and designing the piles to penetrate the existing slab. This approach will be validated during the additional geotechnical investigations described above • The supplemental geotechnical investigations will confirm the locations of any unknown USTs on Terminal 6 and 7 • British Airways is responsible for investigating, remediating, and closing the Terminal 7 Jet Fuel Hydrant System and obtaining documentation from the NYSDEC (satisfactory to the Port Authority) that the closure is complete. The legal and cost obligations of such closure remain under negotiation while the geotechnical engineer develops a technical design plan in parallel to handle the Terminal 7 Jet Fuel Hydrant System, following its closure. The supplemental geotechnical investigation will confirm if the hydrant fuel lines may be left in place or require excavation • The Lessee has an option to use and operate all the existing storage tanks at Terminal 7. We understand the Lessee will likely need to use and operate most of the existing storage tanks to support the facility's operation. The terms for the Lessee's potential re-use of the Terminal 7 Jet Fuel Hydrant System (for the operations of Terminal 7 and the temporary connection to service the new Terminal 6 Jet Fuel Hydrant System in Phase 1) and existing storage tanks are under negotiation • We note there are two open spills of LNAPL on the Project site requiring on-going remediation. To the extent any contaminated groundwater is 	
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Report Ref	Item	Summary	
		<p>encountered during construction, it will be treated and discharged in accordance with the applicable environmental requirements.</p> <ul style="list-style-type: none"> • [BTY will provide additional conclusions following completion of the supplemental geotechnical investigation described above] 	
7	Project Schedule	<ul style="list-style-type: none"> • Based on the DBA Term Sheet, the Lessee's risk related to the Project Schedule will be transferred to the Design-Builder under the DBA with the exception of delays due to Material Developer Changes and certain Unavoidable Delays, which remain under negotiation in the DBA • The schedule reporting requirements are more stringent than we typically see on similar P3 projects, which shows a high degree of attention being paid to schedule • The overall duration of the Draft Preliminary Baseline Schedule is considered reasonable and is based on standard working day and shift assumptions, which will allow for acceleration if needed to recover potential delays • Under the RPW requirements, the Detailed Baseline Schedule will be finalized ahead of Financial Close and will include additional detail as trade packages are awarded and schedule input is received from the subcontractors • Our review is based on the Design-Builder's Draft Preliminary Baseline Schedule, which we consider reasonable; however, this continues to be refined and adjusted ahead of formal submission to the Port Authority. BTY will review the Preliminary Baseline Schedule and subsequent Detailed Baseline Schedule when they are finalized and provide additional commentary as necessary 	G
8	Project Costs	<ul style="list-style-type: none"> • We consider the Design-Builder's methodology in developing the draft interim Guaranteed Maximum Price for the Project to be reasonable and consistent with industry standards • We have reviewed the range of the construction price and supporting details, including the unit rates used in its preparation, and consider it to be reasonable and appropriate for this Project. • We have received a detailed breakdown of the Lessee's cost build up for each line item and we are satisfied that the budget reflects the scope of work to be performed by the Lessee • We consider the overall contingencies to be appropriate for the Project 	G
8.7	Design-Builder Replacement Scenarios	<ul style="list-style-type: none"> • We note the total premiums identified in the replacement scenarios include delay liquidated damages for approximately 16 to 24 weeks of delay in total, which equates to $\pm 1.7\%$ to 5.2% of the Construction Price • The likelihood of both the Design-Builder and Parent Company becoming insolvent is in our opinion, extremely low, and represents a worst-case scenario given the strength of AECOM Hunt • The Design-Builder's [35%] liability cap is adequate to cover the total replacement premium and the proposed liquid security is adequate to cover the short-term replacement premiums calculated in each of our five Design-Builder replacement scenarios outlined in this section 	G

Report Ref	Item	Summary	
9	Operations and Maintenance	<ul style="list-style-type: none"> • BTY to confirm the transfer of the Lessee's risk related to the Operations and Maintenance Work to the QTO in future versions of this report upon receipt and review of the MSA • The QTO has a structured organization and performance plan that is consistent with anticipated operations procedures and is overall in a position to mitigate risks and unknown factors • Vantage has a long track record of successfully managing airports, including its experience at LaGuardia Terminal B in the New York market • BTY to provide conclusions in future versions of this report upon receipt and review of the MSA, O&M pricing, and discussions with the QTO 	
10	Lifecycle	<ul style="list-style-type: none"> • BTY to confirm the transfer of the Lessee's risk related to the Major Maintenance and Handback Requirements to the QTO in future versions of this report upon receipt and review of the MSA • This section will be completed upon receipt and review of the O&M pricing, Lifecycle Cost Model and discussions with the QTO 	
10.7	Lifecycle Payments	<ul style="list-style-type: none"> • BTY will complete this section in future versions of this report upon receipt and review of the MSA 	
11	Payment Mechanism	<ul style="list-style-type: none"> • This section will be completed in future versions of this report upon receipt and review of the KPIs and discussions with the Lessee and QTO 	

3.0 *Project Description*

3.1 Introduction

The JFK JetBlue Terminal 6 and 7 Replacement Project entails the design, build, finance, operation and maintenance of terminal facilities over the Lease Term for Terminal 6 and Terminal 7 sites at the John F. Kennedy International Airport, located in Queens, New York. The new terminal facilities will need to provide space for the following:

- Ground Transportation Center, which will link terminals, garages, AirTrain stations and passenger amenities;
- Pre- and post-security connections to Terminal 5;
- The passenger and commercial curb front roadways;
- Terminal access and exit roadways;
- Landmark Terminal Building;
- Automated Check-in Capabilities;
- Gate area configured for 9 widebody aircraft and 1 narrow body aircraft (which can accommodate wide-body aircraft with a gate adjacency restriction), as well as 1 widebody aircraft parking position;
- Security areas for passenger and baggage screening;
- Connection of the Terminal 5 and Terminal 7 AirTrain stations to the New Terminal Facilities; and
- Terminal Amenities, including retail concessions and lounges.

The Phase 1 construction period will consist of the design and construction of five new gates (four widebody plus one narrow body) on the Terminal 6 Parcel. The Phase 2 construction period will consist of the design and construction of five new widebody gates on the Terminal 7 Parcel.

3.2 Project Site

The Project site consists of the Terminal 6 Parcel, Terminal 7 Eastern Gates Parcel and Terminal 7 Parcel, which are shown in Exhibit [●] of the Lease. Any land, structures, improvements, additions, buildings, installations or other facilities on the Terminal 6 Parcel will be deemed the Initial Premises. Similarly, any land, structures, improvements, additions, buildings, installations or other facilities on the Terminal 7 Eastern Gates Parcel will be deemed the Terminal 7 Eastern Gates Premises, and any land, structures, improvements, additions, buildings, installations or other facilities on the Terminal 7 Parcel will be deemed the Terminal 7 Premises. The Initial Premises, the Terminal 7 Eastern Gates Premises, and the Terminal 7 Premises collectively make up the Premises.

The Port Authority requires the Design-Builder to prepare and submit a Project site logistics plan for the Lessee. This plan will designate the following:

- Field offices;
- Storage Areas;
- Protection (netting, cables, etc.);
- Hoists;
- Cranes;
- Fences;
- Sidewalk bridges;
- Temporary loading docks;

- Temporary lighting;
- Temporary protection;
- Temporary circulation and routes;
- Procedure for material delivery;
- Location of equipment; and
- Any other information required for the efficient performance of D&C Work.

The implementation of the Site logistics plan ensures that the D&C Work will be carried out in an organized manner, ultimately verifying that the occupied portions of the Project site or adjacent buildings and businesses will not interfere with the operations of the Lessee, JetBlue, Port Authority or other tenants.

3.3 Scope of Work

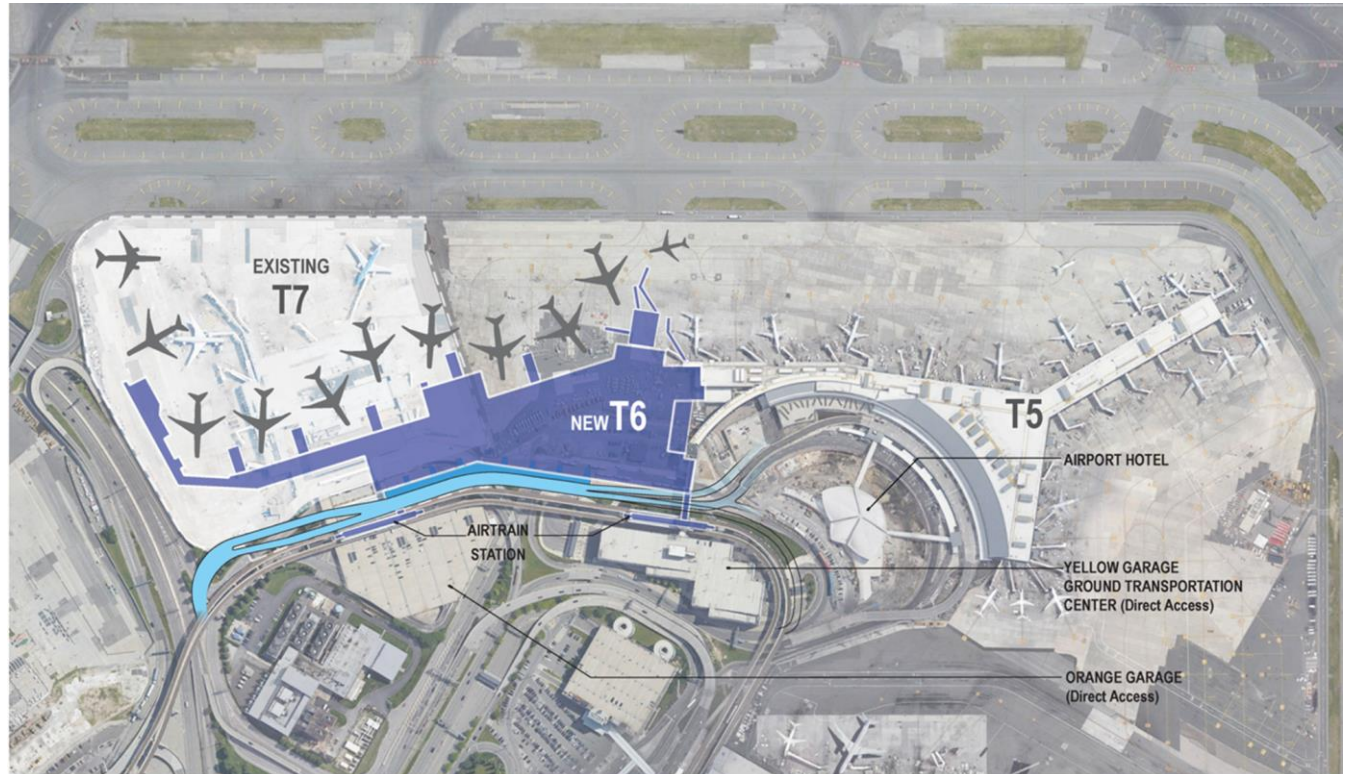
The Project will be split into two phases: Phase 1 D&C Work and Phase 2 D&C Work. The first phase of D&C Work (“Phase 1 D&C Work”) includes the following elements (Section 2 of the Lease):

- Construction of the portion of the New Terminal Facilities on the Terminal 6 Parcel expanded to the east building edge of the Existing Terminal Facilities on the Terminal 7 Parcel;
- Decommissioning of two Gates on the east side of the existing Terminal 7;
- Construction of the Ground Transportation Center; and
- Construction of the associated Off-Premises Facilities, including necessary roadways and utilities.

The second phase of D&C Work (“Phase 2 D&C Work”) includes the following elements:

- Demolition of the Existing Terminal Facilities on the Terminal 7 Parcel;
- Construction of the remaining portion of the New Terminal Facilities on the Terminal 7 Parcel; and
- Construction of the associated Off-Premises Facilities, including necessary roadways and utilities.

The image below provides a general overview of the Phase 1 and 2 D&C Work.



The scope of work on the Premises includes the following (Section 2(b)(2) of the Lease as may be amended as the Lease is finalized by the Port Authority and the Lessee):

- The decommissioning and demolition of certain existing structures, fixtures and other improvements comprising the Existing Terminal Facilities;
- A unified inter-connected passenger terminal building (the “New Terminal Building”) consisting of approximately 1.165 million square feet of floor space, including a Federal Inspection Services (“FIS”) facility accessible to both the New Terminal Building and Terminal 5 for international flights, together with all associated and related areas and facilities, including concourses, supporting buildings, utility and mechanical rooms, concession areas, stairwells, stairways, escalators and elevators, and all fixtures, furnishings and equipment necessary, to replace the Existing Terminal Facilities on the Terminal 7 Parcel and the apron and taxi lanes on the Terminal 6 Parcel. While the FIS is sized to accommodate the future JetBlue international arrival flights, the operation will not be consolidated until after 2030 and so the Terminal 5i FIS will stay in use for the first few years of operation;
- All necessary and appropriate contiguous aircraft ramp and apron areas to serve the New Terminal Building;
- Adjustment to the off-Premises taxi lane on the north side of the Terminal 6 Parcel to allow for effective operations following completion of the Phase 1 D&C Work;
- All necessary and appropriate D&C Work necessary for the construction of temporary and permanent Terminal Frontage Roads together with all appropriate ground lighting, lines, pipes, drains, wires, cables, manholes and conduits;
- All necessary and appropriate temporary facilities on the Premises to support passenger terminal services during the D&C Work Period;

- All necessary relocations or modifications to existing facilities, structures, service and utilities to facilitate D&C Work performed by the Lessee;
- All necessary and appropriate D&C Work on the Premises for the connecting of the New Terminal Building with Terminal 5;
- All appropriate lines, mains, cables, manholes, wires, conduits and other facilities required in connection with or relating to the mechanical, utility, electrical, storm sewer, sanitary sewer, telephone, fire alarm, fire protection, gas and other systems on the Premises needed for the New Terminal Building, including all necessary relocations and upgrades with sufficient capacity for the New Terminal Building, de-icing fluid capture systems, communication systems, and all work necessary or required to tie to existing or new utility demarcation points, including all necessary valves and other equipment and accessories necessary to the use and operation of the heating, cooling, electrical, water and other utility systems which are to serve the Premises;
- All grading and paving of ground areas and appropriate landscaping for the New Terminal Facilities;
- All necessary or required blast fences, concertina wire on fences, and other fencing on the Premises;
- All necessary and required D&C Work required to implement security measures as required by the Port Authority; and
- Transformation of the ground floor of the Terminal 5 Parking Garage (the Yellow Garage) and the adjacent part of the roadway network into a new ground transportation center servicing the New Terminal Facilities including for-hire-vehicle parking and personal vehicle loading area.

The scope of D&C Work for the Off-Premises Facilities is in the process of being finalized with the Port Authority and currently includes the following (Section 2(b)(2) of the Lease as may be amended as the Lease is finalized by the Port Authority and Lessee):

- Construction of temporary and permanent adjustments to the terminal frontage and access roads on premises of Terminal 5, including the extension of the Terminal 5 departures and arrivals frontage, and other limited roadway work to tie into existing structures, together with all appropriate ground lighting, lines, pipes, drains, wires, cables, manholes and conduits and other related facilities and infrastructure work (the “Off-Premises Roadway D&C Work”);
- All work necessary or required to tie the Lessee’s on-Premises utility work to the utility access stubs provided by the Port Authority off the Premises;
- Adjustments to the on-Premises Yellow Garage ground floor entrance area associated with the design and construction of the Ground Transportation Center, together with all work for the construction of the bridge connector connecting the Terminal 5 Parking Garage and the Orange Garage and, on Terminal 5’s premises, the construction of a new Taxi Plaza and adjustments to the Terminal 5 HOV curbside;
- Limited aesthetic improvements to the existing bridge between the Terminal 7 AirTrain station and the Existing Terminal Facilities;
- Relocation of existing Terminal 5 Gate 30 and certain other modifications necessary to Terminal 5 necessary to accommodate the connection of the New Terminal Building with Terminal 5;
- Adjustment to the off-Premises taxiway throats on the north side of the Terminal 6 Parcel;
- Replacement of the existing KIAC fuel line, serving as a back-up fuel source to the KIAC; and
- All necessary relocations or modifications to existing facilities, structures, services and utilities to facilitate the D&C Work.

In addition to the D&C Work to be performed by the Lessee, the Lessee and the Port Authority acknowledge that the Port Authority shall perform, at its costs, all appropriate and necessary work for the construction of the following Port Authority Enabling Work:

- Roadways connecting the CTA roadways to Terminal 5 and the New Terminal Facilities; and
- Construction of a new Central Substation 2 along with a back-up power source connected to the 15kV supply to the Premises as required for the operation of the New Terminal Facilities and all other appropriate lines, mains, cables, manholes, wires and conduits required to tie the mechanical, utility, electrical, storm sewer, sanitary sewer, phone, fire alarm, fire protection, gas and other systems off the Premises to the New Terminal Facilities.

3.4 LEED Silver Certification

The Lease and RPs mandate the achievement of Leadership in Energy & Environmental Design (“LEED”) Silver certification under United States Green Building Council (“USGBC”) which means achieving the prerequisites and credits required to achieve the LEED-NC Silver Rating and achieve the LEED credits.

The Lessee’s risk related to the achievement of LEED Silver is transferred to Design-Builder. The Design-Builder will perform the D&C Work to achieve the Project’s sustainability requirements and goals as required by the Port Authority (Section 2.15 of the DBA Term Sheet as may be amended as the Lease is finalized by the Port Authority and Lessee).

We note that the Design-Builder’s draft targeted LEED Scorecard indicates that 44 points are believed to be achievable and 59 points are probable/maybe, which puts the Design-Builder above the 50 points required for LEED Silver with over 100 points currently being studied. We will review the Design-Builder’s updated LEED Scorecard when it has finalized its approach to achieving the LEED target.

3.5 Schedule of Areas

The gross floor area (“GFA”) for the Project is summarized as follows:

Project Area	Phase 1 Area (sf)	Phase 2 Area (sf)	Total Area (sf)
Level 1 – Arrivals/Ramp Level	303,613	110,514	414,127
Level 1.5 – Sterile Corridor	63,060	64,207	127,267
Level 2 – Concourse	277,351	114,852	392,203
Level 3 – Departures	183,228	33,353	216,581
Level 3.5 – Departures Intermediate Level	9,140	6,008	15,148
Total Project Area	836,392	328,934	1,165,326

3.6 Design Solution Overview

Most of the Lessee’s risk related to design is transferred to Design-Builder with the exception of the Fit-Out Allowance Scope, which the Lessee retains the risk of design development changes between Financial Close and the completion of the fit-out design and procurement as described in Section 8.2. The design completion is currently at the 15-30% stage, with progress continuing to advance ahead of Financial Close. The Design-Builder’s schedule indicates that preparation of the Comprehensive Intermediate Design Submittal (60%) will be ongoing at Financial Close. We consider the expected level of design progression by Financial Close to be more advanced than other similar US P3 projects.

The Lessee’s design solution for the Project is summarized by major element as follows:

Element	Description
Substructure	<ul style="list-style-type: none"> • Driven steel taper pile foundations, with anticipated capacity of 160 tons • Reinforced concrete pile caps and grade & tie beams • Perimeter wall footings, misc. pits, core & stair footings • Other standard foundation system where required
Structure	<ul style="list-style-type: none"> • Reinforced concrete framing and slabs to the Arrivals level • Steel framing of non-composite beams, columns and bracing to the Concourse, Departures and Roof levels • Lateral resistance provided by steel concentrically braced frames • Exposed structural steel bracing with intumescent paint and AESS-level finish • Concrete topping with welded wire mesh on metal deck floor system for Sterile corridor, Concourse, Departures and Roof levels • Steel Roof structure to long-span roof at Main Atrium • Main roof cantilevered to act as a canopy, supported by tapered structural steel members and stainless steel cables • Concrete stairs and landings for stair cores, steel for exterior stairs
Exterior Enclosure	<ul style="list-style-type: none"> • Dry floodproofing consisting of reinforced concrete curbs and flood gates to the Arrivals level to resist up to four feet of water pressure • Metal panel rain screen • Clear glass within unitized curtain wall system, also Spandrel glass within unitized curtain wall system, Louver W/ 50% free area within curtain wall system • Solar shading, as required • Glazed exterior doors • Overhead doors with automatic door operators • Membrane waterproof roofing with rigid insulation • Aluminum frames ETFE membrane cushion skylight system
Partitions & Doors	<ul style="list-style-type: none"> • Metal stud drywall system • CMU (Masonry) • Hollow metal interior doors • Aluminum doors, Aluminum sliding doors with auto door operator • Glazed interior doors • Wood interior doors • Stainless steel interior doors • Sliding glass exterior doors

Element	Description
Finishes	<ul style="list-style-type: none"> • Terrazzo flooring to restrooms • Porcelain wall tiling to restrooms and nursing rooms • Exposed concrete, LVT and VCT to Back of house • Mix of tile and carpet to level 2 concourse & level 3 ticket counter queue • Porcelain tile flooring to Arrivals, Circulation Paths at Departure Gates, Ticketing Hall/Check-In, public stairs and baggage claim • Broadloom Carpet flooring to Sterile corridors, Holdrooms • Carpet flooring and premium ceiling finish to Security Screening Checkpoint • Airline Club and Retail Fit-Out by tenant • Acoustic ceiling to Concourse and gate counter areas, lounges, ticket hall, baggage claim, etc. • Suspended drywall ceiling to public washrooms and other area • Exposed structure to service areas, concession areas, support areas, egress stairs, etc. • Painting to interior partitions • Wood paneling and Mosaic Tile to Ticketing/Check-In feature walls • Artwork at various locations, excluded from the Design-Builder's scope. Part of the art program managed by the Lessee • Special featured wall finishes to where required
Fittings & Equipment	<ul style="list-style-type: none"> • Guardrails / handrails and crash rails • Millwork including check-in desks, washroom vanities checking and boarding gate counters, etc. • Hold room bench and casual seating and tabletops • Washroom/janitor accessories, toilet partitions, urinal screens • Horizontal/vertical blinds • Way-finding system • Lockers, interior planters and other miscellaneous specialties
Conveying Systems	<ul style="list-style-type: none"> • Elevators • Escalators • Moving walkways
Special Equipment	<ul style="list-style-type: none"> • Baggage Screening and Handling System • Passenger Boarding Bridges • Pre-conditioned Air Units • Ground Power • Electrical GSE Charging Equipment • Aircraft de-icing fluid isolation and capture system

Element	Description
Mechanical	<ul style="list-style-type: none"> HVAC System including air handling units, fan coil units, cooling tower, chillers and chilled water system, hot water system, unit heaters, direct expansion air conditioning system, snow melting, make up air units, loading bridge pressurization fans, smoke removal and purging fans, general exhaust system, pumps, variable frequency/speed drives, gas fired infrared radiant heaters, terminal devices, ductwork & insulation, heating and chilled water piping and connection work of chilled water piping to existing, etc. Controls including SCADA, DDC/BMS system, energy monitoring/metering system, etc. Emergency generator fuel system including underground fuel oil tank, cathodic protection, leak detection system, piping and pumps, exhaust & ventilation system etc. Plumbing & drainage system including new fixtures, electric water heaters, booster pumps, domestic hot / cold water supply and return piping system, aircraft potable water piping system, sanitary drainage piping system, storm water piping system, natural gas piping system and aircraft de-icing system, etc. Fire protection including sprinkler fire protection system, smoke detection, fire alarm system, smoke control, miscellaneous extract systems, clean agent fire protection system, standpipe system, fire extinguishers, Fire Department connections, fuel oil storage protection, fire pumps & jockey pumps and air compressor for dry type sprinkler fire protection system, etc.
Mechanical Site Services	<ul style="list-style-type: none"> Mechanical site services include demolition works, storm water management system inclusive of storm water piping, catch basins, oil/grit interceptor, storm & sanitary manholes, adjustment of existing manhole elevation, connection to existing pump/lift station. It also consists of sanitary system including sewage ejectors, force main, manholes and connection to existing pump/lift station; fire and water main inclusive of rerouting of existing mains, construction of new water and fire main, relocation of high-pressure piping, fire hydrants and connection work; relocation of gas piping mains and connection to utility.
Electrical	<ul style="list-style-type: none"> Service and distribution system including normal power, emergency diesel generator power systems, UPS, grounding & lighting protection and miscellaneous items where required Internal & external Lighting, devices and heating system including emergency lighting, branch devices, heating, etc. Ancillaries including fire alarm system, security system, communication system, PA and intercom system, clock system, dynamic signage, CCTV system
Electrical Site Services	<ul style="list-style-type: none"> Electrical site services including removal and relocation works of existing duct bank, new communications, ground and mounted lighting and security systems New substation
Site Works	<ul style="list-style-type: none"> Existing portion of airside and airside utility removal for new Terminal 6 Airside alignment New airside utility/site service New apron and taxi lanes, Wayfinding Signage Hydrant Fuel System (aircraft fueling) Other miscellaneous site works
Landscaping	<ul style="list-style-type: none"> Between Terminals 5 and 6 At the Departures roadway ramp At the Terminal 6 Arrivals Plaza

Element	Description
Information Technology Systems	<ul style="list-style-type: none"> • Telecommunications Networks • Paging and Mass Notification System • Security • Information Display Systems • Passenger Processing
Landside Information Technology Systems	<ul style="list-style-type: none"> • Closed Circuit Television • Road Weather Information Systems • Dynamic Messaging Signs • Vehicle Detection Count System • License Plate Reader System • TI-MED Readers • Parking Guidance System • Other miscellaneous systems
Airside Information Technology Systems	<ul style="list-style-type: none"> • Visual Docking Guidance Systems • Airport Operations Systems • Baggage Reconciliation System
Roadways	<ul style="list-style-type: none"> • New arrivals and departures roads serving the new terminal and dedicated Terminal 5 exit roadway • New elevated vehicular connector between Orange and Yellow Parking Garages • Drainage, lighting and traffic signals • Arrivals level Plaza • Ground Transportation Center
Works Outside Terminal 6 Lease Limits	<ul style="list-style-type: none"> • Roadway works near T5i Taxi Plaza • Roadway work in front of the TWA Hotel • Roadway Ramp to the Yellow Parking Garage • Approach Roadways to Terminal 5 and 6 • Utility Connections to the existing Port Authority source • Utility Connections in the Vicinity of the Orange Garage • Roadway Demolition work • Traffic shifts and related Maintenance of Traffic

3.7 Design Review Procedure

The Lessee is responsible for the preparation and presentation of the design submittals to the Port Authority to verify that the requirements in the Lease, Requirements and Provisions for Design and Construction Work (“RPW”), Port Authority Tenant Construction and Alteration Process (“TCAP”) Manual and Port Authority Tenant Construction Review Manual (“TCRM”) are satisfied with respect to the D&C Work. The Lessee’s responsibility for preparing design submittals has been transferred to the Design-Builder through the Interim Agreement except for certain carve-outs defined in Exhibit 2.03 of the PDD.

The Lessee will submit an initial Schedule of Submittals and Packaging Plan to the Port Authority for approval prior to the issuance of the limited notice to proceed. The Schedule of Submittals and Packaging Plan will be used for the communication between the Lessee and Port Authority regarding how and when the submittals will be delivered for the review and approval of the Port Authority. The Lessee will update the Schedule of Submittals and Packaging Plan on a monthly basis.

The Design Plan will be submitted by the Lessee to the Port Authority for its review and approval. The Design Submittals will be submitted to the Port Authority in the following order (with the exception of the Advanced Final Design Submittals) (Section 1.7 of Section A of the RPW):

- Design Plan;
- Design Quality Control Plan;
- Comprehensive Design Submittals;
- Comprehensive Basis of Design Submittal;
- Comprehensive Conceptual Design Submittal;
- Comprehensive Intermediate Design Submittal; and
- Comprehensive Final Design Submittal.

The Comprehensive Basis of Design includes all D&C Work that the Lessee is responsible for. The Lessee submitted the Comprehensive Basis of Design to the Port Authority and received conditional approval on October 15, 2021. Upon receiving conditional approval from the Port Authority, the Comprehensive Conceptual Design Submittal may be submitted by the Design-Builder. The Comprehensive Conceptual Design Submittal will be equivalent to 30% design development documents. The Comprehensive Intermediate Design Submittal will include all necessary calculations, plans and drawings of all construction project elements. The Port Authority may provide comments upon their review of each successive design submittal within pre-set comment periods. With each successive design submittal, it is required that the Lessee resolves the Port Authority's comments on the preceding design submittal(s), which is the responsibility of the Design-Builder.

For any element that achieves 100% design development, prior to the distribution of the Comprehensive Final Design Submittal, the Lessee may submit an Advanced Final Design Submittal to the Port Authority. The Final Design Submittal and Advanced Final Design Submittal will include all design calculations, contract drawings, design and engineering reports/studies, specifications supporting documentation and resolution of all previous Port Authority comments. The submission of the Comprehensive Final Design Submittal and each Advanced Final Design Submittal must include a letter of transmittal that includes a detailed list of drawings and submitted documents, as well as forms and certifications in accordance with the Port Authority's TCAP manual.

The Draft Preliminary Baseline Schedule includes a detailed breakdown and sequencing of the Tenant Alteration Applications ("TAA") required by the PA under its TCAP Manual.

3.7.1 DESIGN REVIEW WORKING COMMITTEE ("DRWC")

The DRWC will be formed with selected members of JFK Redevelopment and the Master Planning team, Port Authority Engineering Department, and the Lessee's team, including the Lessee, the Lead Designer and the Operations and Maintenance Work liaison. This committee will focus on reviewing the Lessee's Design Submittals in order to ensure the appropriate interior finishes and all other OneJFK elements are incorporated into the Lessee's design per the requirements of the RPW. The DRWC will determine which Design Submittals will be referred to the EDRC for further review (Section 1.3 of Section A of the RPW).

Similar to the EDRC, the DRWC meetings will be an interactive workshop format. The Lessee will schedule DRWC meetings with the Port Authority no less than 10 Business Days in advance of each meeting. The DRWC will provide written comments to the Lessee setting forth design changes suggested by the DRWC no later than 5 days after a meeting. The Lessee will incorporate into its Design Submittal:

- Design changes that, in the DRWC's reasonable discretion, are necessary in order for the design to comply with the Project Documents' requirements; and
- Any other suggested design changes that do not, individually or in the aggregate, negatively impact the Baseline Schedule or the direct cost to perform the Work.

A dedicated JFK Redevelopment Design Manager will be appointed by the Port Authority to act as a liaison, and ensure that the Lessee's design progresses in accordance with requirements of the One JFK Vision, as well as Sections A and B of

the RPWs (General Requirements and Technical Requirements, respectively). The JFK Redevelopment Design Manager shall act as the intermediary between the DRWC and the EDRC (Section 1.4 of Section A of the RPW).

If the DRWC requests any changes that are inconsistent with the Lessee's approved Basis of Design, the changes will be addressed as either a Port Authority Change or a Qualifying D&C Change (Section 1.2.2 of Section A of the RPW).

3.7.2 EXECUTIVE DESIGN REVIEW COMMITTEE ("EDRC")

An EDRC will be formed, with selected members representing the Lessee, the Governor's Office, Port Authority's Executive Management, and the Aviation Director's Office. The EDRC will be a high-level executive management committee that will review the Lessee's Design Submittals referred to the EDRC by the DRWC during development to ensure that the design and architectural appearance of the Construction Project accommodates connected, architecturally-consistent character for the Airport to result in a One JFK environment in accordance with the Lease and the RPW (Section 1.2 of Section A of the RPW).

The EDRC meetings will be conducted in an interactive workshop format. The EDRC will meet monthly and any written comments will be provided to the Lessee within 5 Business Days after each meeting. The Lessee will prioritize agenda items for each EDRC meeting in order to obtain necessary Port Authority decisions and incorporate into upcoming Design Submittals.

If the EDRC requests any changes that are inconsistent with the Lessee's approved Basis of Design, the changes will be addressed as either a Port Authority Change or a Qualifying D&C Change (Section 1.2.2 of Section A of the RPW).

3.7.3 SUBMITTALS REVIEW PROCESS

The Lessee may request to hold in-progress design workshops prior to any design submittal for the Port Authority to discuss and verify the progress of design submittals. The Lessee must provide a minimum of five Business Days' notice to the Port Authority (Section 1.8 of Section A of the RPW).

Prior to submittal of any document or drawing to the Port Authority for its review and comment or approval, the Lessee's Architect of Record and/or the Lessee's Engineer of Record ("A/EOR"), must review each document and drawing for proper content, format, conformance to the project objectives, and compliance with the Project Documents and ensure the submittal is complete.

Lessee is required to deliver any submittal included in the Schedule of Submittals and Packaging Plan no later than one week from the date set forth in the Schedule of Submittals and Packaging Plan (the "Submittal Period").

Upon receipt of any design submittal, the Port Authority will review the package and determine if the package meets the requirements of the Project Documents (including the TCAP manual) and Governmental Approvals required with respect to the scope of the D&C Work covered by the submittal, as well as to confirm whether Port Authority comments from previous submittals have been addressed and considered. The Port Authority reserves the right to deem the submittal incomplete and return to the Lessee within 3 Business Days of receipt of the submittal.

If a submittal is deemed incomplete, the Port Authority will return the submittal within the three Business Days period, together with information regarding the areas in which the Port Authority deems the submittal to be incomplete, and the review period will restart upon the Lessee's resubmission.

If the Lessee fails to deliver a submittal within the applicable Submittal Period, the Port Authority will have an additional five Business Days to review once received by the Port Authority.

The periods available to the Port Authority to review a design submittal after the date they receive an accurate and complete submittal in conformance with the Project Documents are listed below. If a submittal does not fall into any of the categories in the table below and no review period is specified in the Lease, then the submittal will be subject to Port Authority review in accordance with the timeframes applicable to a Project Plan below.

Submittal	Comprehensive Basis of Design	Comprehensive Conceptual Design Submittal	Comprehensive Intermediate Design Submittal	Comprehensive Final Design Submittal	Advanced Final Design Submittal for a given element	Project Plan	Minor/Early Works Submittals
Review Times	15 Business Days	15 Business Days	20 Business Days	20 Business Days	10 Business Days	10 Business Days	5 Business Days
Re-Submittal Review Times	10 Business Days	10 Business Days	10 Business Days	10 Business Days	10 Business Days	10 Business Days	2 Business Days

The design review procedure is well defined and provides clear review periods for the Port Authority, which the Design-Builder has incorporated into its schedule. The Design-Builder's schedule includes a detailed sequencing of design submissions, Port Authority reviews and allows for a resubmission to address Port Authority comments for the majority of design packages. The EDRC and DRWC processes add an additional layer of design review to the Project; however, we note that the Lessee is provided with protection via a Port Authority Change if either group requests design changes inconsistent with the Lessee's approved Basis of Design.

3.8 Coordination with Airlines

The Lessee and the Port Authority have agreed that the Lessee will not require any airlines operating at the Terminal 7 Premises as of July 1, 2021 ("Existing T7 Airlines") to relocate to any other terminal at the Airport. The Lessee will be responsible for undertaking commercially reasonable efforts to relocate Existing T7 Airlines to the New Terminal Facilities on the Terminal 6 Parcel if the Existing T7 Airlines wish to relocate. If any Relocating Terminal 7 Airline continues to use facilities at the Terminal 7 Premises after the Terminal 7 Parcel Lease Commencement Date, the Lessee will be entitled to charge each airline and will retain any fees collected (Section 1(d) of the Lease).

3.9 Coordination with British Airways

British Airways is the current tenant of Terminal 7 under the BA Terminal 7 Lease and will be relocating to Terminal 8, which is currently being completed under a separate project by American Airlines. The Lessee's ability to begin the Phase 2 D&C Work is therefore tied to the completion of Terminal 8 and British Airways' relocation.

On or prior to the Terminal 7 Parcel Lease Commencement Date, the Lessee will enter into an agreement with British Airways, in which British Airways will be permitted to remain in the Existing Terminal Facilities on the Terminal 7 Parcel through [May 31, 2023], which may be extended for up to an additional six months if the Terminal 8 site is not ready for British Airways relocation. The transfer of Existing Terminal Facilities operations from British Airways to the Lessee will be performed under a transition plan approved by the Port Authority. British Airways is liable for any failure to comply with the surrender obligations set forth in the BA Lease regarding the Terminal 7 Parcel (Section 1(d)(2) of the Lease).

BA's failure to comply with its surrender obligations (including any environmental remediation) with respect to the Terminal 7 Premises will not alter the Terminal 7 Parcel Lease Commencement Date, diminish the Lessee's obligations with respect to the Terminal 7 Premises or entitle the Lessee to any claim against, or compensation from, the Port Authority; however, the Lease provides the Lessee with schedule relief via a Delay Event for any failure by British Airways to comply with its surrender obligations described in the British Airways Lease as a result of a delay to the completion of Terminal 8.

The Cooperation Agreement Term Sheet between the Lessee, JetBlue, British Airways and the Port Authority describes the following timeline for British Airways' relocation from Terminal 7 and provides the Lessee with monetary compensation for delays (Section 14 of the Cooperation Agreement Term Sheet):

- The existing BA Terminal 7 Lease expires on November 30, 2022 (the "BA Terminal 7 Lease Expiration Date"). If British Airways does not receive a Terminal 8 Relocation Notice from American Airlines 33 days before the expiry of the current lease, the Lessee and British Airways will enter into a six-month BA Sub-Lease to allow British Airways to continue operations in Terminal 7. British Airways will pay the Lessee \$1,850,000/month for the first three months of the BA Sublease Term and \$3,100,000 per month thereafter;
- British Airways has the ability to extend the BA Sub-Lease by an additional six months if it has not received the Terminal 8 Relocation Notice; and
- If British Airways does not relocate all of its operations to Terminal 8 within the BA Sublease Term, it may continue to use and operate Terminal 7 on a month-to-month basis for an additional three months, subject to Lessee and Port Authority approval. In this scenario, British Airways will continue paying rent equal to 200% of the amount due in the last month of the BA Sublease Term.

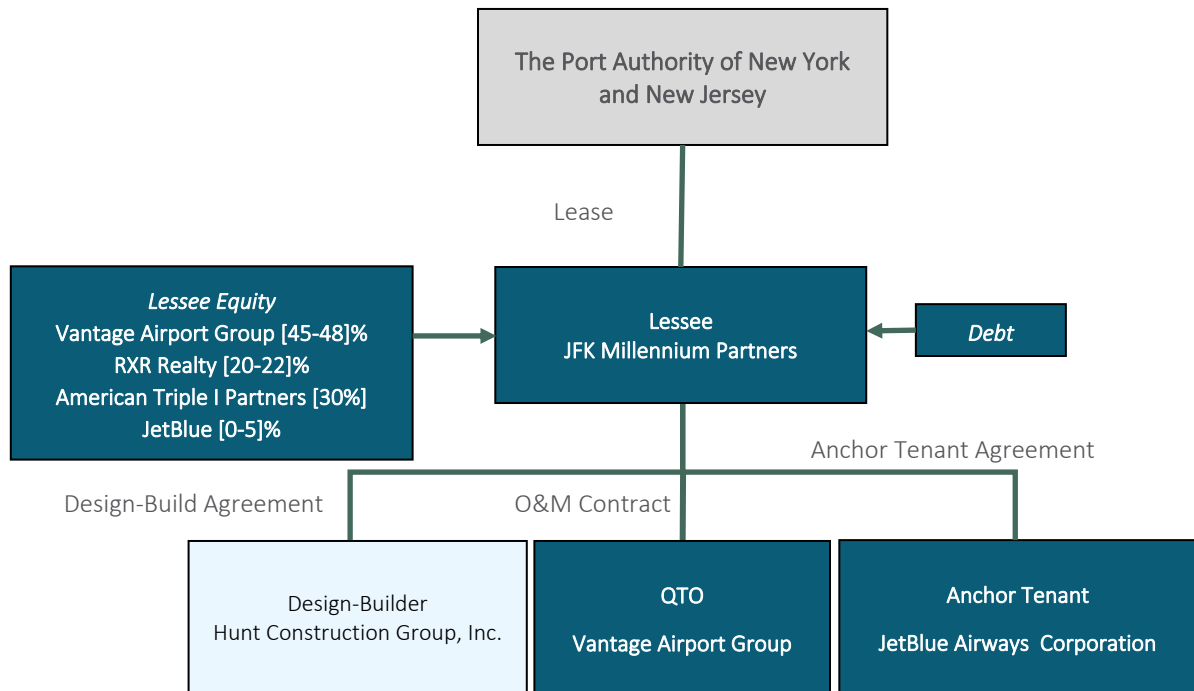
3.10 Warranty Period

The Lessee will be responsible for correcting all Defects during the 2-year Warranty Period from the issuance of the Phase 1 Completion Certificate or the Completion Certificate, as applicable. If any repairs are required on an element of the D&C Work during the 2-year warranty period, the Warranty Period for that element will be extended for an additional 2 years. The Lessee will not have any warranty obligations for the Off-Premises Facilities once they have been turned over to the Port Authority and the related construction warranties have been assigned to the Port Authority (Section 2(i) of the Lease).

The material portion of the Lessee's risk related to the Warranty Period will be transferred to the Design-Builder under the DBA for a period of two years, subject to extension for repair and replacement and certain other limited terms and conditions. In negotiating the DBA Term Sheet, the Lessee determined that there is potential costs savings and other logistical benefits to the Lessee if the extended warranties were carried as an operational cost rather than construction cost. Notwithstanding, special extended warranties (e.g. roofing) may also be specified in the scope documents and included within the GMP.

4.0 Consortium

The general structure of the Project and the consortium is illustrated below:



The key members of the Project consortium are set out below:

Role	Company
Lessee	JFK Millennium Partners (“JMP”) comprised of Vantage Airport Group, RXR Realty, American Triple I Partners, and potentially JetBlue Airways
Lessee Equity	[45-48]% Vantage Airport Group [20-22]% RXR Realty [30%] American Triple I Partners [0-5]% JetBlue Airways Corporation
Anchor Tenant	JetBlue Airways (“JetBlue”)
Design-Builder	Hunt Construction Group, Inc. (“Hunt”)
QTO	Vantage Airport Group
Debt	The Project’s debt will be arranged using long-dated tax-exempt bonds, bank debt and/or private placements

The Lessee, JFK Millennium Partners, is comprised of Vantage, RXR, American Triple I Partners, and potentially JetBlue, with JetBlue as the Anchor Tenant for the Project. The Lessee has been working with Corgan Associates Architects (“Corgan”) as the lead design architect and the following companies for the Project’s Preliminary Facility Design (Exhibit K of the Design-Builder Interim Agreement):

- Stantec Architecture & Engineering Inc. (interior design);
- Foit-Albert Associates (associate architect);
- Studio 5 Architects, Inc. (associate architect);
- Architecture X Design (associate architect); and
- David Smotrich & Partners LLP (associate architect).

The Port Authority has evaluated the Basis of Design and issued the Basis of Design conditional approval on October 15, 2021.

JFK Millennium Partners’ equity investors have a track record of successful projects including some of the most challenging airport, terminal and infrastructure projects around the world. The Consortium’s expertise generated through their collective P3 airport experience will be leveraged throughout all the Project phases.

4.1 Vantage Airport Group (Co-Developer, Terminal Operations and Lead Equity Investor)

Vantage is a leading investor, developer and manager of airports and terminals. Throughout their 25+ year history, Vantage has provided Project Delivery, Terminal Operations and Investor services on more than 30 airports.

The group oversees airport projects globally, with their most notable experience being the redevelopment of the LaGuardia Airport Terminal B planned by the Port Authority, which has a capital value of \$4B (USD) and reached financial close in 2016 with expected substantial completion in 2022. Vantage will oversee all Terminal Operations of the existing facility, continuing to serve in this capacity after the completion of the project.

Vantage currently has:

- \$4.7B in Vantage-led airport financing;
- \$1.0B worth in Capital Development Projects underway;
- \$5.0B in Capital Develop Projects Completed; and
- 58 million passengers served by Vantage airports (2018)
- 160 airline partners
- 256 global destinations served

The following table provides a snapshot of some of Vantage’s relevant P3 work:

Project	Location	Status	Role	Capital Cost
LaGuardia Airport	New York, USA	Construction	Terminal Operations, Equity Investor	\$4B (USD)
Sangster International Airport	Montego Bay, Jamaica	Operations	Terminal Operations, Equity Investor	\$132M (USD)
Arturo Merino Benitez International Airport	Santiago, Chile	Operations	Project Management, Airport Operations, Equity Investor	\$220M (USD)

Project	Location	Status	Role	Capital Cost
Lynden Pindling International Airport	Nassau, Bahamas	Operations	Terminal Operations, Project Delivery, Equity Investor	\$410M (CAN)
Larnaka and Paphos Airports	Larnaka, Cyprus	Operations	Terminal Operations, Project Delivery, Equity Investor	\$826M (CAN)

Vantage is providing [45-48%] of the equity requirement and provide 100% of the Operations and Maintenance responsibilities on the Project through their role as the QTO. As the QTO Equity Member, Vantage will be the operator and manager of the Existing Terminal Facilities and New Terminal Facilities, performing and managing all Operations and Maintenance Work in accordance with the O&M Contract (Section 11 of the Lease).

4.2 RXR Realty (Co-Developer and Equity Investor)

RXR is a New York based vertically integrated private real estate company with expertise in investment management, property management, master development, design, construction, leasing and financing. It brings over 10 years of success working in complex public-private development projects throughout the New York region, and successfully delivering projects involving difficult regulatory and approval processes. RXR understands the nuances of the New York region and has a strong track record of overseeing construction activities. RXR will act as co-developer and equity investor for the Project.

RXR's senior leadership team has extensive experience in delivering some of the largest and most complex public-use facilities in the New York/New Jersey region.

RXR's Chairman and CEO Scott Rechler, working with David Garten (another member of RXR's senior leadership team) held key leadership roles at the Port Authority, helping to shepherd high-profile projects, including:

- The construction and completion of the \$14.8 billion World Trade Center site;
- The vision plans for LaGuardia Airport and JFK International Airport;
- The \$1.5 billion replacement of the Goethals Bridge;
- The \$5.1 billion construction of the new Central Terminal B at LaGuardia Airport;
- Recovery and repairs post-Hurricane Sandy; and
- The development of the Port Authority's 10-year, \$30 billion capital plan.

During his time with the Port Authority, Mr. Rechler served on the bi-state agency's Board of Commissioners as Vice Chairman, and as Chairman of the Port Authority's Capital Planning Committee with responsibility for its multi-billion capital budget.

RXR manages 71 commercial real estate properties and investments with an aggregate gross asset value of approximately \$20.5 billion, comprised of approximately 31.4 million square feet and a multi-family residential portfolio of approximately 2,500 units under operation or development, and control of development rights for an additional approximately 3,700 multi-family and for sale units in the New York metropolitan area.

RXR is providing [20-22%] of the equity requirement on the Project.

4.3 American Triple I Partners (Equity Investor)

American Triple I Partners is a New York based manager and developer of infrastructure assets. The firm is affiliated with their leading investment bank, Siebert Williams Shank & Co., thus creating a national asset sourcing platform. Siebert Williams Shank & Co. was founded in 1996 and currently has approximately 130 employees in 15 offices. They manage

more than \$2.0 trillion through over 6,000 municipal bond offerings. Seibert Williams Shank & Co. has also gained experience working with various state and local entities for financing their infrastructure projects.

American Triple I Partners make equity investments on US infrastructure projects between \$20M and \$50M. The firm's equity investments contribute towards 80% of their portfolio. The firm's investment strategies are strengthened through Siebert William Shank & Co.'s national asset sourcing platform and relationships with government leaders and municipal experts. Additionally, the firm is minority-owned and minority-managed with a 100% ethnic minority ownership, enabling responses to public and/or private sector mandates or incentives.

The firm provides equity for a range of projects, including the following examples within the transportation, knowledge & information and environmental sectors:

- Airport facilities and services;
- Cargo and logistics facilities;
- Parking structures and systems;
- Data centers;
- Street lighting systems;
- Power grid modernization; and
- Traffic sensor systems.

American Triple I Partners is providing 30% of the equity requirement on the Project.

4.4 JetBlue (Equity Investor, Anchor Tenant)

Recently recommitted to its headquarters in Long Island City, Queens, NY, JetBlue began service in 2000 and has grown to become the 6th largest passenger carrier in the United States based on revenue passenger miles. JetBlue carries more than 42 million customers a year to over 100 cities in the United States, Caribbean and Latin America with an average of 1,000 daily flights. JetBlue operates out of key airports in New York, Boston, Fort Lauderdale, Orlando, Los Angeles, and San Juan, Puerto Rico. As of 2021, JetBlue also operates out of London Heathrow Airport and London Gatwick Airport in the UK.

JetBlue is providing [0-5]% of the equity requirement on the Project.

4.5 Hunt Construction Group, Inc. (Design-Builder)

Hunt Construction Group, Inc. ("Hunt") was founded in 1944 and is a leader in the construction of design-build projects, with over 100 projects, exceeding 37 million ft² and \$9 billion in contract value. The company has experience working across various market sectors, and is a national leader in aviation. Hunt's aviation project experience includes a wide range of project types, including new terminals, baggage handling systems and other interior modernizations. In total, Hunt has completed over 34 million ft² of aviation projects and \$8.5 billion worth of aviation projects nationwide.

In 2014, Hunt merged with AECOM, a fully integrated infrastructure and support services firm. Collectively, AECOM and Hunt leverages Hunt's extensive experience working in and around airports and successfully planning and managing complex logistics, security challenges and multi-level coordination. Hunt comprises approximately 45% of AECOM's Construction Management division, which generated \$6.6B of revenue in 2020 and has grown each year since Hunt was acquired in 2014. In addition to Hunt's experience, Tishman, acquired by AECOM in 2010, has managed the construction of over 600M ft² of the world's most iconic buildings and has extensive experience working in the New York area. In 2004, Tishman was selected to provide preconstruction and construction management services for PANYNJ for the 1 World Trade Center project.

The following table outlines Hunts' relevant project experience:

Project	Location	Status	Capital Cost
JFK Terminal 1 CBIS Project	Jamaica, NY	Complete	\$44M
Louis Armstrong New Orleans International Airport – North Terminal	New Orleans, LA	Complete	\$878M
Maynard H. Jackson Jr. International Terminal	Atlanta, GA	Complete	\$1.2B
Luis Muñoz Marin International Airport Capacity Enhancement Program	Carolina, Puerto Rico	Complete	\$100M
Phoenix Sky Harbor International Airport Terminal 3 Modernization	Phoenix, AZ	Complete	\$480M
Fort Lauderdale Airport Terminal 1 Modernization Program	Fort Lauderdale, FL	Complete	\$269M
The Col. H. Weir Cook Terminal at Indianapolis International Airport	Indianapolis, IN	Complete	\$507M
Barclays Center	Brooklyn, NY	Complete	\$525M
SoFi Stadium	Inglewood, CA	Complete	\$3.36B
Houston Methodist Hospital Walter Tower	Houston, TX	Complete	\$505M
Mercedes-Benz Stadium	Atlanta, GA	Complete	\$1.49B
Pittsburgh International Airport Terminal Modernization	Pittsburgh, PA	In Progress	\$700M
UBS Arena	Elmont, NY	In Progress	\$697M
The Grand	Los Angeles, CA	In Progress	\$639M
MSG Sphere at the Venetian	Las Vegas, NV	In Progress	\$800M
IU Health Medical Center	Indianapolis, IN	In Progress	\$1.7B

4.6 Corgan (Lead Designer)

Corgan as the Lead Designer will coordinate the design team, including the various associate architects and interior design firms. Corgan is an international leader in airport terminal design with completed work in over 200 airports worldwide. Over the past five years they have designed 10 million square feet of terminal projects.

Recent accolades include Top 10 appearances in BD+C's 'Top 10 Aviation Architects' since 2013, with a #3 ranking for 2021.

Corgan has served the aviation market's needs for over 70 years, including 30 years at JFK. This has provided Corgan a deep understanding of the logistical and operational challenges inherent in aviation projects. Corgan has over 135 professional airport-related staff which bring extensive global expertise to the Project.

Corgan has worked on the JetBlue Terminal 6 Development Project since 2017.

The table below demonstrates Corgan's relevant project experience.

Project	Location	Status	Capital Cost
Dallas Fort Worth International Airport – Terminal D	Dallas, TX	Complete	\$753M
Dallas Fort Worth International Airport – Terminal Renewal and Improvement Program	Dallas, TX	Complete	\$2.7B
Orlando International Airport – American Airlines Concourse L Extension Project	Orlando, FL	[●]	\$(●)
San Francisco International Airport – Terminal 1 Interim Boarding Area-B Remodel	San Francisco, CA	Complete	\$110M

Project	Location	Status	Capital Cost
William P. Hobby Airport – Southwest Airlines Terminal Expansion	Houston, TX	Complete	\$146M
Los Angeles International Airport – Midfield Satellite Concourse	Los Angeles, CA	Complete	\$1.4B
Hartsfield-Jackson Atlanta International Airport – AMOD Project	Atlanta, GA	Complete	\$153M
BNA Terminal and Landside Area Planning	Nashville, TN	In Construction	\$1.36B
LaGuardia International Airport – Delta Airlines Terminal C	New York, NY	In Construction	\$4.7B
O’Hare International Airport – Global Terminal and Concourse Design	Chicago, IL	In Design	\$4.5B

4.7 Conclusion

Key conclusions are as follows:

- The major parties’ substantial experience in air transportation is testament of their abilities to successfully complete large and complex aviation projects;
- The experienced equity partners should have no issues collaboratively carrying out the responsibilities of the Lessee;
- The Design-Builder is well established in the aviation industry with over \$4.5B of aviation work completed nationwide. Hunt’s extensive experience planning and managing complex logistics, security challenges and multi-level coordination on large infrastructure projects across the United States will be leveraged on the Project;
- In Vantage, the consortium brings award winning airport management expertise to the table. Their experience not only in airport operations, but managing operations during complex construction phasing and transitioning to a private facility, only enhances the overall consortium’s strength;
- Vantage will leverage its experience working on airports within the New York area. In 2016, Vantage led the LaGuardia Gateway Partners consortium on the LaGuardia Airport Terminal B redevelopment project to financial close and lease commencement. Construction is ongoing with the majority of new facilities now open and operational; and
- RXR brings significant local New York experience in its role as co-developer and equity investor in the Lessee, including experience with the Port Authority where senior RXR executives have previously held leadership positions. The company manages 71 commercial real estate properties and investments with an aggregate gross asset value of approximately \$20.5 billion.

5.0 *Regulatory Approvals*

5.1 Introduction

This section provides a summary of the Lessee's obligations related to the Premises and all permits and approvals, in addition to their approach to meeting these obligations.

The Port Authority will commence the letting of the Terminal 6 Parcel to the Lessee on the Effective Date (Terminal 6 Parcel Lease Commencement Date), with two subsequent Lease Commencement Dates thereafter (for the Terminal 7 Eastern Gates Parcel and Terminal 7 Parcel).

Most of the Lessee's risk related to regulatory approvals for the DB D&C Work, including its obligations related to obtaining the Governmental Approvals, is generally transferred to the Design-Builder.

5.2 Zoning

No rezoning is required

5.3 Lands (The Premises)

The Terminal 6 Parcel, Terminal 7 Eastern Gates Parcel and Terminal 7 are, collectively, the Premises. The Port Authority will let to the Lessee the Premises in three stages, as summarized in the table below (Section 1 of the Lease):

Lease Commencement Date	Parcel Name	Parcel Summary
Effective Date (Terminal 6 Parcel Lease Commencement Date)	Terminal 6 Parcel	The land as indicated in Exhibit [●], and all structures, improvements, additions, buildings, installations, fixtures, facilities and other property located, constructed or installed in, on or under the Terminal 6 Parcel (collectively referred to as the “Initial Premises”).
Terminal 7 Eastern Gates Lease Commencement Date	Terminal 7 Eastern Gates Parcel	<p>The land as indicated in Exhibit [●] and all structures, improvements, additions, buildings, installations, fixtures, facilities and other property located, constructed or installed in, on or under the Terminal 7 Eastern Gates Parcel (collectively referred to as the “Terminal 7 Eastern Gates Premises”).</p> <p>The Port Authority’s obligation to tender the Terminal 7 Eastern Gates Premises to the Lessee on the Terminal 7 Eastern Gates Lease Commencement Date will be conditioned on British Airways having entered into an agreement with the Lessee and/or the Port Authority acknowledging that British Airways will be a subtenant of the Lessee with respect to the Terminal 7 Eastern Gates Premises. The Port Authority assumes no liability for the failure of British Airways to surrender the Terminal 7 Eastern Gates Premises.</p>
December 1, 2022 (Terminal 7 Parcel Lease Commencement Date)	Terminal 7 Parcel	<p>The land as indicated in Exhibit [●], and all structures, improvements, additions, buildings, installations, fixtures, facilities and other property located, constructed or installed in, on or under the Terminal 7 Parcel (collectively referred to as the “Terminal 7 Premises”).</p> <p>The Port Authority’s obligation to tender the Terminal 7 Premises to the Lessee on the Terminal 7 Parcel Lease Commencement Date will be conditioned on British Airways having entered into an agreement with the Lessee and/or the Port Authority acknowledging that British Airways will be a subtenant of the Lessee with respect to the Terminal 7 Premises. The Port Authority assumes no liability for the failure of British Airways to surrender the Terminal 7 Premises.</p>

The Premises are to be used and operated as an airline passenger terminal, including the use and occupancy by the Lessee, Scheduled Aircraft Operators (Airline Sublessees), Concession Sublessees and other Sublessees, Governmental Authorities and the Port Authority.

The Lessee is required to maintain and operate the Premises and charge, collect and retain revenues at the Premises derived from the operation of the Premises, in accordance with the Lease.

The Lessee accepts and assumes all responsibility for the Premises, the Rights of Access and the O&M Access Areas in an “as is” condition at the applicable Lease Commencement Date. The Lessee is subject to all easements, restrictions,

reservations and agreements to which the Premises are subject. Any additional work other than that defined in the Lease that the Lessee undertakes on the Premises is not reimbursable by the Port Authority (Section 1(f) of the Lease).

There are areas identified in the Lease for Temporary Rights of Access, which are off-Premises temporary areas that can be used by the Lessee. It is a Compensation Event if the Port Authority willfully fails to provide the Lessee with Temporary Rights of Access by the applicable specified date (except when such failure is due to an Emergency or Force Majeure or the negligence or misconduct of a Lessee Related Entity). It is a Delay Event to the extent that the Lessee was affected by an Emergency or Force Majeure.

There are no encumbrances defined in the Lease.

[NTD: Lessee to confirm if any additional areas are required for any works (temporary or otherwise) outside of the off-Premises portions shown on Exhibit [●] (Temporary Rights of access), which are outside the Premises. What is the process/timeline to acquire any additional (temporary or otherwise) Premises from the Port Authority? What will be your approach to this – would any additional Premises be identified in advance of the start of works?]

5.4 Governmental Approvals and Port Authority Governmental Approvals

Governmental Approvals include all approvals, permits, permissions, consents, licenses, certificates (including sales tax exemption certificates), registrations, notices, exemptions, exceptions, waivers, filings and authorizations (whether statutory or otherwise) that are required to perform the D&C Work, the Operations & Maintenance Work or the lease and management of the Premises.

The Lessee is responsible to obtain and maintain (including any amendments or modifications required to be obtained by the Lessee) all Government Approvals (except Port Authority Governmental Approvals) necessary for the D&C Work and Operations & Maintenance Work. This responsibility includes ensuring that any Governmental Approvals held or required to be held by the previous owner or operator of transferred assets such as Tanks and Pipelines, within 30 days of the applicable Lease Commencement Date (Section 6(b) of the Lease).

The Port Authority Governmental Approvals, defined in Exhibit [●], are the responsibility of the Port Authority and include the State Pollutant Discharge Elimination System (“SPDES”) Permit and National Environmental Policy Act (“NEPA”) and the NEPA Approval Documents. The PA has received the Finding of No Significant Impact (“FONSI”) / Record of Decision (“ROD”), which is the key environmental permit required for the Project.

Prior to the commencement of each of the two Phases of D&C Work, the Lessee must submit and have approved by the Port Authority a Construction Application. This document details all the contracts that are proposed to be entered into for the performance of the D&C Work, as well as estimated cost and a phased occupancy and egress plan (Section 2(g) of the Lease).

The Lessee will be provided with Compensation Event protection for (Section 2(ee)(vii) of the Lease):

- Any willful failure or delay by the Port Authority to provide information required for Governmental Approvals in the possession of the Port Authority and not otherwise available to the Lessee within a time period specified by the Lessee (not less than 30 days);
- If the Port Authority willfully fails to provide a signature, in connection with the applications for Governmental Approvals that cannot otherwise be obtained by the Lessee within a reasonable period (not less than 10 days) after a signature is requested in writing by the Lessee.

No such willful failure or delay will be deemed to be a Compensation Event if it results from a Force Majeure Event with respect to the Port Authority.

5.5 Design-Builder’s Regulatory Approval Approach

The Design-Builder has included durations for the following permits within its Draft Preliminary Baseline Schedule:

- Federal Aviation Administration (“FAA”) 7640 Approval – Test Pile Program;

- FAA 7640 Approval – Project Wide;
- Long Island Well Permit (Dewatering); and
- Air Train Work Permits.

The Lessee has also provided a 9-page draft summary of the additional governmental approvals that may be required for the Project. The Lessee and Design-Builder are in discussions to determine which of these approvals are actually applicable to the Project. As a result, these approvals are not yet identified within the Project Schedule and the Design-Builder intends to incorporate them as the schedule is further developed as part of the Detailed Baseline Schedule process.

5.6 Conclusion

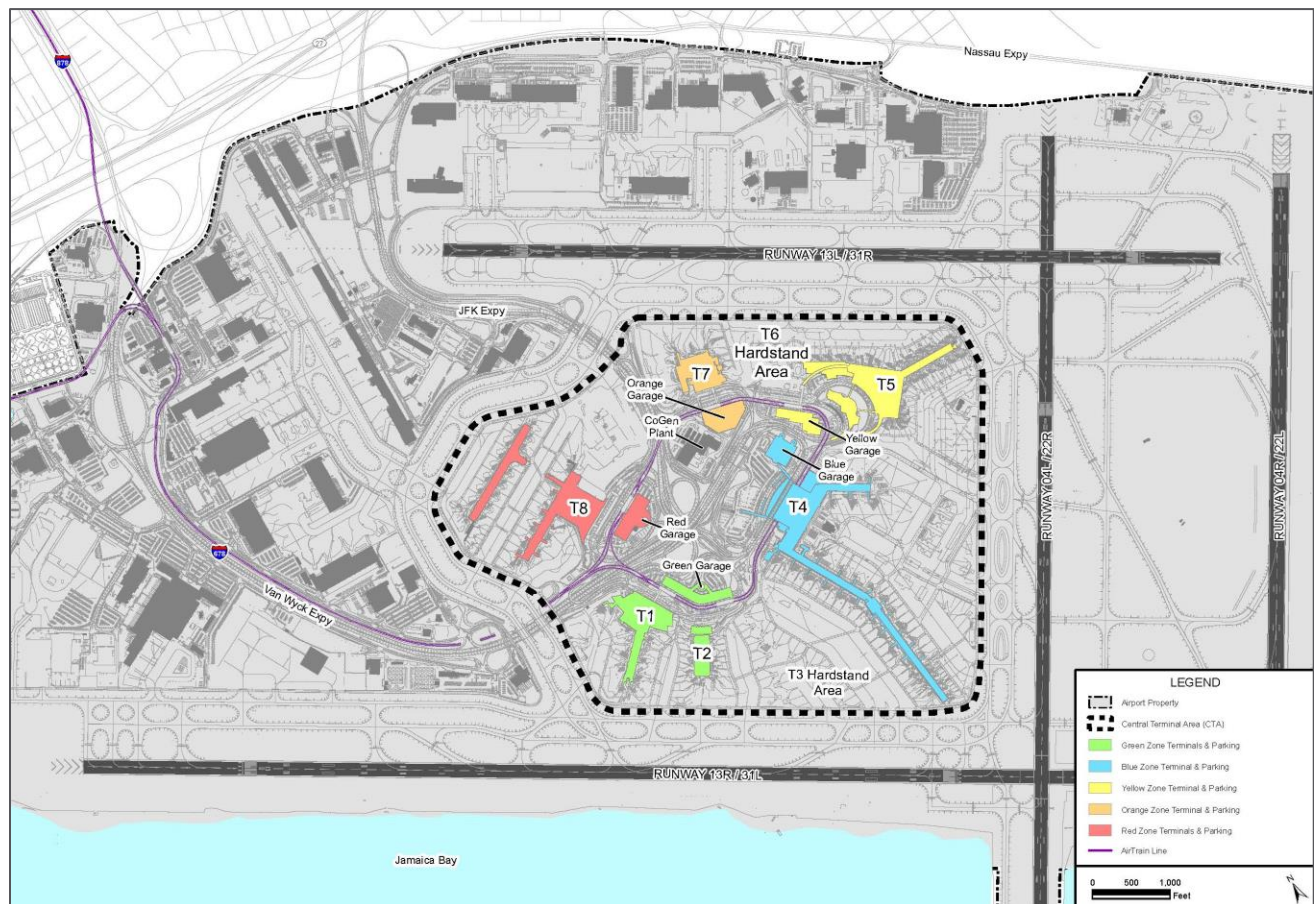
We note the following:

- Most of the Lessee's risk related to regulatory approvals for the DB D&C Work, including its obligations related to obtaining the Governmental Approvals for the construction work, is generally transferred to the Design-Builder with the full details to be finalized in the DBA;
- There is no re-zoning required for the Project;
- The PA has received the FONSI / ROD under the NEPA process, which is the key environmental permit required for the Project; and
- The Design-Builder has identified some permitting durations in the Draft Preliminary Baseline Schedule. The Lessee has provided a summary of the additional governmental approvals that may be required for the Project, which remains under discussion between the Lessee and Design-Builder. The Design-Builder intends to incorporate any additional permits required as the schedule is further developed.

6.0 Site Conditions

6.1 Introduction

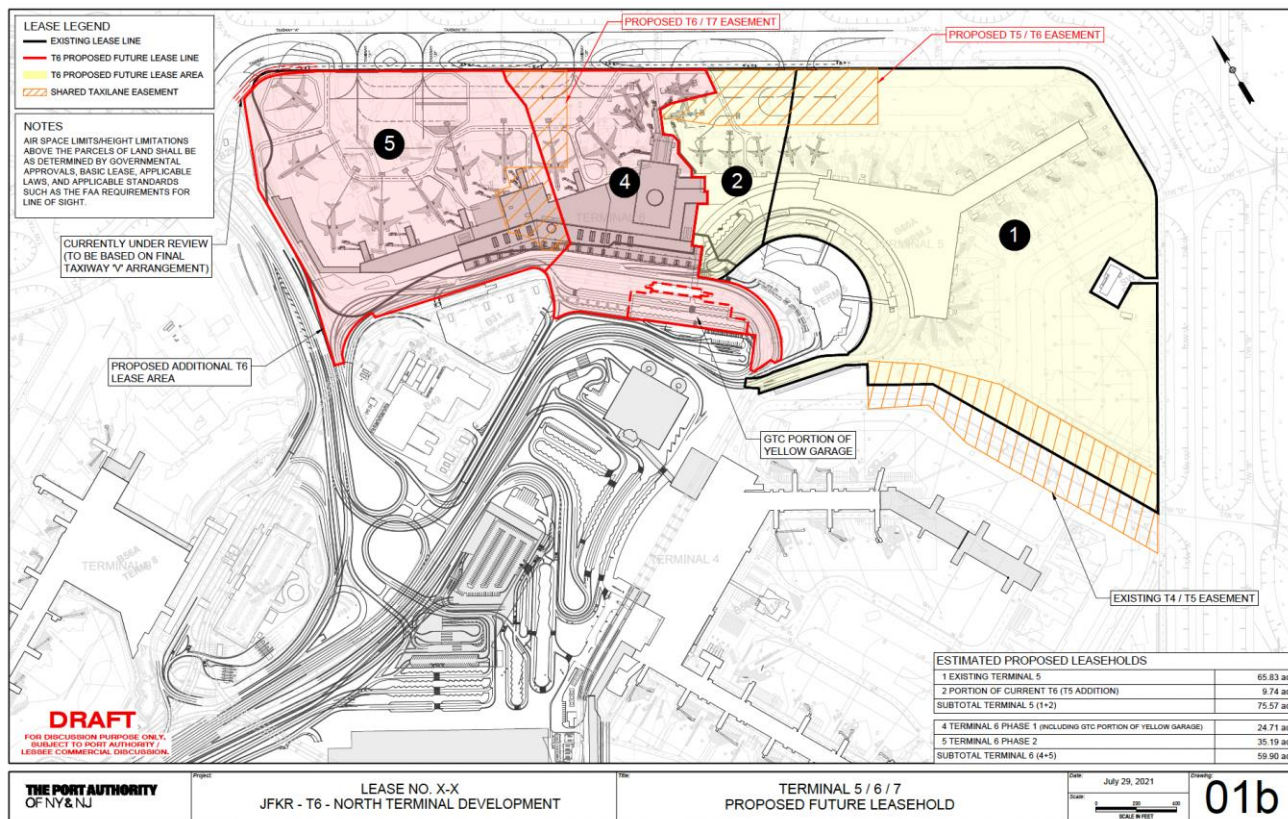
The existing JFK Airport Central Terminal Area (“CTA”) encompasses approximately 880 acres and serves passengers from six passenger terminals. The CTA also includes an interior roadway system, five parking garages, surface lots and an AirTrain light rail system servicing each passenger terminal. The image below demonstrates the location of the existing Terminal 6 Parcel and Terminal 7 building within the overall CTA area.



The Lessee hires and takes from the Port Authority the lands with all structures, buildings, installations, facilities and all other property located in, on or under (Section 1 of the Lease):

- The Terminal 6 Parcel;
- The Terminal 7 Eastern Gates Parcel; and
- The Terminal 7 Parcel of the Airport.

The following images outline the existing lease line and the proposed future lease line for the Project:



The passenger terminal frontage roads are also part of the Premises.

The Lessee accepts the Initial Premises, the Terminal 7 Eastern Gate Premises, the Terminal 7 Premises, the Right of Access and the O&M Access areas 'as is' in the condition as of the applicable Commencement Date.

The Lessee will not take:

- The AirTrain, including the stations and bridges connecting to the existing Terminal 5 and existing Terminal 7;
- The Cogeneration Facility, also referred to as the Kennedy International Airport Cogeneration ("KIAC") Facility;
- The traffic systems; and
- The fuel storage system for aircraft hydrant fueling.

Although the Lessee will not take the fuel storage for aircraft hydrant fueling, we note that the Lessee retains the responsibility for designing, building and maintaining on-site fuel storage for the generators.

The Lease provides the Lessee with schedule relief via a Delay Event for the discovery of any Unknown Condition that adversely affects the D&C Work, including Unknown Archaeological Remains, Unknown Endangered Species, Unknown Facilities and Unknown Hazardous Substances, excluding any which the Lessee should have known about or is deemed to have known about prior to the Effective Date.

The Lessee's risk related to site conditions will be managed through a series of budgets and contingencies between the Lessee and the Port Authority, as well as risk transfer to the Design-Builder. The Lessee is carrying a \$20M environmental remediation allowance in its budget. Additionally, as set out in the Lease, the Port Authority Contingency Amount is

\$50M. If the environmental remediation costs exceed the Lessee's \$20M allowance, up to the full \$50M Port Authority Contingency Amount can be applied towards environmental remediation (Section 96 of the Lease).

6.2 Geotechnical

We have received and reviewed the Preliminary Geotechnical Data Report (Revision 2) for the Project prepared by Langan Engineering, Environmental, Surveying, Landscape Architecture, and Geology, D.P.C ("Langan"), dated April 2, 2020. The report was prepared to aid the Project's design development, pricing and scheduling. The recommendations presented by Langan were developed in accordance with the relevant codes, standards and design references and are based on subsurface information provided by the Port Authority and Langan's previous work in the site area for Terminal 6. The Langan team has extensive experience working alongside the Port Authority on past projects at JFK, specifically on Terminal 7. We note that Langan also has a strong working knowledge of Terminal 6 site area.

Langan reviewed the following documentation when preparing the Preliminary Geotechnical Data Report:

- *Request for Proposals for Design-Build Services for the JFK T6 Redevelopment Project*, issued on May 17, 2019, by JetBlue and JFK Millennium Partners (which includes the Project scope and preliminary design drawings);
- *JFK Terminal 6 Development progress design drawings*, issued on July 8, 2019, by Corgan (includes the schematic drawings of the proposed roadway structures on the roadway frontage of Terminals 6 and 7);
- *JFK Terminal 6 Development – Updated Pier Column Reactions and Pile Cap Reactions*, issued on October 17, 2019, prepared by Stantec (includes the preliminary foundation loads for bridge piers and abutments for the proposed roadway structure);
- *PANYNJ Terminals 5/6 Available Subsurface Information*, issued on October 4, 2019, provided by the Port Authority of New York and New Jersey (includes subsurface data from exploratory borings and cone penetration tests within proximity to JFK Terminals 5 and 6).

The site is located at Terminals 6 and 7 at JFK Airport in Jamaica, Queens, New York and is bound by the airside Runway Vehicle Service Road ("RVSR") (to the north), Terminal 5 and TWA Hotel (to the east), Terminal 5 exit roadway and elevated AirTrain structures (Terminal 5 and Terminal 7) (to the south) and JFK Expressway (to the west). Currently, the Project site is occupied by the Terminal 7 building, airside roadways and other paved areas. The former Terminal 6 building was demolished in 2011.

The subsurface profile of the Project Site consists of the following soil layers, listed in order of increasing depth:

- Fill (medium-fine sands with variable amounts of silt, clay and construction debris) – 7 to 18 feet below existing grades;
- Peat – ranging in thickness from 1-6 feet; and
- Granular soils (grey and brown medium-fine sands with varying amounts of silt and gravel).

There is groundwater anticipated to be located at 3 feet below ground, but this may vary seasonally. The subsurface profile extends to approximately 25 feet below ground and is not suitable to support the new roadway and structures on shallow foundations. Langan has recommended that all new structures are supported by deep foundations. Utilities will likely be supported by both shallow and deep foundations, dependent on their locations relative to the subsurface stratigraphy.

Langan's preliminary recommendations for deep foundations are outlined in the following table. Langan notes that a load test program must be conducted with the final foundation design in accordance with NYCBC recommendations.

Project Component	Geotechnical Engineer's Recommendations
<i>Landside Foundations</i>	

Project Component	Geotechnical Engineer's Recommendations
Elevated Roadway Bridge Piers	Driven foundations consisting of tapertube piles (piles have a constant-diameter section in the shaft's upper portion, and a tapered diameter in the lower portion).
Concrete Bridge Abutment	Drilled foundations consisting of micropiles (small-diameter piles). The small pile diameters make the foundation adaptable to the presence of existing subsurface infrastructure.
Terminal Buildings	
Terminal Buildings	Driven foundations consisting of tapertube piles. The remnant Terminal 6 foundations (following the 2011 demolition) may present challenges for the installation of the terminal building's new foundation system. Langan has recommended early coordination with an experienced foundations contractor to determine a feasible method of foundation construction in the vicinity of the existing Terminal 6 foundations.
Utilities	
Various Utilities	The Project Site's different utilities will require different foundation support, dependent on the loads and utility type. For example, tanks and vaults are anticipated to bear on deep foundations. Dewatering will be necessary for the construction of utilities below the groundwater table. Utility construction must be coordinated with all other construction activities occurring on the Project Site to ensure the proposed construction has minimal impact on sensitive utilities and any utility installations has minimal impact on foundations.

We note that Langan's recommendations (as of the date of this report) are preliminary and based solely on the review of available documentation and Langan's previous experience working at JFK. Langan has noted that an additional subsurface investigation (with Geotech borings, CPTs and laboratory testing, as needed) is needed to satisfy the NYCBC's geotechnical investigation requirements. It is anticipated that the Design-Builder will encounter obstructions like Terminal 6's remnant foundations, abandoned or live utilities when excavating. All existing structures and subsurface utilities must be located before through a subsurface investigation and protected during excavation activities.

BTY notes that Langan has developed geotechnical recommendations for the Project site based on the limited information provided by the Port Authority (data from previous geotechnical subsurface exploration within and close to the Project site). We note there is limited existing boring data within the proposed limits of the Project and that Langan prepared their preliminary geotechnical report solely on existing data.

Through discussion with the Developer, BTY understands the remnants of Terminal 6 and some subsurface utilities are known geotechnical conditions. The Design-Builder is performing further geotechnical investigations and test pile programs to confirm the geotechnical conditions at the Project site ahead of Financial Close. The site investigation program will be split across several packages, all being performed by Langan, under the Design-Builder. The test borings

are planned under a TAA package and are expected to mobilize by [early November 2021]. The test pile program is expected to mobilize a few weeks following the test boring package and laboratory testing results from all investigations are expected to be complete by the end of February 2022.

BTY met with Langan's team to discuss their approach to the test pile program and additional subsurface investigations. The current plan to address the existing Terminal 6 basement foundations is to keep the structure in place and design the piles to penetrate the slab and handle the resulting forces. Additionally, the test pile program will allow the design to address concerns regarding differential settlement. Langan is of the opinion that differential settlement will not be an issue for the Project.

Langan has also confirmed the Port Authority's preference for using tapertube piles for the driven foundations used in their design recommendations for the Elevated Roadway Bridge Piers and Terminal Buildings.

6.2.1 ROADWAY NETWORK AREA (PORT AUTHORITY LEASEHOLD)

BTY notes that the ROE permits for the roadway network area, highlighted in blue in the following image, are expected in October 2021. Site investigations in this area will be ongoing concurrently with the supplementary site investigations of Terminal 6 and Terminal 7.

[NTD: BTY to comment on the geotechnical conditions of the roadway network area upon receipt and review of the relevant documentation.]

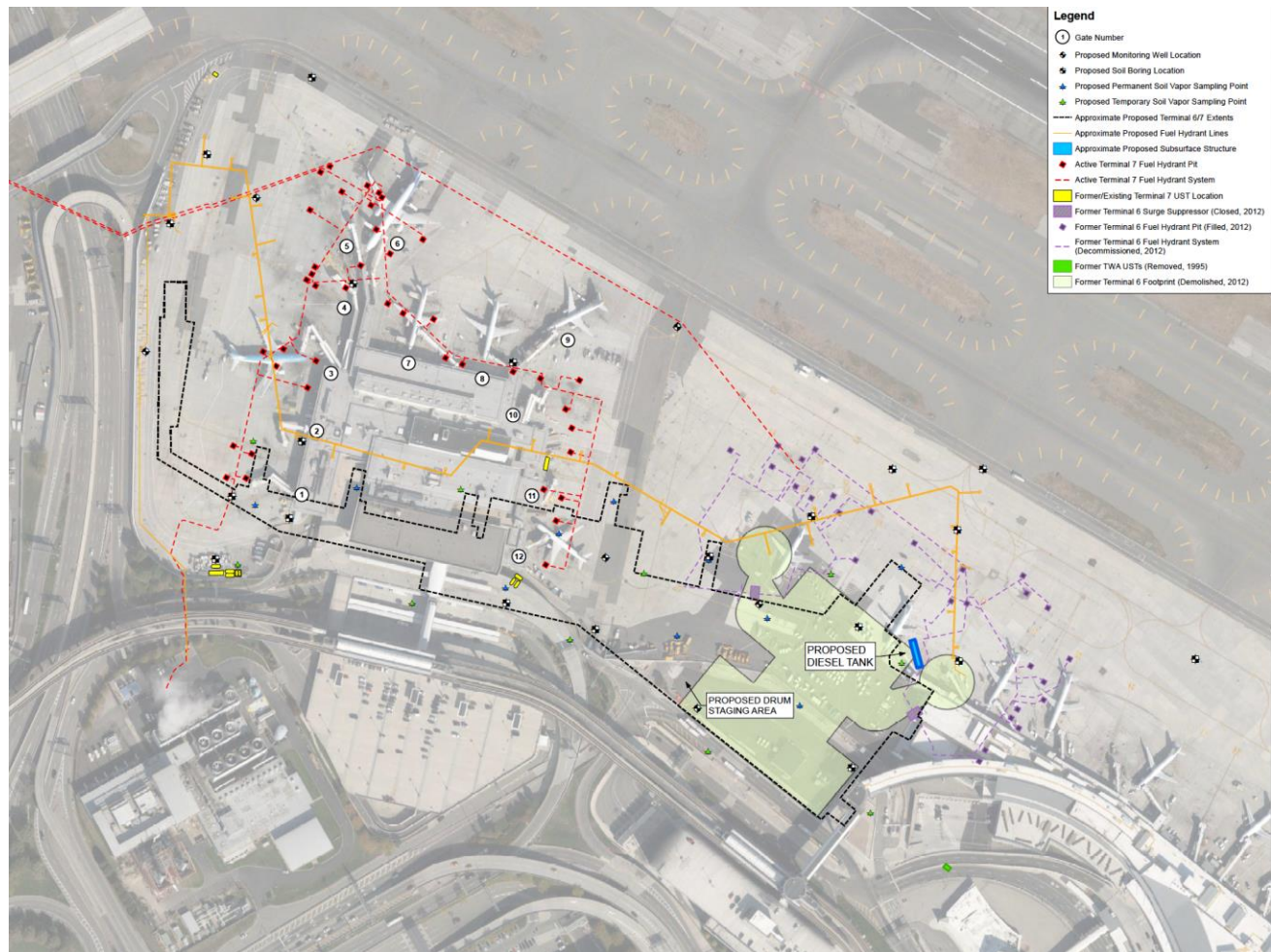
6.3 Environmental Document Review

We have received and reviewed the Environmental Document Review Reports for Terminal 6 and 7 of the JFK International Airport, both of which were prepared by Langan and are dated May 8, 2020.

BTY notes that the activities completed as part of Langan's document reviews do not constitute an Environmental Site Assessment and that no intrusive investigations/sampling were completed.

BTY met with Langan's team to discuss their approach to environmental concerns including the 2 open LNAPL spills and the unknown locations of several USTs. To the extent any contaminated groundwater is encountered during construction, it will be treated and discharged in accordance with the applicable environmental requirements. The Design-Builder must obtain the Long Island Well Permit, which is a required Governmental Approval necessary to ensure all contaminated material is treated and properly disposed of at discharge points deemed appropriate by the Port Authority. This permit is identified in the Project Schedule and is expected to be received by April 15, 2022, around the time of Financial Close.

Langan has confirmed the subsurface investigation will include the identification of the few unknown USTs at Terminal 6 and Terminal 7. Additionally, Langan has noted the subsurface investigation will confirm if the hydrant fuel lines (part of the old hydrant fuel system) at Terminal 7 (the “Terminal 7 Jet Fuel Hydrant System”) can be left in place. The image below demonstrates the approximate location of the Terminal 7 lease line (shown in green) and the existing Jet Fuel Hydrant System (shown in red) within the Lease limits.



British Airways is responsible for investigating, remediating, and closing the Terminal 7 Jet Fuel Hydrant System and obtaining documentation from the NYSDEC (satisfactory to the Port Authority) that the closure is complete (Section 28 of the Cooperation Agreement Term Sheet).

The legal and cost obligations of such closure remain under negotiation while the geotechnical engineer develops a technical design plan in parallel to handle the Terminal 7 Jet Fuel Hydrant System, following its closure. The supplemental geotechnical investigation will confirm if the hydrant fuel lines may be left in place or require excavation.

6.3.1 TERMINAL 6 ENVIRONMENTAL DOCUMENT REVIEW

The Project Site reviewed in the Terminal 6 Environmental Document Review includes:

- The area surrounding the former Terminal 6 building (demolished in 2011); and
- Surrounding airside features (gates, taxis/runways, and the supporting airport operations area).

Langan has reviewed the following available environmental documentation/data to determine the existing environmental conditions at the site:

- Historical environmental reports provided by the Port Authority;
- The online New York State Department of Environmental Conservation (“NYSDEC”) spill database;
- The Petroleum Bulk Storage (“PBS”) and Chemical Bulk Storage (“CBS”) underground storage tank (“UST”) registration; and
- The Database Report (obtained from Environmental risk Information Services).

Results and Recommendations

The former fuel hydrant system (“FHS”) surrounding the old Terminal 6 (initially built in the late 1940s) has been the primary source of historic soil and groundwater impacts on the Terminal 6 site. In December 2011/January 2012, the Terminal 6 FHS was closed in place and some associated structures were removed.

As of March 2020, there have been 32 spills of jet fuel, diesel and other petroleum products reported at Terminal 6 (since 1990). All spills have been rectified except for one spill of light non-aqueous phase liquids (“LNAPL”) that remains open at site, located north of the Western Satellite Building (one of the three main sections of the former Terminal 6 structure). JetBlue was assigned responsibility for the remediation of the open spill in March 2012 and remediation is currently ongoing. Commencing in October 2015, vacuum extraction events have been conducted at a rate of one per month to remove LNAPL from on-site monitoring wells.

Although no LNAPL associated with the open spill has been detected within the building footprint of the proposed Terminal 6/7 building, Langan has noted that the recorded thicknesses of LNAPL correlate to the elevation of the water table. Generally, there are higher levels of LNAPL detected when the water table is at lower elevations. To the extent any contaminated groundwater is encountered during construction, it will be treated and discharged in accordance with the applicable environmental requirements.

6.3.2 TERMINAL 7 ENVIRONMENTAL DOCUMENT REVIEW

The Project Site reviewed in the Terminal 7 Environmental Document Review includes:

- The existing Terminal 7 building; and
- Surrounding airside features (gates, taxis/runways, and the supporting airport operations area).

Langan has reviewed the following available environmental documentation/data to determine the existing environmental conditions at the site:

- Historical environmental reports provided by the Port Authority and British Airways;
- The online New York State Department of Environmental Conservation (“NYSDEC”) spill database;
- The PBS and CBS UST registration; and
- The Database Report (obtained from Environmental Risk Information Services).

Results and Recommendations

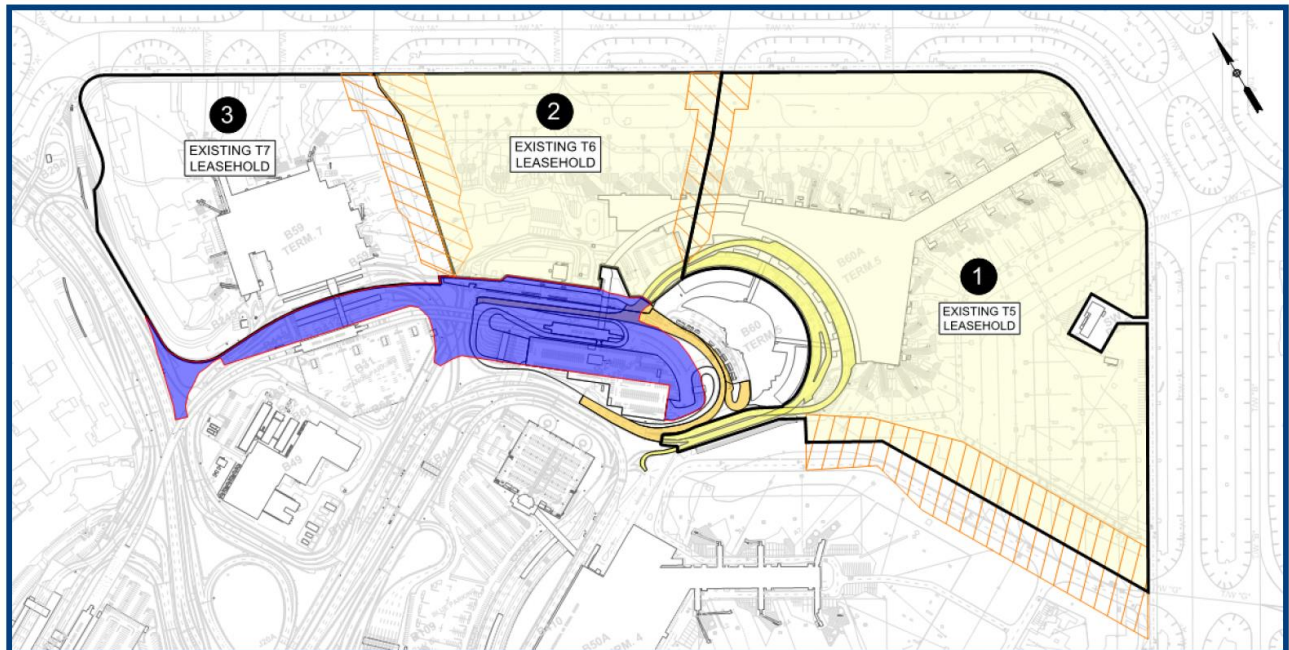
Between 1988-2020, there have been 53 spills of jet fuel, diesel, gasoline, and other petroleum products at Terminal 7, and 52 have been closed by NYSDEC. As of May 2020, there is one spill of LNAPL open at Terminal 7 and remediation is ongoing. Similar to the open spill of LNAPL at the Terminal 6 site, Langan has noted there are higher levels of LNAPL detected when the water table is at lower elevations and that dewatering activities conducted during construction may release additional LNAPL. To the extent any contaminated groundwater is encountered during construction, it will be treated and discharged in accordance with the applicable environmental requirements.

Langan identified several potential data gaps associated with the history of Terminal 7’s soil and groundwater conditions, particularly historical data regarding the Terminal 7 FHS and the locations and status of identified USTs and above ground storage tanks (“ASTs”). Historically, there have been various USTs and ASTs located at the Terminal 7 site. While several former USTs have been removed, the status and exact locations of all USTs remain unknown. Langan has recommended

that a geophysical investigation be conducted to confirm the locations and status of the unknown USTs. If additional USTs are encountered, Langan has recommended limited soil investigations along the building footprint during construction activities. Langan has also recommended that the Environmental Management Plans consider these conditions to ensure the appropriate soil and groundwater handling strategies are performed during the construction activities.

6.3.3 ROADWAY NETWORK AREA (PORT AUTHORITY LEASEHOLD)

BTY notes that the ROE permits for the roadway network area, highlighted in blue in the following image, are expected in October 2021. Site investigations in this area will be ongoing concurrently with the supplementary site investigations of Terminal 6 and Terminal 7.



[NTD: BTY to comment on the environmental conditions of the roadway network area upon receipt and review of the relevant documentation.]

6.4 Final Environmental Assessment (FONSI/ROD)

We have received and reviewed the Final Environmental Assessment ("EA") for the JFK International Airport Redevelopment Program, dated April 20, 2020. The EA was sponsored by the Port Authority and prepared for the US Department of Transportation Federal Aviation Administration ("FAA") as required under NEPA. The EA covers the full JFK International Airport Redevelopment Program, of which the Project is one component. The EA investigated the potential environmental effects of the Project Work, including how the Project would impact air quality, biological resources, coastal resources, hazardous materials and historical resources.

The JFK International Airport Redevelopment Program has received a Finding of No Significant Impact ("FONSI") / Record of Decision ("ROD"), which is the key environmental permit required for the Project. The FONSI/ROD represents the FAA's determination that the Project will have no significant environmental impacts. The FONSI/ROD was issued based on the results of the Final EA. The Final EA not only examined the impacts of activities associated with the redevelopment of JFK's Terminal 6 and 7, but the entire JFK Redevelopment program. Since FONSI/ROD was based on the Final EA for the JFK Redevelopment program, BTY notes that it is a conservative disclosure of the Project's anticipated environmental effects.

This section provides a summary of the salient points of the Lease related to the environmental site conditions and a summary of the EA findings.

6.4.1 COMPLIANCE WITH ENVIRONMENTAL REQUIREMENTS

The Lessee shall be obligated at its cost and expense to comply with all Environmental Requirements applicable to the Premises, operations, occupancy and use, O&M Access or any Environmental Damages, including all documentation preparation and submission to the Governmental Authorities related to Remediation works to comply with Environmental Requirements, including NEPA.

6.4.2 AIR QUALITY

The Project's emissions are not expected to exceed minimum thresholds of the US Environmental Protection Agency ("US EPA") since there will not be an increase in the total number of motor vehicles travelling to and from JFK in addition to the forecasted growth. In the case that there are increased emissions from the Project, they will most likely derive from construction activities.

The emissions associated with the Project's construction activities will occur primarily in engine exhaust from the operation of construction equipment and other vehicles on site. The EA recommends the following mitigation measures for the Project's construction period (Section 5.2 of the Final EA):

- 70% of non-road diesel construction equipment less than 100 horsepower must meet the US EPA's Tier 4 Emission Standards; and
- 100% of non-road diesel construction equipment equal to or more than 100 horsepower must meet the US EPA's Tier 4 emission standards.

Additional sustainability requirements relevant to air quality include:

- The implementation of all-electric ground support equipment (replace all existing baggage and cargo tugs, belt loaders and pushback tractors with electric models by 2025) (Section 19.3 of Section A of the RPW); and
- Ensuring at least 10% of the Lessee's fleet of on-road vehicles and the fleets of its Contractors and subcontractors accessing the airport are zero-emitting vehicles (Section 8.1.19 of Section A of the RPW).

Throughout the operations period, most emissions will be associated with motor vehicles and ground aircraft operations. It is highly unlikely that the Project will cause exceedances to the minimum thresholds of the US EPA due to the short-term nature of the construction activities, the Port Authority's existing emission reduction measures, the Port Authority's Sustainable Design Guidelines, and the construction period mitigation measures.

6.4.3 BIOLOGICAL RESOURCES

The Project Site consists of disturbed, fully developed land that is currently used for airport operations. There are no naturally vegetated areas within the Project Site to be impacted by Project Work, therefore there are no adverse impacts on the ecological communities or vegetation. The wildlife in the Project Site only includes species that are highly tolerant to human disturbance and the Project Work will not modify their habitat. The Project Site is already fully developed and does not provide habitat for any Federally-listed or state-listed species. There were 30 migratory birds protected under the Migratory Bird Treaty Act and the Bald and Golden Eagle Protection Act that may be present close to the Project Site. However, the Project Site is not a suitable habitat for the birds and the Project remains unlikely to adversely impact migratory birds. Given the Project Site's existing use and development, no mitigation is required to control the biological resources (Section 5.3 of the Final EA).

6.4.4 COASTAL RESOURCES

The Project Work will occur within the developed upland areas of the designated coastal zone boundary established by the New York State Department of State ("NYSDOS") and the New York City Department of City Planning ("NYCDCP") and

will not impact coastal resources such as coastal barriers, wetlands, floodplains or fish and wildlife habitat. The Project will not cause adverse impacts on coastal resources and no mitigation is required (Section 5.5 of the Final EA).

6.4.5 HAZARDOUS SUBSTANCES

The Lessee will perform at its own cost an investigation or environmental site assessment as per Environmental Requirements to determine the extent of any contamination, pollutants or Hazardous Substances within the Premises for events related the occupancy of the Lessee (Section 57 (i) of the Lease).

The Lessee will perform all Remediation required by Environmental Requirements in connection with Releases of Hazardous Substances at, on, under or from Airport that are caused by the Lessee or Lessee-Related Entity. With regard to Hazardous Substances encountered outside of the Excavation Boundary (defined as the applicable Perimeter Dig Area: the perimeter of an area that will actually be excavated as part of the D&C Work, plus ten feet from the edge of such area, with some exceptions) the Lessee shall only perform Remediation if required to do so by a Governmental Authority.

The Lessee will perform all Remediation required by the JetBlue T5 Lease with respect to Hazardous Substances present on the Terminal 6 Parcel as of the Terminal 6 Parcel Lease Commencement Date (Section 57(L)(2) of the Lease).

The Lessee will fully cooperate with British Airways with respect to any Open Remediation Matters undertaken by British Airways as of the Terminal 7 Eastern Gates Lease Commencement Date or the Terminal 7 Parcel Lease Commencement Date. If British Airways fails to complete Remediation of any Open Remediation Matters to the Lease's standards, the Lessee shall implement Remediation to achieve such Compliance Standard (Section 57(L)(3) of the Lease), and the Lessee may exercise directly against British Airways any rights that the Port Authority may have against British Airways under the British Airways Lease.

No liability will be taken by the Lessee for (Section 57 of the Lease):

- Violations of Environmental Laws or Releases of Hazardous Substances caused by the gross negligence or willful misconduct of the Port Authority or the migration of Hazardous Substances through soil or groundwater from other locations;
- Fines or penalties or third-party claims arising from violations of Environmental Requirements associated by the operation of Terminal 7 Eastern Gates Parcel that occurred prior to the Terminal 7 Eastern Gates Lease Commencement Date;
- Pre-Existing Hazardous Substances disposed at locations approved by the Port Authority or migrations prior to the Terminal Eastern Gates Parcel prior to the Terminal Eastern Gates Lease Commencement Date; and
- Fines or penalties or third-party claims arising from violations of Environmental Requirements associated with operations on the Rights of Access occurring prior to taking occupancy.

The Lessee is responsible for the identification, abatement and removal off Site of all asbestos only interfering with the necessary D&C Work carried out by the DB to complete the Scope (Section 57(K) of the Lease).

Any costs, losses or other expenditures to be reimbursed by the Lessee in accordance with Section 57 of the Lease (Environmental Obligations) shall be additional rent, recoverable by the Port Authority in the same process as if it were originally a part of the Rental (Section 57 (A)(6) of the Lease).

The EA determined that historical soil and groundwater contamination is present within the Project Site, and this may continue to be a source of contaminants. After reviewing the US EPA's National Priorities List ("NPL"), it has been confirmed that there are no NPL sites within a one-mile radius of the Project Work. There have been historical accidental releases of hazardous substances through the handling, use and storage of various hazardous materials at the Project site and the Project Work may require the removal and/or relocation of existing fuel tanks and underground fuel lines. With the exception of the open spill case at T6 and the one at T7, all known releases were remediated. Soil and groundwater investigations will be conducted prior to construction to verify the presence of any hazardous materials requiring special treatment, handling or disposal, preventing further contamination.

Solid waste will be controlled through various requirements, including Port Authority's Sustainable Infrastructure Guidelines and a construction waste management program that will divert 75% of all construction debris from the landfills through recycling. Additionally, the Project is being designed to meet LEED Silver certification.

The demolition activities will generate solid waste and potentially hazardous materials requiring proper disposal. In the event that soil exhibiting evidence of contamination is encountered, the Lessee is required to test the soil and notify the Port Authority of the results to determine the sample's appropriateness for either offsite disposal or on-site soil reuse (Section 22.3.4.3 of Section A of the RPW). The demolition activities may also trigger the need for asbestos abatement in Terminal 7 (Section 22.3.5 of Section A of the RPW). Activities involving disturbing or excavating soils are required be completed in accordance with applicable Federal, state, tribal or local laws or regulations. The solid waste stream will be minimized through source reduction and recycling strategies, including the Port Authority's Sustainable Building Guidelines, reducing negative environmental impacts of the Project. Overall, there are no significant construction related impacts related to the release of hazardous materials, solid waste or pollution with the mitigation measures in place (Section 5.7 of the Final EA).

6.4.6 HISTORICAL RESOURCES

The Project Work does not include a change in runway use patterns or flight paths and will not cause an increase in aircraft operations other than forecasted growth. There is no expected impact to historic properties from construction activities, noise or increased traffic. On December 2, 2019, in their response to FAA, the New York State Historic Preservation Office ("NY SHPO") concluded that there are no identified Areas of Potential Effect and there was No Adverse Effect to archaeological resources. The Project will not impact archaeological and historical resources and no mitigation measures are required. (Section 5.8 of the Final EA).

6.4.7 WATER RESOURCES

There are no direct impacts on wetlands, floodplains, surface water or groundwater (collectively, the "water resources") from the Project, and no mitigation is required. The Project may have indirect impacts on water resources due to the increased impervious surface areas. However, given the existing and planned stormwater management plans, adverse impacts to water resources are not anticipated (Section 5.14 of the Final EA).

6.5 Utilities

The Parties acknowledge there are communications and utility lines and conduits located on or under the site on which D&C Work is to be performed, which do not, and may not in the future, serve the Premises. The Lessee, as part of the D&C Work, is responsible for the relocation and reinstallation of such communications and utility lines and conduits and for the restoration of all affected areas ("Relocation Work") and shall be at the Lessee's sole cost and expense (Section 2(s) of the Lease).

The Port Authority as reasonably requested by the Lessee, will provide its assistance in connection with the negotiation of any agreements for utility relocation, including Relocation Work, with third parties owning utilities and the resolution of any disputes with such third parties. All reasonable out-of-pocket costs, expenses and other charges paid or incurred by the Port Authority in cooperating with the Lessee will be payable to the Port Authority by the Lessee immediately upon demand.

If the Parties cannot agree on whether Relocation Work needs to be performed, or the scope of such Relocation Work, or a dispute arises in connection with the Port Authority's cooperation, such dispute will be referred to the Chief Engineer.

The Lessee at its sole cost and expense is required to bring appropriate access stubs and service lines for the supply of cold water, electric power, telephone communications, thermal heating and cooling, and sanitary and storm sewers ("Utility Service Lines") to locations at the perimeter of the Premises or to the nearest manhole or other location at the Airport as required by the Lease or determined by the Port Authority and the Lessee, and is responsible for (Section 2(t) of the Lease):

- Tying its utility lines and roadways into Utility Service Lines and roadway access stubs; and
- Coordinating and executing all agreements regarding the supply of Utilities and installation of Utility Services Lines with National Grid (with respect to Natural Gas), the FAA (with respect to NAVAIDS), telecommunication

services providers and any other third-party utility companies owning Utilities that may be impacted by the Construction Work.

Regarding the Lessee's coordination and execution of all utility agreements, the Lessee must keep the Port Authority informed at all times of the status of coordination and negotiation of such agreements.

[NTD: BTY notes that a Lease exhibit showing the location of the interface/tie-in points for Utility Service Lines is under development by the Port Authority.]

6.6 Storage Tanks

The Lessee takes full ownership of and responsibility for all ASTs, USTs and fuel lines or hydrants (except for Closed Tank Systems or Decommissioned Tank Systems) located on Terminal 6 and Terminal 7 Eastern Gates Parcel as per their respective Lease Commencement Dates, including all associated pipes, lines, fixtures and equipment (Section 62 of the Lease).

The Lessee will perform at its own cost all necessary operations, maintenance and modifications to the Tanks to comply with all applicable Environmental Requirements and remove unused Tanks. The Port Authority will be held harmless from any risks arising from connections with the Tanks and Discharges from the Tanks whether or not known or unknown before or after the Terminal 6 Parcel, Terminal 7 Parcel and Terminal 7 Eastern Gates Leases Commencement Dates.

The Lessee will also assume ownership of and responsibility for any underground systems associated to petroleum products (except for Closed Pipelines and Decommissioned Pipelines), including jet fuel, aviation gasoline, and related hydrants, complying with all obligations of prior owner and operator of such Pipeline, ensuring compliance with any applicable Governmental Approvals.

The Cooperation Agreement Term Sheet between the Lessee, British Airways and the Port Authority outlines the following delineation of environmental responsibilities between the Lessee and British Airways (Section 28 of the Cooperation Agreement Term Sheet):

- British Airways will comply with its environmental obligations under the BA Terminal 7 Lease, including its obligation to (1) investigate the condition of soil and groundwater in and under the Terminal 7 premises to identify any hazardous substances requiring remediation under the BA Terminal 7 Lease, (2) remediate hazardous substances found during the investigations, (3) deliver the Terminal 7 building to the Port Authority under the terms of the BA Terminal 7 Lease and (4) remove and dispose of all storage tanks.
- Prior to terminating its occupancy of Terminal 7, British Airways will investigate, remediate and close the Terminal 7 Jet Fuel Hydrant System and obtain documentation from the NYSDEC satisfactory to the Port Authority that the closure is complete. After closure of the Jet Fuel Hydrant System, British Airways will have no further liability for hazardous substances released from the Jet Fuel Hydrant System.
- The Lessee has an option to use and operate some or all of the existing storage tanks at Terminal 7 (the "Continuing Terminal 7 Storage Tanks"). The Lessee must notify British Airways of its intent to use the Continuing Terminal 7 Storage Tanks at least 12 months prior to the BA Terminal 7 Lease Expiration Date. If requested by the Lessee prior to issuing such 12-month notice, the parties will cooperate to perform investigations on the tanks to understand the amount of environmental remediation that would be assumed by the Lessee if it assumes full responsibility for the tanks. As a result of this notice, British Airways will not remove or dispose of the Continuing Terminal 7 Storage Tanks before the BA Terminal 7 Lease Expiration Date. Following the BA Terminal 7 Lease Expiration Date, the Lessee will be responsible for the Continuing Terminal 7 Storage Tanks.
- British Airways will be responsible for removing and disposing of all above and underground storage tanks prior to the BA Terminal 7 Lease Expiration Date that are not Continuing Terminal 7 Storage Tanks.

The Lessee will likely need to use and operate most of the existing storage tanks at Terminal 7 to support the facility's operation. We understand that the terms for the Lessee's potential re-use of the Terminal 7 Jet Fuel Hydrant System (for

the operations of Terminal 7 and the temporary connection to service the new Terminal 6 Jet Fuel Hydrant System in Phase 1) are under negotiation.

6.7 Conclusion

Based exclusively on our review of the Lease, and subject to receiving all the background documentation and the Lessee's input, we are of the following initial opinion:

- The Lessee's risk related to site conditions will be managed through a series of budgets and contingencies between the Lessee and Port Authority, as well as certain risk transfer to the Design-Builder with respect to conditions that are known or should have been known based upon the standard of care. The Lessee is holding certain contingency to cover unknown environmental and existing conditions;
- The Lease includes a Delay Event for the discovery of any Unknown Condition that adversely affects the D&C Work;
- The Lessee is responsible for the Remediation of all Releases of Hazardous Substances prior to and after from the Commencement Date, having made all reasonable efforts performing investigation surveys prior to taking ownership of the facilities. With regard to Hazardous Substances encountered outside of the Excavation Boundary, the Lessee is only required to remediate if required by a Governmental Authority;
- The Lessee is responsible for all necessary operations, maintenance and modifications related to the existing Tanks and Utilities;
- Overall, the Final EA has determined that the Project will not result in significant impacts to the environmental resources, and that mitigation measures in addition to those already included in the Project plan are not required;
- The geotechnical engineer, who has significant experience working at the airport and is now a Design-Builder consultant, has provided initial foundation design recommendations based on limited existing boring data within the proposed limits of the Project. The Design-Builder will be performing a detailed supplemental geotechnical investigation and test pile program ahead of Financial Close to validate the geotechnical conditions and inform the foundation design;
- Through discussion with the Lessee, BTY understands the remnants of the former Terminal 6 building's basement is a known geotechnical conditions and the current design contemplates keeping the structure in place and designing the piles to penetrate the existing slab. This approach will be validated during the additional geotechnical investigations described above;
- The supplemental geotechnical investigations will confirm the locations of any unknown USTs on Terminal 6 and 7;
- British Airways is responsible for investigating, remediating, and closing the Terminal 7 Jet Fuel Hydrant System and obtaining documentation from the NYSDEC (satisfactory to the Port Authority) that the closure is complete. The legal and cost obligations of such closure remain under negotiation while the geotechnical engineer develops a technical design plan in parallel to handle the Terminal 7 Jet Fuel Hydrant System, following its closure. The supplemental geotechnical investigation will confirm if the hydrant fuel lines may be left in place or require excavation;
- The Lessee has an option to use and operate all the existing storage tanks at Terminal 7. We understand the Lessee will likely need to use and operate most of the existing storage tanks to support the facility's operation. The terms for the Lessee's potential re-use of the Terminal 7 Jet Fuel Hydrant System (for the operations of Terminal 7 and the temporary connection to service the new Terminal 6 Jet Fuel Hydrant System in Phase 1) and existing storage tanks are under negotiation;

- We note there are two open spills of LNAPL on the Project site requiring on-going remediation. To the extent any contaminated groundwater is encountered during construction, it will be treated and discharged in accordance with the applicable environmental requirements; and
- [BTY will provide additional conclusions following completion of the supplemental geotechnical investigation described above].

7.0 Project Schedule

7.1 Introduction

The Lessee will be responsible for meeting the following Completion Milestones:

- Substantial Completion of Phase 1 by the Scheduled Phase 1 Completion Date, defined as [March 19, 2025]; and
- Substantial Completion of Phase 2 by the Scheduled Completion Date, defined as [January 18, 2027].

The Lease includes an Event of Default for a failure to achieve Substantial Completion of Phase 2 by the Outside Completion Date, which is defined as 12 months following the Scheduled Completion Date.

Based on the DBA Term Sheet, the Lessee's risk related to the Project Schedule will be transferred to the Design-Builder under the DBA with the exception of delays due to Material Developer Changes and certain Unavoidable Delays, which remain under negotiation in the DBA.

7.2 Phased D&C Work Approach

The Lessee will cause the construction of the D&C Work to be performed in phases: Phase 1 D&C Work and Phase 2 D&C Work. The Phase 1 D&C Work includes the following responsibilities (Section 2(b)(2)(iii) of the Lease):

- Construction of the portion of the New Terminal Facilities on the Terminal 6 Parcel that has been expanded to the eastern building edge of the Existing Terminal Facilities on the Terminal 7 Parcel;
- Decommissioning of two Gates located on the eastern side of the existing Terminal 7;
- Construction of the Ground Transportation Center; and
- Construction of associated Off-Premises Facilities.

The Phase 2 D&C Work includes the following responsibilities:

- Demolition of the Existing Terminal Facilities on the Terminal 7 Parcel;
- Construction of the remaining New Terminal Facilities on the Terminal 7 Parcel; and
- Construction of associated Off-Premises Facilities.

Key Dates from the Design-Builder's Draft Preliminary Baseline Schedule are summarised in the table below and will be revised following receipt of the official Preliminary Baseline Schedule submittal from the Design-Builder. We note that the Design-Builder continues to develop the schedule, which will eventually be submitted to the PA as the official Preliminary Baseline Schedule.

Activity	Date	Months from Financial Close
Financial Close	[22-Apr-22]	0
Mobilization Complete	[29-Jul-22]	3
Phase 1A Roadways Complete	[10-Jan-23]	9
Site Demolition Complete	[27-Dec-22]	8
Phase 1B Roadways Complete	[12-Sep-23]	17
Foundations Complete	[27-Sep-23]	17
Landside Utilities Complete	[06-Nov-23]	19

Activity	Date	Months from Financial Close
Phase 1C Roadways Complete	[27-Feb-24]	22
Superstructure Complete	[27-Mar-24]	23
Vertical Transportation Complete	[02-Jul-24]	26
Phase 1D Roadways Complete	[14-Aug-24]	28
Enclosure Complete	[24-Jul-24]	27
Baggage Handling System Complete	[25-Jul-24]	28
Building Systems Complete	[25-Jul-24]	27
Phase 1E Roadways Complete	[11-Oct-24]	30
Passenger Boarding Bridges Complete	[09-Aug-24]	28
Airside Civil & Utilities Complete	[16-Aug-24]	28
Interior Construction Complete	[18-Dec-24]	32
Phase 1F Roadways Complete	[23-Jan-25]	33
Phase 1 Substantial Completion	[19-Mar-25]	35
Phase 1 DBO	[12-Jun-25]	38
Terminal 7 Demolition Complete	[19-Nov-25]	43
Foundations Complete	[12-Dec-25]	44
Superstructure Complete	[07-Apr-26]	48
Roadways Complete	[17-Jun-26]	50
Landside Utilities Complete	[17-Jun-26]	50
Enclosure Complete	[06-Aug-26]	52
Airside Civil & Utilities Complete	[13-Aug-26]	52
Passenger Boarding Bridges Complete	[18-Sep-26]	53
Baggage Handling System Complete	[31-Dec-26]	56
Building Systems Complete	[09-Dec-26]	56
Interior Construction Complete	[01-Dec-26]	55
Phase 2 Substantial Completion	[18-Jan-27]	57
Phase 2 DBO	[03-Mar-27]	58

7.3 Design-Builder's Schedule Approach & Methodology

The Design-Builder's proposed schedule has been developed based on its experience with similar projects and input from local trade subcontractors. We note the following:

- The schedule includes a detailed sequence of preconstruction activities, including design, site investigations, procurement and permitting;

- The design activities and durations are based directly off the design team's schedule. The Design-Builder has incorporated the PA design review periods defined in the RPWs and has allowed for a resubmission to address PA comments for the majority of design submissions;
- The schedule has been informed by Vantage's experience at LaGuardia Airport;
- The schedule is based on a 5-day, 40-hour workweek with statutory holidays included;
- Opportunities to accelerate the schedule, if required, include longer shifts, weekends and additional labour;
- Labour will be provided through a Project Labour Agreement with local unions;
- The Design-Builder has received schedule input from the foundation and structural steel trades. The schedule durations for remaining packages (building systems, baggage handling, interior construction, etc.) are based on the Design-Builder's historic experience. These packages will be awarded ahead of Financial Close and the subcontractor's schedule input will be incorporated into project schedule;
- The roadway schedule includes a detailed phasing plan developed by Lane Construction Group as a consultant to the Design-Builder;
- Weather days have been included in the schedule based on the National Oceanic and Atmospheric Administration's historic data for New York;
- Preliminary construction site plan has been provided identifying access gates, construction trailers, hoarding and tower cranes; and
- The Design-Builder intends to place orders for long lead items early and pay for offsite storage to mitigate the risk of procurement delays.

7.4 Assessment of the Project Schedule

Our review of the schedule is based on the Design-Builder's Draft Preliminary Baseline Schedule, which continues to be refined and adjusted ahead of formal submission to the Port Authority. The overall duration of the Project Schedule is considered reasonable and is based on standard working day and shift assumptions, which will allow for acceleration if needed to recover potential delays.

We note that the level of detail in the Draft Preliminary Baseline Schedule drops off after the foundation and structural steel works, with single long duration summary activities (approximately 200 days) for each of the building enclosure, building systems, interior construction, baggage handling systems and conveying systems. These durations are based on the Design-Builder's historic experience. We note that the RPW requires submission of the Detailed Baseline Schedule within 60 calendar days after the Port Authority's approval of the Preliminary Baseline Schedule. The Detailed Baseline Schedule will be finalized ahead of Financial Close and will include additional detail for these activities as the trade packages are awarded and schedule input is received from the subcontractors.

BTY will review the Preliminary Baseline Schedule and subsequent Detailed Baseline Schedule when its finalized and provide additional commentary as necessary.

7.5 Project Schedule Requirements

Within 30 calendar days of issuance of the limited notice to proceed ("LNTP Date") the Lessee must submit the Preliminary Baseline Schedule. The Port Authority will review the Preliminary Baseline Schedule within 15 Business Days. If not accepted, the Lessee will revise the Preliminary Baseline Schedule and resubmit within 10 Business Days of receiving the Port Authority's comments. The Port Authority will have a further 10 Business Days to review. This process will continue until the Preliminary Baseline Schedule is approved.

Within sixty calendar days after the Port Authority's approval of the Preliminary Baseline Schedule the Lessee must submit the Detailed Baseline Schedule for Port Authority approval. The Port Authority's review procedure for the

Detailed Baseline Schedule mirrors that of the Preliminary Baseline Schedule described above. The Detailed Baseline Schedule must be approved prior to the Effective Date.

The Project Schedule must be developed using a critical path methodology in sufficient detail to accurately depict the D&C Work. Specifically, the Project Schedule must include the following requirements (Section 3 of Section B of the RPW):

- No activities with a duration greater than 30 days, except for non-construction activities (procurement, fabrication, delivery of equipment, system software);
- Interdependencies between the D&C Work and all other activities required for the successful completion of the Project, including interface with Port Authority Enabling Projects that can affect the completion of the Project;
- Cost and resource loading;
- Appropriate activity ID's, description and codes;
- Clearly defined calendars that account for expected seasonal weather conditions, environmental permit requirements and statutory holidays;
- All activities must have clearly assigned predecessor and successor relationships to each activity and appropriate logic ties between activities;
- No use of negative float; and
- Identification of long lead items.

The Project Schedule requirements are in-line with previous similar P3 projects.

7.6 Scheduling Reporting Requirements

The following is a list of the Lessee's scheduling reporting requirements (Section 3.2 of RPW Section A):

- Submit a monthly Progress Schedule Update to the Port Authority showing all changes in the Progress Schedule versus the Detailed Baseline Schedule;
- The Lessee must provide a detailed two and six-week look ahead schedule regularly at Bi-Weekly D&C Work Progress Meetings;

The Detailed Baseline Schedule and the Progress Schedule Update reports must be submitted in Primavera and must include:

- A schedule narrative that provides a general description of the Lessee's approach to meeting the goals of the RPW, the Lease and the Critical Path;
- A narrative comparing the current dates to the respective intermediate key progress events and Completion Milestone dates, describing the physical progress during the current report period, explaining plans for continuing the D&C Work during the next report period and describing and explaining changes in crewing and construction equipment;
- The Lessee is required to also track critical interface/interdependency dates requested by the Port Authority;
- Analysis Report indicating Activities, intermediate key progress events or Completion Milestones that are behind schedule by at least thirty days;
- Critical Path and Near-Critical Path analysis;
- A Report that compares the current Progress Schedule Update with the then-effective Detailed Baseline Schedule and prior month's Progress Schedule Update and include explanations for all changes made;

- List of all added or deleted activities, activity/project constraints included in the Progress Schedule Update, and the rationale; and
- The major work elements, as defined in the work breakdown structure (“WBS”), to be accomplished during the next month and list any activities with potential challenges.

Following the D&C Work Commencement Date, the Lessee is required to issue to the Port Authority a Daily Progress Report. Daily Reports submitted on a weekly basis for the previous week and include the following:

- The D&C Work performed;
- Any incidents or interference with traffic or passengers;
- Any incidents concerning public safety or personal injury; and
- A statement of any unusual happening that occurred.

No later than the last Business Day of the following month for each month following the Effective Date, the Lessee must deliver to the Port Authority a report that reflects the status of, and information related to the development and conduct of the D&C Work (the "Monthly Progress Report"). The Monthly Progress Report must include at least the following:

- A detailed description of the Design Work that was completed in the prior month, including an update on the status of the Design Work;
- A detailed description of the Construction Work that was completed in the prior month, including photographs showing the progress of the Construction Work;
- All changes in the Progress Schedule versus the Detailed Baseline Schedule;
- An updated Progress Schedule;
- The status of material and equipment deliveries;
- A Designated Debris Material Assessment Summary;
- A Health and Safety Report; and
- All other information reasonably requested by the Port Authority relating to the D&C Work, Applicable Laws and Applicable Standards.

The Baseline Schedule will identify (Section 2(c)(4) of the Lease):

- Each key interface activity between the D&C Work and any Other Redevelopment, so that altering such date on the Baseline Schedule will have, or would be expected to have an adverse impact on the critical path of any Other Redevelopment (“Other Redevelopment Interface Activities”);
- Each activity requiring that physical components of the New Terminal Facilities or Off-Premises Facilities being performed by the Lessee be connected to physical components under control of the Port Authority (“Port Authority Interface Activities”); and
- Each activity requiring Port Authority personnel to perform Oversight activities (“Port Authority Oversight Resources”).

The Lessee can alter the Baseline Schedule, subject to the review and comment of the Port Authority. Any alteration of the Baseline Schedule that affects any Other Redevelopment Interface Activity or Port Authority Interface Activity or adversely impacts the Port Authority Oversight Resources will be subject to the prior written approval of the Port Authority.

The Port Authority agrees to coordinate with the Lessee in good faith to schedule the availability of Port Authority Oversight Resources to the next soonest possible date of availability, taking into account the resources already committed to the Other Redevelopments.

If the critical path of the D&C Work is more than 30 days behind the then-current Baseline Schedule, the Lessee will submit an Alternative Solutions Report, including a proposed schedule recovery strategy to mitigate any potential delay and will reasonably consider revisions to the Baseline Schedule proposed by the Port Authority to achieve completion within the required timeframes (Section 2(c)(5) of the Lease).

The schedule reporting requirements are more stringent than we typically see on similar P3 projects, which shows a high degree of attention being paid to schedule. While the delivery of monthly progress updates is standard, the requirement for Daily Progress Reports will require additional resources from the Design-Builder in order to meet the Port Authority's reporting requirements.

7.7 Substantial Completion Process

7.7.1 SUBSTANTIAL COMPLETION OF PHASE 1

Substantial Completion of the Phase 1 D&C Work ("Substantial Completion of Phase 1") will only occur if the Lessee has satisfied all of the applicable conditions set forth in the TCAP Manual with respect to the Phase 1 D&C Work and the Airport Security Guidelines Manual, and the following conditions (Section 2(v) of the Lease):

- All certifications for mechanical, electrical, electronics and other systems that are essential to the operation, functionality and safety of the Phase 1 Improvements have been received and all inspection reports for such systems have been made;
- The Lessee has received, and paid all associated fees due and owing for, all applicable Governmental Approvals (other than Port Authority Governmental Approvals) required for performing O&M Work with respect to the Phase 1 Improvements, and has provided accurate and complete copies to the Port Authority;
- All plans and manuals for mechanical, electrical, electronics and other systems that are essential to the operation, functionality and safety of the Phase 1 Improvements, as identified by and agreed to by the Lessee and the Port Authority have been submitted and, if required, received the Port Authority's approval;
- All other submittals required by the Project Documents, Good Order Requirements, Applicable Law or Applicable Standards to have been provided by the Lessee prior to or on the Phase 1 Completion Date have been submitted and, if required, received Port Authority approval;
- The Lessee has prepared, in consultation with the Port Authority, the punch list in respect of the Phase 1 D&C Work, and such punch list has received Port Authority approval; and
- With respect to the individual tenant spaces in the New Terminal Facilities intended to be subleased to the Concession Subleases or Airline Subleases, the Lessee has installed the basic infrastructure and equipment for the supply of necessary Utilities to such tenant spaces as well as fire alarm, fire protection and space separation between the occupied and construction sites.

When all the Phase 1 D&C Work is substantially completed and ready for use, the Lessee is required to advise the Port Authority to such effect and deliver a certificate certifying that the requirements of Substantial Completion for Phase 1 have been met and that the Phase 1 D&C Work has been constructed in accordance with the Lease and the other Project Documents and in compliance with all Good Order Requirements, Applicable Laws and Applicable Standards.

Following (and subject to) delivery of the certificate to the Port Authority, the Phase 1 D&C Work will be inspected by the Port Authority to certify that the conditions for Substantial Completion of Phase 1 have (or have not) been met. If the same has been completed as certified by the Lessee, and the Lessee has complied in all respects, with the requirements of the Lease, the other Project Documents, Good Order Requirements, Applicable Standards and Applicable Law, a certificate to such effect will be issued to the Lessee by the Port Authority (the "Phase 1 Completion Certificate"). The Lessee will promptly transfer custody and control of the Off-Premises Facilities forming part of the Phase 1 Improvements to the Port Authority following receipt of the Phase 1 Completion Certificate and have no further obligations with respect to Off-Premises Facilities and the associated Temporary Rights of Access.

7.7.2 SUBSTANTIAL COMPLETION OF PHASE 2

Substantial Completion of the Phase 2 D&C Work ("Substantial Completion of Phase 2") will only occur if the Lessee has obtained a Phase 1 Completion Certificate, satisfied all of the applicable conditions set forth in the TCAP Manual and the Airport Security Guidelines Manual with respect to the Phase 2 D&C Work, and satisfied the following conditions (Section 2(v) of the Lease):

- All certifications for mechanical, electrical, electronics and other systems that are essential to the operation, functionality and safety of the New Terminal Facilities have been received, and all inspection reports for such systems have been made;
- The Lessee has received, and paid all associated fees due and owing for, all applicable Governmental Approvals (other than Port Authority Governmental Approvals) required for performing O&M Work with respect to the New Terminal Facilities, and has provided accurate and complete copies to the Port Authority;
- All plans and manuals for mechanical, electrical, electronics and other systems that are essential to the operation, functionality and safety of the New Terminal Facilities, as identified by and agreed to by the Lessee and the Port Authority in the Project Documents, have been submitted and, if required, received Port Authority approval;
- All other submittals required by the Project Documents, Good Order Requirements, Applicable Law or Applicable Standards to have been provided by the Lessee prior to or on the Completion Date have been submitted and, if required, approved by the Port Authority;
- The Lessee has prepared, in consultation with the Port Authority, the punch list in respect of the Phase 2 D&C Work, and such punch list has received Port Authority approval; and
- With respect to the individual tenant spaces in the New Terminal Facilities intended to be subleased to the Concession Subleases or Airline Subleases, the Lessee has installed the basic infrastructure and equipment for the supply of necessary Utilities to such tenant spaces as well as fire alarm, fire protection and space separation between the occupied and construction sites.

When all of the D&C Work is substantially completed and ready for use, the Lessee is required to advise the Port Authority to such effect and deliver to the Port Authority a certificate certifying that the requirements for Substantial Completion of Phase 2 have been met and that the Phase 2 D&C Work has been constructed in accordance with the Project Documents, approved Construction Applications and the provisions of the Lease and in compliance with all Good Order Requirements, Applicable Laws and Applicable Standards.

Following (and subject to) delivery of the certificate to the Port Authority, the Phase 2 D&C Work will be inspected by the Port Authority to certify that the conditions for Substantial Completion of Phase 2 have (or have not) been met). If the same has been completed as certified by the Lessee, and the Lessee has complied, in all respects, with the requirements of the Lease, the other Project Documents, Good Order Requirements, Applicable Standards and Applicable Law, a certificate will be issued to the Lessee by the Port Authority (the "Completion Certificate"). The Lessee will promptly transfer, following receipt of the Completion Certificate, custody and control to the Port Authority of the Off-Premises Facilities not previously transferred, and the Lessee will have no further obligations with respect to such Off-Premises Facilities and the associated Temporary Rights of Access.

7.8 Date of Beneficial Occupancy Process

Following Substantial Completion of the Phase 1 D&C Work, the Lessee will be responsible for achieving DBO of the Phase 1 Improvements. The risk and responsibility for the work associated with achieving DBO is being retained at the Lessee level and will be partially transferred to the Design-Builder as it relates to coordination, cooperation and completion of enabling works in the terminal area. The work involves the installation of artwork, advertising and substantially completing the fit-out of concession spaces which are required to be opened upon DBO of the Phase 1 Improvements as set out in the Comprehensive Concessions Plan (Section 2(v) of the Lease).

Similarly, the Lessee will be responsible for achieving DBO following Substantial Completion of the Phase 2 D&C Work.

[NTD: We understand that the Lessee and Port Authority remain in discussions regarding the DBO process and this section will be updated following receipt and review of updates to the Lease.]

7.9 Outside Completion Date

The Lessee must complete the Phase 2 D&C Work no more than 12 months following the Scheduled Completion Date (“the Outside Completion Date”) (Section 2(v)(2)(i) of the Lease).

Failure by the Lessee to complete the D&C Work (other than punch-list items approved by the PA) by the Outside Completion Date will constitute an Event of Default (Section 21(a)(18) of the Lease).

The DBA includes a Design-Builder Event of Default if the Design-Builder fails to achieve Substantial Completion of the DB D&C Work by the Scheduled Completion Date. This provides the Lessee with a 12-month buffer to replace the Design-Builder ahead of a subsequent Lessee Event of Default under the Lease, which is more generous to the Lessee than the typical three to six month buffer that we typically see on US P3 projects.

7.10 Operational Readiness

The Lessee will develop an Operational Readiness and Airport Transfer (“ORAT”) Plan to support the transition to active operations following Substantial Completion. The ORAT Plan will be submitted 4 months prior to activation of the New Terminal Facilities (Section 30.3 of Section B of the RPW).

The ORAT Plan will include an overall schedule, which will (Section 3.4 of Section B of the RPW):

- Be timed to align with completion of the D&C Work, testing and commissioning and handover schedules;
- Identify the ORAT critical path activities;
- Integrate stakeholders’ tenant fit-out programs;
- Include an interface matrix identifying external interfaces with Port Authority assets; and
- Include milestones for the availability and readiness of staff, relevant contracts that need to be in place for the start of operations, development and approval of the final Operations and Maintenance Plan, inspections by regulatory authorities.

The Lessee will be responsible for successful opening by verifying that the integration of all airport systems is correctly working, that staff are familiar and experienced in standard operating procedures and that contingency procedures are tested by simulating real operations (Section 3.5 of Schedule B of the RPW).

The responsibility for development and implementation of the ORAT Plan will be retained by the Lessee. Under the DB Term Sheet, the Design-Builder will work with the Lessee and the Lessee’s ORAT Team to minimize potential inconveniences and interferences with and ensure the operational integrity of the operations at the Existing Terminal Facilities and New Terminal Facilities. The Design-Builder is responsible for verifying that the D&C Work is performed in a manner that does not delay nor interfere with the ORAT Team’s work (Section 2.5 of the DB Term Sheet).

7.11 Commissioning and Testing

The Lessee is required to complete the Commissioning and Testing process in accordance with the ORAT schedule. The Commissioning and Testing stage of the Project includes the following tasks (Section 30.7.3(b) of the Technical Requirements):

- All facilities, equipment and systems have been tested and commissioned in line with approved procedures before the Lessee receives them from the Contractor. This stage is crucial for ensuring the adequate handover of assets;
- All Standard Operational Procedures (“SOPs”) and other relevant information applicable to the operation of the new facility has been developed and tested; and

- All staff are prepared to initiate operation. Preparation for staff includes recruiting, familiarization and training in line with Lessee Staff Plans.

The Design-Builder must coordinate with the ORAT Team, which will include the Lessee's third-party commissioning agent, and create required plans or schedules to carry out the commissioning and testing of D&C Work. The Lessee retains control of the commissioning program with its third-party commissioning agent. The Design-Builder will be responsible for cooperating and complying with the commissioning plan and for having the systems, equipment and trades ready for the required testing and commissioning (Section 6.9 of the DBA Term Sheet).

7.12 Conclusion

We note the following conclusions related to the Project Schedule:

- Based on the DBA Term Sheet, the Lessee's risk related to the Project Schedule will be transferred to the Design-Builder under the DBA with the exception of delays due to Material Developer Changes and certain Unavoidable Delays, which remain under negotiation in the DBA;
- The schedule reporting requirements are more stringent than we typically see on similar P3 projects, which shows a high degree of attention being paid to schedule;
- The overall duration of the Draft Preliminary Baseline Schedule is considered reasonable and is based on standard working day and shift assumptions, which will allow for acceleration if needed to recover potential delays;
- Under the RPW requirements, the Detailed Baseline Schedule will be finalized ahead of Financial Close and will include additional detail as trade packages are awarded and schedule input is received from the subcontractors; and
- Our review is based on the Design-Builder's Draft Preliminary Baseline Schedule, which continues to be refined and adjusted ahead of formal submission to the Port Authority. BTY will review the Preliminary Baseline Schedule and subsequent Detailed Baseline Schedule when its finalized and provide additional commentary as necessary.

8.0 Construction Price

8.1 Introduction

The overall Project costs consist of the Design-Builder's Guaranteed Maximum Price ("GMP"), the Lessee's budget for its retained scope and various contingencies. The Lessee's Construction Contingency and Design Development Contingency are included in the overall Project costs which are summarized in the table below, with further detail and an assessment of each budget provided further in this section.

Category	Low End Total Project Cost Estimate	High End Total Project Cost Estimate
	Amount	Amount
Design-Builder Guaranteed Maximum Price	\$2,362,542,824	\$2,298,141,561
Lessee Costs	\$351,735,991	\$568,642,335
Expected Savings	(\$117,500,000)	(\$75,813,560)
Total	\$2,596,778,815	\$2,790,970,336

8.2 GMP Timing and Components

The Design-Builder will conduct the D&C Work for Phase 1 and 2 in accordance with the DBA and at a single guaranteed maximum price ("GMP"). The Design-Builder's GMP Proposal shall be submitted prior to Financial Close when all D&C Work elements have been developed with sufficient detail to for the Design-Builder to tender a GMP to a high degree of cost certainty.

The GMP will consist of two distinct parts (Exhibit G of the Interim Agreement):

- The Core & Shell Scope GMP, which also includes work outside of the terminal building such as work on site, utilities, road work, demolition and landscaping. The Core & Shell Scope GMP accounts for approximately 75% of the direct costs.
- The Fit-Out Allowance, which accounts for approximately 25% of the direct costs. The intent of the Fit-Out Allowance is to address potential design variations arising due to the fact that the final fit-out design requires flexibility and input from stakeholders and tenants during the core and shell construction. The Lessee will be responsible for the risk of design development changes between Financial Close and the time the Fit-Out Allowance is fully procured and may elect to exceed the initial Fit-Out Allowance. When the fit-out design is complete, the Design-Builder will be responsible for procuring the Fit-Out Allowance Scope subject to the Lessee's specific authorization for bid package awards. Once fully procured, the Fit-Out Allowance will be reconciled with the value carried in the GMP by adjusting that value to equal the actual value of the work to complete the Fit-Out Allowance Scope. Once the Fit-Out Allowance Scope is procured and reconciled, the Design-Builder takes responsibility for schedule and cost certainty.

The process for developing the GMP Proposal is described in the Interim Agreement between the Lessee and Design-Builder. Following submission of the GMP Proposal, the Lessee will have 30 calendar days to accept the proposal or reject it and terminate the Interim Agreement. In order to achieve the 30-day review period, there will be multiple iterations of preliminary GMP Proposals submitted before formal submission. The Lessee intends to achieve Financial Close within 30 days of approving the GMP Proposal (Section 3.3 of the Interim Agreement).

The GMP Proposal will include itemized schedules of the costs, including the following elements:

- Direct Work Costs;
- General Conditions Costs and General Requirements Costs, which will be a fixed value and include a monthly payment schedule;

- Design Professionals' costs;
- Construction Contingency equal to 5% of the Direct Work Costs, General Conditions Costs and General Requirements Costs;
- Design-Builder's fee;
- Cost of any payment and performance bonds and any other required Construction Security;
- Insurance;
- Cost of subcontractor default insurance or payment and performance bonds; and
- All taxes included in the Cost of the Work.

The Design-Builder is not required to guarantee individual line items within the GMP, but must advise the Lessee of each transfer between line items within a GMP (Section 3.3.6 of the Interim Agreement).

The Lessee's risk related to the GMP is transferred to the Design-Builder with the exception of design changes to the Fit-Out Allowance Scope during the period between Financial Close and the time when the Fit-Out Allowance Scope is fully procured. The Lessee is responsible for cost changes driven by design development during this period and is carrying a contingency to mitigate the risk as described in the contingency section below. The Design-Builder will guarantee that the cost to design and construct the Project will not exceed the aggregate GMP, except where compensation is payable due to a Material Developer Change or where the Lessee is entitled to additional compensation under the Lease and the Equivalent Project Relief provisions apply.

8.3 Design-Builder's GMP

We have been provided with a range of the Design-Builder's draft interim GMP for the purpose of our review. Discussions are ongoing between the Lessee and the Design-Builder to arrive at an agreed interim estimate, which will continue to be refined and updated ahead of the formal GMP Proposal submission ahead of Financial Close as the Design-Builder procures trade packages and awards subcontracts. We note that the low end range of the total project cost estimate considers a Contractor Controlled Insurance Program ("CCIP") while the high end range of the total project cost estimate considers an Owner Controlled Insurance Program ("OCIP"). The parties are working towards the final approach to insurance.

The low and high end of the Design-Builder's Construction Price is summarized as follows.

Contract Price	Area (ft2)	Low End Total Project Cost Estimate		High End Total Project Cost Estimate	
		Amount	Cost/ft2	Amount	Cost/ft2
Direct Costs	1,165,326	\$1,383,244,315	\$1,187	\$1,446,733,598	\$1,241
Alternates	1,165,326	\$79,375,812	\$68	\$91,086,617	\$78
Indirect Costs	1,165,326	\$899,922,697	\$772	\$760,321,346	\$652
Total Contract Price	1,165,326	\$2,362,542,824	\$2,027	2,298,141,561	\$1,972

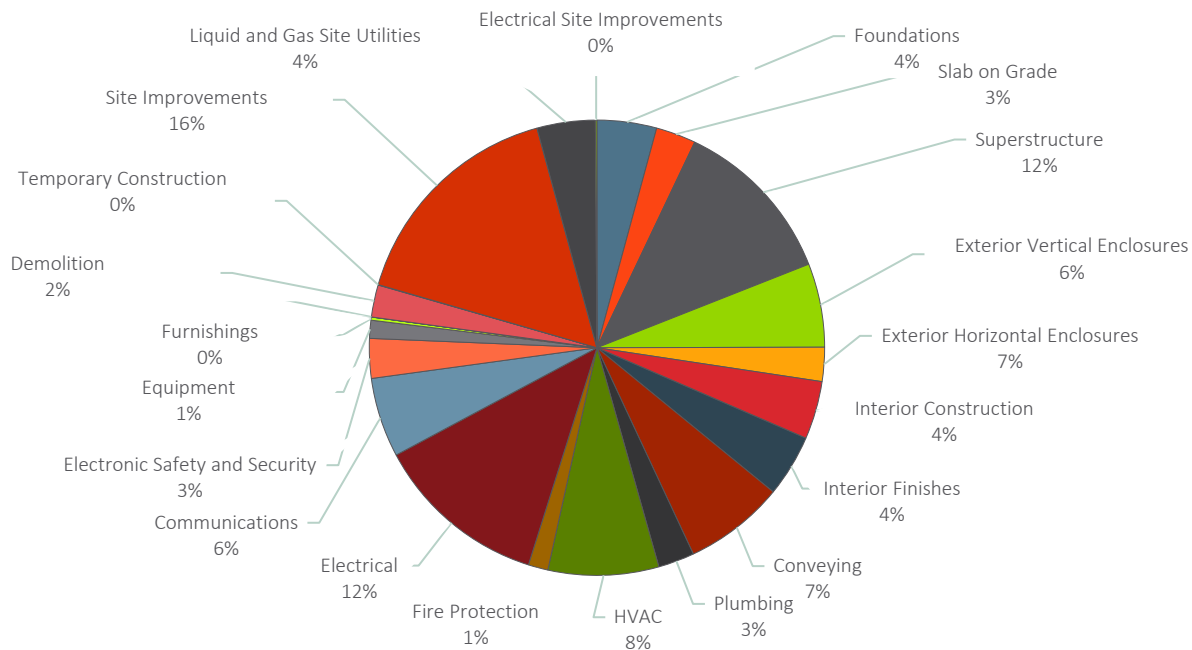
The Design-Builder's Construction Price is broken down by division as follows:

Summary	Low End Total Project Cost Estimate		High End Total Project Cost Estimate		% of Total	% of Direct Cost
	\$	Cost/ft2	\$	Cost/ft2		
Foundations	\$43,043,492	\$37	\$61,166,098	\$52	3%	4%

Summary	Low End Total Project Cost Estimate		High End Total Project Cost Estimate		% of Total	% of Direct Cost
	\$	Cost/ft2	\$	Cost/ft2		
Slab on Grade	\$35,420,726	\$30	\$41,059,559	\$35	2%	3%
Superstructure	\$155,218,909	\$133	\$172,960,468	\$148	8%	12%
Exterior Vertical Enclosures	\$86,476,487	\$74	\$85,948,815	\$74	4%	6%
Exterior Horizontal Enclosures	\$38,598,510	\$33	\$34,972,715	\$30	2%	2%
Interior Construction	\$55,218,867	\$47	\$59,653,649	\$51	3%	4%
Interior Finishes	\$60,397,965	\$52	\$63,777,245	\$55	3%	4%
Conveying	\$117,269,497	\$101	\$103,178,891	\$89	5%	7%
Plumbing	\$32,928,753	\$28	\$37,205,359	\$32	2%	3%
HVAC	\$95,235,130	\$82	\$113,570,380	\$97	5%	8%
Fire Protection	\$18,244,475	\$16	\$20,293,437	\$17	1%	1%
Electrical	\$179,803,085	\$154	\$178,256,229	\$153	8%	12%
Communications	\$79,274,281	\$68	\$81,800,083	\$70	4%	6%
Electronic Safety and Security	\$39,570,203	\$34	\$40,723,265	\$35	2%	3%
Equipment	\$18,343,636	\$16	\$18,471,886	\$16	1%	1%
Furnishings	\$4,262,400	\$4	\$3,240,100	\$3	0%	0%
Integrated Construction	\$50,000	\$0	\$50,000	\$0	0%	0%
Demolition	\$35,648,920	\$31	\$33,008,820	\$28	1%	2%
Temporary Construction	\$608,000	\$1	\$420,000	\$0	0%	0%
Site Improvements	\$226,237,236	\$194	\$235,533,409	\$202	10%	16%
Liquid and Gas Site Utilities	\$59,768,743	\$51	\$59,818,190	\$51	3%	4%
Electrical Site Improvements	\$1,625,000	\$1	\$1,625,000	\$1	0%	0%
Direct Construction Costs	\$1,383,244,315	\$1,187	\$1,446,733,598	\$1,241	63%	100%
West Concourse and Outbound Bag Expansion, T5i Taxi Plaza, T5 Departures Road Extension	\$69,375,812	\$60	\$81,086,617	\$70	4%	
Taxiway Throats Allowance	\$10,000,000	\$9	\$10,000,000	\$9	0%	
Alternates	\$79,375,812	\$68	\$91,086,617	\$78	4%	
Indirect Costs	\$899,922,697	\$772	\$760,321,346	\$652	33%	
Total Construction Cost	\$2,362,542,824	\$2,027	\$2,298,141,561	\$1,972	100%	

[NTD: The West Concourse, Outbound Bag Expansion and Taxiway Throats Allowance are currently shown as separate line items due to ongoing negotiations with the Port Authority. Once finalized, they will be incorporated into the main estimate, with the associated costs distributed across the trades.]

The direct construction costs (hard construction costs) breakdown by division is graphically depicted as follows:



We have reviewed the Design-Builder's approach to developing the Construction Price. We note the following:

- The Design-Builder's current estimate was developed in-house. Quantities were prepared by the Design-Builder's team and verified with trade partners. The Design-Builder has validated its historic unit rates with unit rate input received from trade partners;
- The Design-Builder's risk related to the GMP will be significantly de-risked by the time of Financial Close. The Design-Builder intends to have bought out the Core & Shell Scope GMP component by the time the GMP Proposal is finalized head of Financial Close. This accounts for approximately 75% of the trade costs. The majority of subcontracts will be lump sum contracts with a mixture of lump sum, design-build lump sum and design assist lump sum;
- The Fit-Out Allowance accounts for the remaining 25% of trade costs, which will be procured and awarded post-Financial Close. The Design-Builder has priced the Fit-Out Allowance based on the current design assumptions for the Fit-Out Allowance Scope which will be subject to finalization during construction. As described in Section 8.2 above, the Lessee is retaining the risk of price and scope changes in the Fit-Out Allowance Scope during the period between Financial Close and when design and procurement is complete and is carrying contingency to mitigate this risk, which is further described in Section 8.5 below;
- The Design-Builder intends to subcontract all of the direct construction work; and
- The Design-Builder anticipates that strong competition for trade packages and the volume of work will help reduce trade pricing based on current market conditions. The Design-Builder does not anticipate significant challenges attracting labor for the Project.

We consider the Design-Builder’s methodology in developing the draft interim GMP to be reasonable. We have reviewed the range of the construction price and supporting details, including the unit rates used in its preparation, and consider it to be reasonable and appropriate for this Project.

8.4 Lessee Costs

We have received a breakdown of the Lessee’s budget for scope items retained at the Lessee level, which are summarized in the table below.

Category	Low End Total Project Cost Estimate		High End Total Project Cost Estimate	
	Amount	% of Total	Amount	% of Total
Project Management Office (“PMO”) Staffing	\$63,979,257	18%	\$63,979,257	11%
PMO One-Time Costs (Furniture, Software, etc.)	\$882,500	0%	\$882,500	0%
PMO Operating Expenses	\$1,773,645	1%	\$1,773,645	0%
Specialty Consulting (Design Reviews, Audits, etc.)	\$15,652,000	4%	\$15,652,000	3%
Developer FF&E	\$31,085,000	9%	\$31,085,000	5%
Inspections	\$28,000,000	8%	\$28,000,000	5%
ORAT (Both Phases)	\$7,500,000	3%	\$7,500,000	2%
Temporary Land Leasing, Permits & Utility Usage	\$15,192,040	4%	\$15,192,040	3%
Art Program	\$22,000,000	6%	\$22,000,000	4%
Perimeter Intrusion Detection System (“PIDS”) Security Fencing	\$5,000,000	1%	\$5,000,000	1%
Bus Cards / Mass Transit Allowance	\$2,500,000	1%	\$2,500,000	0%
Intelligent Transportation System (“ITS”) Allowance	\$3,000,000	1%	\$3,000,000	1%
T7 Improvements	N/A	N/A	\$3,000,000	1%
Milestone Payments to the Port Authority (Per Lease)	\$44,947,323	13%	\$44,947,323	8%
Environmental Remediation Allowance (Per Lease)	\$20,000,000	6%	\$20,000,000	4%
Port Authority Contingency (Per Lease)	\$50,000,000	14%	\$50,000,000	9%
Owner’s Contingency	\$40,224,226	11%	\$77,200,000	14%
OCIP Insurance	N/A	N/A	\$158,800,000	28%
Allowance for DB Exclusions	N/A	N/A	\$18,130,570	3%
Total	\$351,735,991	100%	\$568,642,335	100%

We note that a significant portion of the Lessee’s costs are defined in the Lease. These include the Milestone Payments to the Port Authority, the Environmental Remediation Allowance and the Port Authority Contingency, which collectively make up 33% of the total Lessee costs. The Lessee has developed the remaining costs based on the Lease and RPW requirements and the Lessee members’ previous experience and local knowledge, which includes historic and ongoing costs from LaGuardia Airport Terminal B. We have received a detailed breakdown of the Lessee’s cost build up for each line item and we are satisfied that the budget reflects the scope of work to be performed by the Lessee.

8.5 Expected Savings

The expected cost savings, shown in the table below, are forecast through a combination of competitive procurement and negotiations with more advanced design documents, as well as cost recovery of certain scope elements including the allocable portion of the new baggage handling system screening equipment, some portions of the retail/concession program storefront finishing work, and some portions of the photovoltaic equipment, which may be financed through a vendor under a design-build, operate and maintain agreement.

	Low End Total Project Cost Estimate	High End Total Project Cost Estimate
DB Expected Savings	\$117,500,000	\$20,000,000
TSA Reimbursement	N/A	\$30,000,000
Potential OCIP Savings	N/A	\$18,600,000
Cost Recovery Retail Store Fronts	N/A	\$2,213,560
PV Rebate	N/A	\$5,000,000
Expected Savings	\$117,500,000	\$75,813,560

8.6 Contingency

The Design-Builder and Lessee budgets include a number of contingencies, which are described in the table below. The contingencies are subject to adjustment ahead of Financial Close.

Contingency	Description
Construction Contingency	Equal to 5% of the Direct Work Costs plus General Conditions and General Requirements. The contingency will be included the GMP and will be available to the Design-Builder subject to certain rules and Lessee approval to expend any portion in excess of \$500,000 or once the aggregate contingency spending exceeds 50% of the initial value. The contingency can be used for drawing omissions or underpricing, PA Changes, Governmental Authority Changes, unknown conditions, schedule acceleration, subcontractor termination not recoverable by subcontractor default insurance, increased General Conditions and General Requirements (up to a cap). The contingency can not be used for insurance deductibles, paying Liquidated Damages, Material Developer Changes or Equivalent Project Relief
Design Development Contingency	Equal to 4% of the Direct Work Costs, included in Indirect Work Costs. Controlled by the Lessee and available to pay for design development changes during the preparation of the GMP Proposal ahead of Financial Close. Approximately \$15M of this is reserved for Fit-out Allowance procurement risk.
Lessee Contingency	In aggregate with the Design Development Contingency, approximately 4% of the total Project cost. Held by the Lessee and available to use at the Lessee's discretion. Examples include Material Developer Changes, Lessee approved cost increases, Fit-Out Allowance adjustments, environmental conditions in excess of the environmental contingency described below
Environmental Remediation Allowance	\$20M held by the Lessee as a deductible for Qualifying Contingency Costs, which will be drawn from before accessing the Port Authority's \$25M Environmental Cost Contingency described below. The funds can be used for the management, removal, demolition, abatement, transportation or disposal of hazardous substances located in buildings, structures, improvements or equipment being demolished in connection with the D&C Work
Port Authority Contingency	Total value of \$50M. Includes \$25M of Environmental Cost Contingency, which can be used for the handling and disposal of hazardous substances. This portion of the contingency can only be used once the Lessee has expended the \$20M Environmental Remediation Allowance described above The remaining contingency will be used for Port Authority Changes

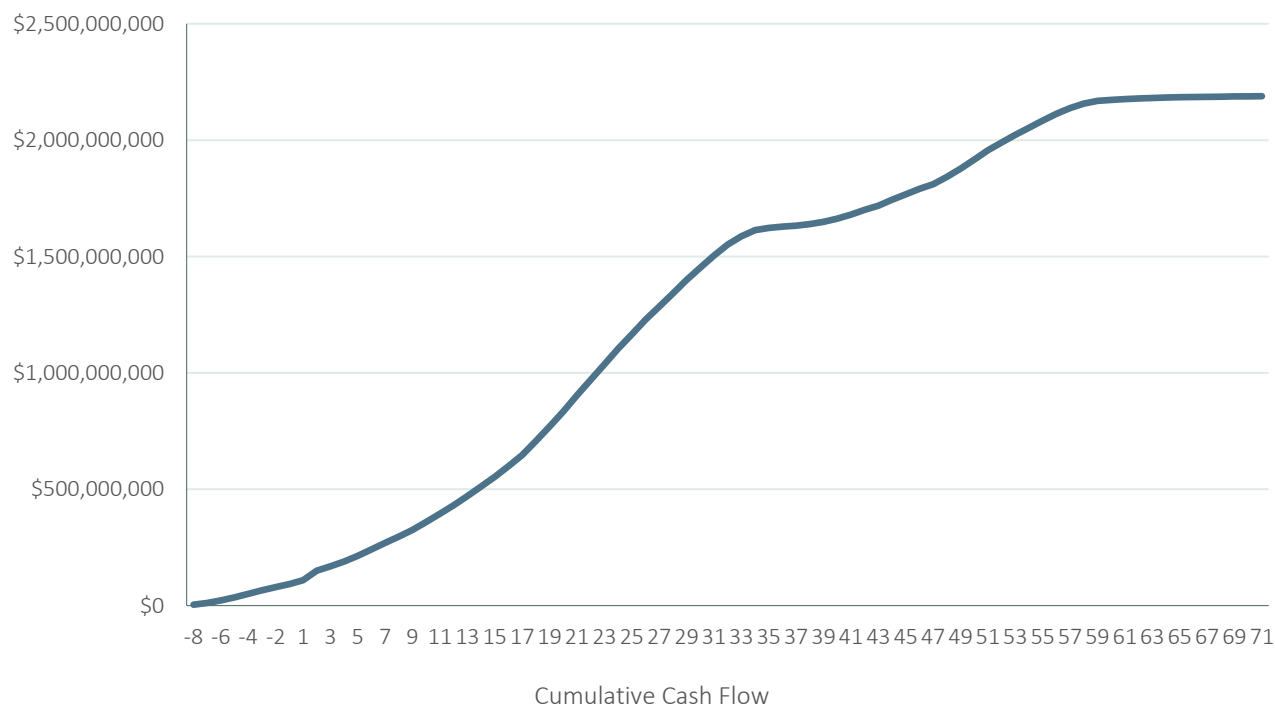
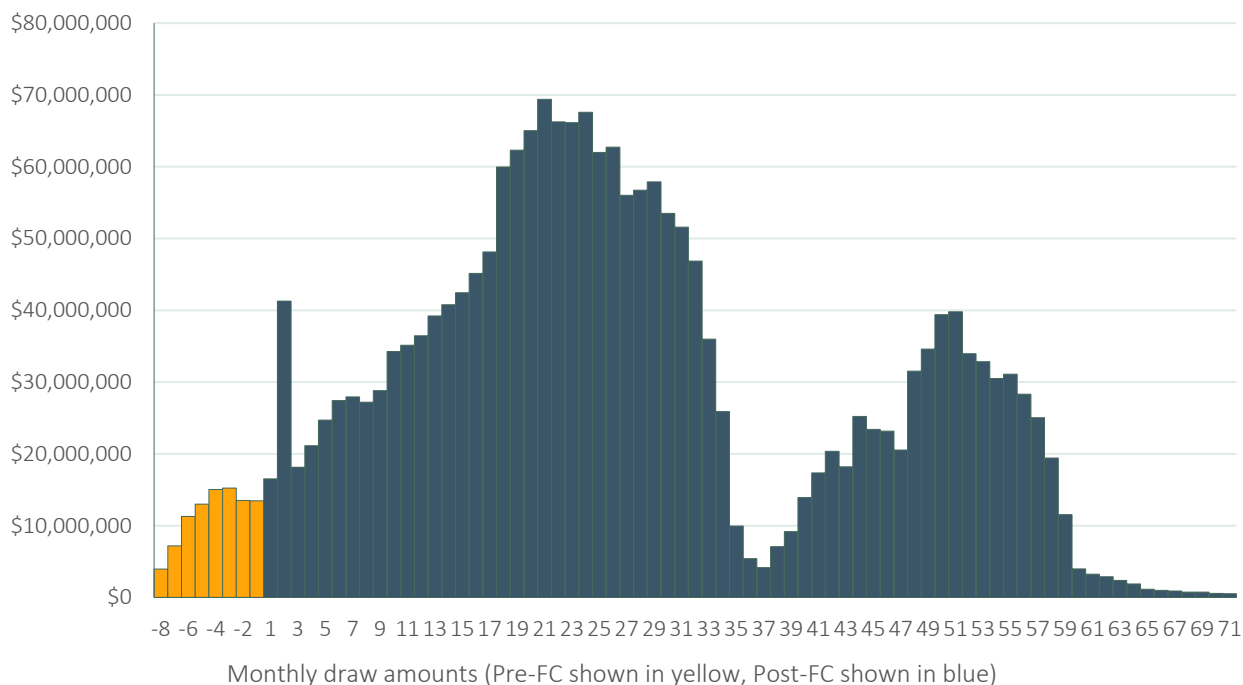
Contingency	Description
Construction Escalation and Premiums	
Total	

The above identified contingencies equate to approximately 10% of the total Project cost (for both the low end and high-end contingencies). In addition to the above contingencies, the Design-Builder has included within their price a 4% fee. We consider the overall contingencies to be appropriate for the Project.

In addition to the contingencies described in the table above, it is also worth noting that the Project will carry a \$100M Supplemental Liquidity Reserve Account ("SLRA") through construction, which is reduced to 6 months of rent following DBO2. This reserve is intended to be used by JMP to account for stranded risk between the Lease and DB Agreement, thus offering another source of funds to account for potential project costs.

8.7 Project Cash Flow / Drawdown Schedule

The Design-Builder's monthly and cumulative cash flows are graphically depicted as follows. The upfront design and interim preconstruction costs incurred prior to Financial Close are shown in orange:



8.8 Payments from the Developer to DB

If the Design-Builder has performed all Services and obligations outlined in the DBA, the Lessee is required to pay the base fee to the Design-Builder for the Direct Work Costs and General Conditions Costs. The base fee does not include self-performed D&C Work contingency, SDI, bonds, insurance or financial security (Section 3.4 of the DBA Term Sheet).

Direct Work Costs are defined as the costs of all labor, services, materials and equipment supplied by DB or trade subcontractors. General Conditions Costs are defined as the actual costs incurred by DB for the facilities, materials and general labor for D&C Work deemed unsuited for a subcontract.

[NTD: BTY to provide additional details on the monthly construction payment process and draw mechanics following receipt and review of the DBA and Lending Agreements]

8.9 Proposed Design-Builder's Security Package

The Design-Builder's proposed security package is summarized as follows (Section 4.0 of the Term Sheet):

Security	Details
Parent Company Guarantee ("PCG")	Provided by AECOM Hunt and equal to [\$500M/\$1B]. Under the DBA Term Sheet, the Design-Builder has agreed to provide a PCG equal to \$500M, which can be increased to \$1B if required by the Lessee with the Lessee responsible for the additional cost
Limitation of Liability	[35%] of the GMP
Letters of Credit	Performance security will provide a letter of credit in the greater of the following amounts: <ul style="list-style-type: none"> [10%] of the GMP The minimum amount for the payment of 12 months of Liquidated Damages for which such Liquidated Damages may assessed
Bonds, Subcontractor Default Insurance and Assignment of Subcontracts	The Design-Builder will require all subcontractors to post payment and performance bonds as permitted by the Port Authority, Lessee and the Lenders. As an alternative to payment and performance bonds, the Lessee may also implement the Design-Builder's SDI program to cover certain subcontractors as approved by the Port Authority or Lenders. The Lessee also has the right to take assignment of subcontracts upon termination of the Design-Builder
Liquidated Damages (Design-Builder to Lessee)	<ul style="list-style-type: none"> [\$200,000 – \$300,000]/day for a delay to Substantial Completion of Phase 1 [\$200,000 – \$300,000]/day for a delay to Substantial Completion of Phase 2 [NTD: Values are subject to negotiations and conclusion of the DBA]
Liquidated Damages (Lessee to Port Authority)	<ul style="list-style-type: none"> \$40,000/day for a failure to achieve the Substantial Completion of Phase 1 within 30 days after the Scheduled Phase 1 Completion Date \$40,000/day for a failure to achieve the Substantial Completion of Phase 2 within 30 days after the Scheduled Completion Date

8.9.1 DESIGN-BUILDER PARENT COMPANY GUARANTEE

The Design-Builder will provide a Parent Company Guarantee in an amount equal to [\$500M/\$1B] and in a form acceptable to the Lessee, Port Authority and Lenders. Under the DBA Term Sheet, the Design-Builder has agreed to provide a PCG equal to \$500M, which can be increased to \$1B if required by the Lessee with the Lessee responsible for the additional cost (Section 4.0 of the DBA Term Sheet).

8.9.2 LETTERS OF CREDIT

The Design-Builder will provide a letter of credit in forms and amounts deemed acceptable by the Lessee, Port Authority and Lenders in the amount equal to the greater of the following (Section 4.0 of the DBA Term Sheet):

- [10%] of the GMP;
- A minimum amount for the payment of twelve months of Liquidated Damages, for whichever Phase such Liquidated Damages may be assessed.

8.9.3 BONDS, SUBCONTRACTOR DEFAULT INSURANCE AND ASSIGNMENT OF SUBCONTRACTS

The Design-Builder will require all subcontractors to post payment and performance bonds as permitted by the Port Authority, Lessee and the Lenders. As an alternative to payment and performance bonds, the Lessee may also implement the Design-Builder's SDI program to cover certain subcontractors as approved by the Port Authority or Lenders. The Lessee also has the right to take assignment of subcontracts upon termination of the DBA.

8.9.4 LIQUIDATED DAMAGES PAYABLE BY THE DESIGN-BUILDER TO LESSEE

The Design-Builder will be responsible for paying the following Liquidated Damages to the Lessee for delays to the following Milestone Events (Section 6.6 of the DBA Term Sheet):

- [\$200,000 – \$300,000]/day for a delay to Substantial Completion of Phase 1; and
- [\$200,000 – \$300,000]/day for a delay to Substantial Completion of Phase 2.

The Liquidated Damages will be capped at [10%] of the GMP.

8.9.5 LIQUIDATED DAMAGES PAYABLE BY THE LESSEE TO THE PORT AUTHORITY

The Design-Builder is responsible for paying the following D&C Work Delay Payments to the Port Authority for delays to the following Completion Milestones (Section 2(c)(6) of the Lease):

- \$40,000/day for a failure to achieve the Substantial Completion of Phase 1 within 30 days after the Scheduled Phase 1 Completion Date; and
- \$40,000/day for a failure to achieve the Substantial Completion of Phase 2 within 30 days after the Scheduled Completion Date.

8.10 Design-Builder Replacement Analysis

We have calculated the premium cost to replace the Design-Builder at various key points in the Project Schedule. We selected scenarios that would not be covered by Supervening Events, and thus not allowing relief under either the Lease or the DBA. We have analyzed the adequacy of the security from two perspectives: total and liquid. The total security adequacy evaluates the ability of the full security package to cover the premium cost to replace the Design-Builder. The liquid security analysis looks at the adequacy of the Design-Builder's liquid security to cover the immediate costs (i.e. those required to be paid in the first three months following insolvency).

For our analysis we have considered the following cost categories that would increase the eventual construction cost on the Project realized upon the delayed achievement of the Scheduled Phase 1 Completion Date and the Scheduled Completion Date. We consider that these premium costs, over the original Contract Price of the DBA, are additional costs to the Project against which the available security package should be tested:

- The legal and technical advisory due diligence costs incurred during the run up period to Design-Builder default and eventual replacement;
- The design team will be required to review completed work-in-place on the Project and develop a new tender package for potential replacement contractors to bid on;

- The replacement Design-Builder will have to mobilize and establish a presence on the Project as well as establish appropriate bonding and insurances;
- We have considered the general economic conditions of the construction industry in New York and potential inflation of construction costs from the bid submission until re-engaging with a replacement Design-Builder;
- Over and above the cost of escalation, we have considered that there will be an expectation of increased fee (profit) by the replacement Design-Builder. Given the value of the Contract Price, we have considered that a range of 5% to 15% (depending on the scenario being considered) of the cost to complete would be an appropriate fee premium. We consider that as the cost to complete decreases over time, the premium charged by a replacement contractor as a percentage of revised contract price increases. We highlight that a profit margin is already included in the value of the Contract Price and so this fee premium would add to that already existing profit margin;
- We have considered that despite the event of default, all work prior to the event has been inspected and approved. However, we have allowed 10% of the previous month's progress payment to remedy any deficient work (less indirect costs); and
- We consider that the delays as a result of the replacement process are not recoverable by the replacement Design-Builder and result in the same delay to achieving the Scheduled Phase 1 Completion Date and the Scheduled Completion Date. We have therefore applied liquidated damages assessed by the Lessee and Port Authority over the full delay period.

The tables below provide a description of the 5 different scenarios noting the short-term premium for the first three months following default, and the total premium replacement cost calculated:

Replacement DB Contractor Premium Summary		Short Term Premium		Total Premium		Anticipated Delay (weeks)
		Amount	% of Construction Price	Amount	% of Construction Price	
1	Mobilization Complete	63,236,451	2.8%	330,270,451	14.4%	16
2	Phase 1 Foundations & Structural Steel Ongoing	73,131,222	3.2%	405,634,222	17.7%	20
3	One Month After Peak Cashflow	89,239,241	3.9%	425,194,241	18.5%	24
4	Existing Terminal 7 Demolition Ongoing	30,864,854	1.3%	233,380,854	10.2%	24
5	Phase 2 Building Enclosure Complete	37,871,542	1.6%	150,025,542	6.5%	16
Proposed Liquid Security		[10%]				
Proposed Liability Cap				35%		

We have analyzed the adequacy of the security from two perspectives: Total and Liquid. The Total security adequacy evaluates the ability of the full security package to cover the premium cost to replace the Design-Builder. The Liquid security analysis looks at the adequacy of the Design-Builder's liquid security to cover the immediate costs (i.e. those required to be paid in the first three months following insolvency).

We note the total premiums identified in the scenarios above include delay liquidated damages for approximately 16 to 24 weeks of delay, which equates to $\pm 1.7\%$ to 5.0% of the Contract Price.

The likelihood of both the Design-Builder and Parent Company becoming insolvent is in our opinion extremely low, and represents a worst-case scenario given the strength of AECOM Hunt.

The Design-Builder's [35%] liability cap is adequate to cover the total replacement premium and the proposed liquid security is adequate to cover the short-term replacement premiums calculated in each of our five Design-Builder replacement scenarios noted above.

9.0 *Operations and Maintenance*

9.1 Introduction

The Lessee will be responsible the performance of all Operations and Maintenance Work during the Term as follows (Section 11 of the Lease):

- The Lessee's obligation for the Operations and Maintenance Work for the Existing Terminal Facilities will begin on the Terminal 7 Parcel Lease Commencement Date until the Existing Terminal Facilities are decommissioned and demolished; and
- The Lessee's obligation for the Operations and Maintenance Work for each Partial Occupancy Portion of the New Terminal Facilities will begin when a Temporary Certificate of Authorization to Occupy or Use is issued.

The Lessee will be responsible for operation and maintenance of all airside and landside areas within the Premises, except as expressly described otherwise in the Lease or Project Documents. The Lessee shall perform the operations and maintenance work in compliance with its obligations in Exhibit [●] Performance Standards and Measurement Provisions.

The Lessee will enter into a Management Services Agreement ("MSA") with the QTO. The QTO will provide the day-to-day management of the Lessee's business and operations, including project management, operational readiness and transfer services, terminal management and concession management (Section 11(g)(2) of the Lease).

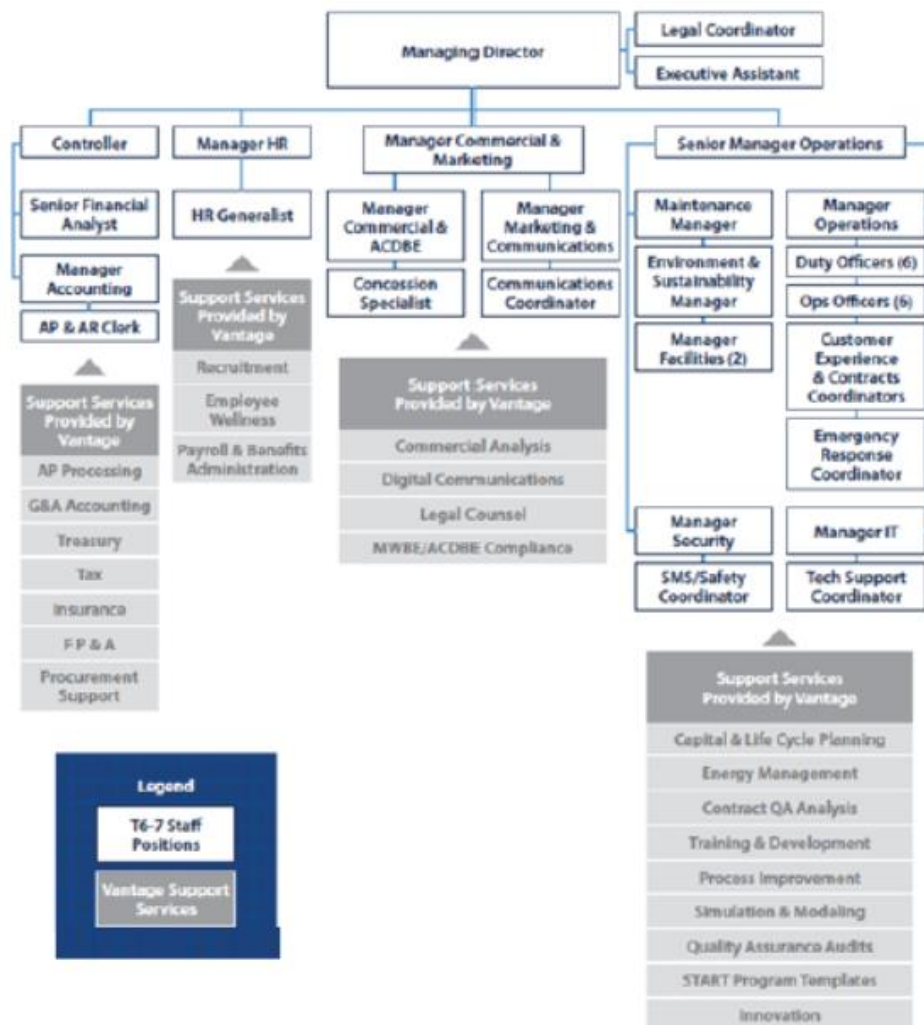
BTY to confirm the transfer of the Lessee's risk related to the Operations and Maintenance Work to the QTO upon receipt and review of the MSA.

9.2 Approach to O&M

The QTO will utilize their corporate offices in New York and Vancouver to facilitate and support their on-site services and programs, this includes the following:

- Training and development;
- Modelling;
- Quality assurance;
- Market analysis;
- Simulations;
- Innovation process improvements;
- Energy management and sustainability; and
- Capital and lifecycle planning.

The following draft O&M Organization Chart provides a detailed understanding of the roles and channels of communications within the QTO. We note that the QTO will continue refining its O&M Organization Chart as the design and O&M plans develop ahead of Financial Close.



The QTO will integrate an O&M approach resulting from experience on its other airport operations, including LaGuardia Terminal B. Key elements include:

- Safety and security;
- Communication;
- Strong stakeholder relationships; and
- Effective organizational structure.

The day-to-day operations include a continuous monitoring program utilizing a proprietary Safety Management System and Security Management System, which provide early warning indicators for safety-critical tasks. This will be utilized in conjunction with updated technology wherever applicable including CCTV, people tracking and curb management. All these elements are useful tools in managing terminal congestion and vehicle flows. Periodic congestion within the Project will be mitigated with the use of additional personnel as needed, while regularly testing their emergency readiness and response through internal tabletop exercises and live exercises.

A senior operations representative will be appointed and serve as the main point of contact for the Lessee, and will have direct access and provide information and coordination. This will allow for accurate and timely communication and reduce the risk of delays in communication protocols.

The QTO will manage and execute some tasks through the use of third-party service providers who will be carefully selected based on their expertise in their respective fields. The QTO has depth of experience in New York in selecting qualified third-party service providers (e.g. based on its successful LaGuardia experience). They will be regularly monitored and audited to make sure proper protocols and processes are being carried out. Some of the third-party services include:

- Snow removal;
- Security (incl. goods screening, employee screening, curbside management);
- Janitorial/cleaning;
- Waste/recycling;
- Pest control;
- Septic systems; and
- Baggage system operation and maintenance.

The QTO will utilize KPI's in order to maintain an elevated performance level during the O&M term, this includes the use of internal audits for all functional areas in order to monitor trends and create value-add innovations. They will also integrate their "Whole Life Maintenance" strategy which helps balance costs with respect to operations and capital expenditures, and maximize the net present value for the Project. The Whole Life Maintenance philosophy includes the following elements:

Design:

- Needs assessment
- Best practices
- Procurement stage selection process
- Use of a common platform

Construction:

- Work planning and scheduling
- Commissioning
- Testing, training and trials

Operation and Maintenance:

- Centralized maintenance
- Specialized third party experts
- Predictive budgeting through scheduled maintenance
- Optimized personnel

Renovation/Replacement:

- Condition performance
- Decommissioning
- Maximized asset service life

The QTO will use software to track the service life of all components in order to prevent system failures and extend asset lifecycles. They will do this by obtaining day-to-day maximum performance information from every airport within their portfolio, informing them on the reliability of various assets and systems. This will enable higher asset reliability and more performance predictability.

The QTO has a structured organization and performance plan that is consistent with anticipated operations procedures and is overall in a position to mitigate risks and unknown factors.

9.3 O&M Pricing

The Operations & Maintenance Cost Model can be summarized as follows [subject to refinement prior to Financial Close]:

Services	T6 Annual	Phase 1 - Cost/sf	T6&7 - Annual	Phase 2/Complete - Cost/sf
Area (sf)		836,392		1,165,326
Ground Transportation Centre	[\$500,000]	\$1	[\$500,000]	\$0
Personnel or Staffing Costs	[\$11,124,944]	\$13	[\$10,550,420]	\$9
General & Admin	[\$908,400]	\$1	[\$908,400]	\$1
Contracted Services	[\$22,622,000]	\$27	[\$33,200,800]	\$28
Utilities	[\$11,456,000]	\$14	[\$15,209,200]	\$13
Repairs & Maintenance	[\$1,412,073]	\$2	[\$2,685,028]	\$2
Total	[\$48,023,417]	\$57	[\$63,053,848]	\$54

The O&M pricing shown above is preliminary and continues to be refined. BTY will provide additional detail and commentary/conclusions upon receipt and review of further updates to the Operations & Maintenance Cost Model and the Lifecycle Model.

9.4 Assessment of O&M Pricing

The assessment of the Operations & Maintenance Cost Model will be included in future versions of this report upon receipt and review of the O&M Pricing and discussions with the QTO.

9.5 Subcontracted Services

A list of the services that the QTO intends to subcontract are identified in the table below.

Subcontracted Services
Snow Removal
Security
Janitorial/cleaning
Waste/recycling
Pest control
Septic systems
Baggage systems operation and maintenance
Passenger Boarding Bridges
Facility Maintenance

9.6 Plans and Reports

The Lessee is required to provide a number of plans for the provision of the Operations and Maintenance Work, including the following (Section 1.5 of Section C of the RPW):

- Concept of Operations Plan;
- Operations & Maintenance Plan (“O&M Plan”);
- Maintenance Manual;
- Airside Operations Manual;
- Comprehensive Security Plan;
- Terminal Emergency Response Plan;
- Terminal Management Manual;
- Safety Management System Manual; and
- Environmental Management Manual.

BTY considers these requirements of the Operations and Maintenance Term Requirements as appropriate and in-line with similar agreements in North America.

9.7 Services Provided to the Lessee

The Port Authority will sell, furnish and supply the following services to the Lessee for use on the Premises (Section 39(b) of the Lease):

- Electricity;
- Sewerage; and
- Domestic Cold Water.

The Port Authority has entered into the Cogeneration Agreement with KIAC Partners (“KIAC”), dated April 28, 1993, for the construction, installation and operation of a Cogeneration Facility to produce electricity, Hot Water and Chilled Water and a thermal distribution system (“TDS”) at the Airport. Under the Cogeneration Agreement, the Port Authority will purchase all of the Lessee’s requirements for Hot Water and Chilled Water from KIAC and sell it to the Lessee (Section 40(a)(1) of the Lease).

The Port Authority will establish estimated unit rates each Calendar Year for the consumption of Hot Water and Chilled Water and will provide the Lessee with an estimated bill each month, which the Lessee will pay on a monthly basis. At the end of each Calendar Year, the Port Authority will determine the amounts payable by the Lessee and provide the Lessee with a final billing, which will be reconciled with the estimated monthly bills with a payment adjustment to reflect any over or under payments (Section 40(b)(1)(iv) of the Lease).

9.8 Conclusion

We note the following:

- BTY to confirm the transfer of the Lessee’s risk related to the Operations and Maintenance Work to the QTO in future versions of this report upon receipt and review of the MSA;
- The QTO has a structured organization and performance plan that is consistent with anticipated operations procedures and is overall in a position to mitigate risks and unknown factors;
- Vantage has a long track record of successfully managing airports, including its experience at LaGuardia Terminal B in the New York market; and
- BTY to provide conclusions in future versions of this report upon receipt and review of the MSA, O&M pricing, and discussions with the QTO.

10.0 *Lifecycle*

10.1 Introduction

The Lessee will perform Major Maintenance to meet the Handback Requirements and to maintain compliance with the performance measures and standards in Section 11 of the Lease (Section 86(a) of the Lease).

The Lessee will prepare an Asset Preservation Schedule, which will be updated throughout the Term to reflect then-existing conditions of the Premises, changes in the estimated cost of Asset Preservation Work, changes in technology, changes in the means and methods of performing Asset Preservation Work and planned withdrawals from the Major Maintenance Reserve Fund for the next five Calendar Years (Section 86(b) of the Lease).

BTY to confirm the transfer of the Lessee's risk related to the Major Maintenance and Handback Requirements to the QTO in future versions of this report upon receipt and review of the MSA.

10.2 Lifecycle Cost Model

The Lifecycle Cost Model will be summarized in future versions of this report upon receipt and review of the Lifecycle Model and discussions with the Manager.

The profile of the Lifecycle Cost Model will be graphically depicted in future versions of this report upon receipt and review of the Lifecycle Model.

10.3 Assessment of Lifecycle Costs

This section of the report will be completed upon receipt and review of the Lifecycle Model and discussions with the Manager.

10.4 Handback Requirements

On the Expiration Date, the Lessee will hand the Premises back to the Port Authority in a condition that meets the Handback Requirements (Section 87(a) of the Lease).

The Handback Requirements require the Lessee to hand back the assets fit for purpose, fully functional and in the following condition, as rated by the Port Authority Enterprise Condition Rating Protocol (Section 2.12 of Section C of the RPW):

- "Good" condition (rating condition grade 2) or better for Critical Assets; and
- "Fair" condition (rating condition grade 3.4) or better for all other assets.

The parties will perform a joint Pre-Handback Inspection of the Premises prior to the Expiration Date to determine the condition of the premises and the residual life of the assets and to revise the Capital Asset Management Plan. The Lessee will be responsible for correcting any Defects identified in the Pre-Handback Inspection by the Expiration Date.

Five years before the end of the Term, the parties will jointly appoint an independent consultant to provide an estimate of the costs to meet the Handback Requirements (the "Handback Amount"). The Lessee will establish a Handback Reserve Fund for the sole and exclusive benefit of the Port Authority, which will be funded to 115% of the Handback Amount. The independent consultant will provide an annual assessment of the Handback Amount. If there is an excess of funds in the Handback Reserve Fund, the excess funds will be released to the Lessee (Section 87(d) of the Lease).

The Port Authority will be entitled to withdraw funds from the Handback Reserve Fund during a two-year period beginning on the Expiration Date if any portion of the Premises does not satisfy the Handback Requirements. After the expiration of the two-year period, any remaining funds in the Handback Reserve Fund will be released to the Lessee.

10.5 Major Maintenance Reserve Requirements

The Lessee will establish and fund the Major Maintenance Reserve Fund as follows (Section 86(c) of the Lease):

- On Substantial Completion of Phase 1, the Lessee will fund the T6 Major Maintenance Reserve Fund, which will be used to pay the cost of Major Maintenance at the New Terminal Facilities on the Terminal 6 Parcel; and
- On Substantial Completion of Phase 2, the Lessee will fund the T7 Major Maintenance Reserve Fund, which will be used to pay the cost of Major Maintenance at the New Terminal Facilities on the Terminal 7 Parcel.

If the Lessee fails to perform any Major Maintenance by the times identified in the Asset Preservation Schedule, the Port Authority will notify the Lessee, which will be considered a notice of default under the Lease. If the Lessee fails to complete the Major Maintenance within 30 days, then the Port Authority may either declare an Event of Default or perform the Major Maintenance at the sole cost of the Lessee, which will be paid for by drawing on the Major Maintenance Reserve Fund (Section 86(c)(6) of the Lease).

The Lessee is entitled to object to any notice delivered by the Lessee if it has completed the Major Maintenance or if the Major Maintenance is not yet required. The parties will then have 30 days to meet and agree on the dispute, after which the matter will be referred to the Dispute Resolution Procedure (Section 86(c)(7) of the Lease).

The Major Maintenance Reserve funding requirements will be determined in the financing documents. The intent is to fund the reserve account on a rolling 3-year look forward calculation so that the balance equals:

- 100% of the lifecycle costs in year $n+1$;
- 66% of the lifecycle costs in year $n+2$; and
- 33% of the lifecycle costs in year $n+3$.

We consider the Major Maintenance Reserve funding requirements to be in-line with previous P3 projects.

10.6 Joint Periodic Condition Survey

The Port Authority will perform a Condition Survey, not more often than every 5 years after Substantial Completion of Phase 1. The Port Authority will notify the Lessee of the proposed Condition Survey including the name of the proposed Condition Survey Contractor, scope and fee structure. The Lessee will have 30 days to object to the proposed Condition Survey Contract, in which case the parties will consult in good faith to resolve the dispute. If the dispute is not resolved in 30 days, then the Port Authority may make a decision, which will be final (Section 55(b) of the Lease).

The Lessee and Port Authority will equally share the Condition Survey Costs, except for the Exit Baseline Report, which will be fully paid for by the Lessee (Section 55(d) of the Lease).

Following the issuance of a Condition Survey Report, the Lessee and Port Authority will have 90 days to agree on all actions required to meet the Lessee's maintenance and repair obligations. If cannot agree on any action within 90 days, the Port Authority may make a determination, which will be final (Section 55(e) of the Lease).

The Condition Survey requirement is typical for P3 projects.

10.7 Lifecycle Payment from the Lessee to the Manager

BTY will complete this section in future versions of this report upon receipt and review of the MSA.

10.8 Conclusion

We note the following:

- BTY to confirm the transfer of the Lessee's risk related to the Major Maintenance and Handback Requirements to the QTO in future versions of this report upon receipt and review of the MSA; and

- This section will be completed upon receipt and review of the O&M pricing, Lifecycle Cost Model and discussions with the QTO.

11.0 *Payment Mechanism*

11.1 Introduction

The Project is a revenue risk deal with the Lessee collecting rent from concession and airline tenants. The Lease includes an Excess Value Rent revenue sharing mechanism whereby the Lessee will share rental revenue with the Port Authority after it achieves certain predefined return thresholds.

The Lessee will be responsible for making a series of rental payments to the Port Authority during the Term.

11.2 Milestone Payments

The parties have agreed to the following Milestone Payments (Section 81 of the Lease):

Milestone Payment	Value	Payable By	Milestone Payment Date
Port Authority Payment for replacement of the KIAC back-up fuel supply line	[\$900,000]	Port Authority	[September 1, 2023]
Lessee Milestone Payment for Roadways	[\$23M]	Lessee	[September 1, 2023]
Lessee Milestone Payment for Backup Power Supply	[\$9M]	Lessee	[September 1, 2023]
Central Maintenance of Traffic	[\$13.8M]	Lessee	[●]
Total	[\$44.9M]		

11.3 Market Testing

The Lease does not require benchmarking and market testing.

11.4 Rent Payments

Throughout the Term, the Lessee is required to pay the following rent payments to the Port Authority (Section 4 of the Lease):

- Ground Rent, equal to \$148,300 (2018\$) per acre per year for the Premises (Section 97 of the Lease). The Ground Rent will be paid monthly through payments of 1/12th the full amount beginning on the Effective Date. The Ground Rent will be escalated each year by the greater of (1) 4%, or (2) 50% of the percentage change in CPI for the New Year;
- If the Lessee has entered into a Leasehold Mortgage, the Lessee will pay the First Additional Rent equal to \$500,000 per year for each Leasehold Mortgage. Payments will begin at Substantial Completion of Phase 1 and last until all amounts secured by the Leasehold Mortgage have been repaid in full;
- Beginning on the Terminal 7 Parcel Lease Commencement Date, the Lessee will pay the Second Additional Rent. The Second Additional Rent (equal to \$44M) will be paid monthly through payments of 1/12th of the full amount. The Second Additional Rent will be escalated by 3% each year;
- Beginning on the Third Additional Rent Commencement Date, the Lessee will pay the Third Additional Rental (equal to \$4.9M and can be deferred in certain circumstances) as additional compensation to the Port Authority for letting the Premises in equal monthly installments, which will be paid on a subordinated basis; and

- Beginning on the Terminal 7 Parcel Lease Commencement Date, the Lessee will pay the Concession Revenue Rent to the Port Authority, based either on a share of concession revenues payable to the Lessee or a formula based on enplanements through the terminal facilities.

11.5 Payment Adjustments

The QTO's performance of the O&M Work in the New Terminal Facilities will be measured against applicable KPIs and may be subject to deductions up to the Maximum Deduction or receive incentive payments up to the Maximum Incentive in accordance with the provisions described in Exhibit [●]: KPIs (Section 11 of the Lease).

[NTD: The definitions of Maximum Deduction and Maximum Incentive will be defined in the Performance Standards and Measurement Provisions Exhibit. These definitions impact the performance measures of operational requirements in the New Terminal Facilities. This section will be completed upon the receipt and review of Exhibit [●]].

11.6 Performance Thresholds

The Project includes a deduction regime and the provisions of the QTO to perform KPIs will be outlined in Exhibit [●]: Performance Standards and Measurement Provisions.

[NTD: BTY will complete this section upon receipt and review of Exhibit [●]: Performance Standards and Measurement Provisions].

11.7 Response Times

[NTD: BTY will complete this section upon receipt and review of Exhibit [●]: Performance Standards and Measurement Provisions]

11.8 Rectification Periods

[NTD: BTY will complete this section upon further the receipt and review of Exhibit [●]: Performance Standards and Measurement Provisions]

11.9 Temporary Repairs

[NTD: BTY will complete this section upon receipt and review of Exhibit [●]: Performance Standards and Measurement Provisions]

11.10 Phase-In Period

[NTD: BTY will complete this section upon receipt and review of Exhibit [●]: Performance Standards and Measurement Provisions]

11.11 Delay Events

The Lease defines Delay Events any of the following events or conditions (Section 2(ff) of the Lease):

- The occurrence of any Force Majeure Event;
- The Lessee discovers an Unknown Condition that adversely impacts the D&C Work. Unknown Conditions include Unknown Archaeological Remains, Unknown Endangered Species, Unknown Facilities and Unknown Hazardous Substances, excluding any which the Lessee should have known or is deemed to have known about prior to the Effective Date;
- The existence of any agreement, easement, right of entry, covenant, condition, restriction or other instrument to which the New Terminal Facilities or Off-Premises Facilities are subject and which materially interferes with

the performance of the D&C Work and was not known to the Lessee, or is not apparent upon inspection of public records, or cannot be reasonably inferred from, the Available Documents or publicly available information, and could not reasonably have been identified through review and analysis of Available Documents or publicly available information;

- The issuance of any injunction, restraining order or other similar legal order by a court of competent jurisdiction under Applicable Law based on a claim that challenges the Port Authority's authority to enter into the Lease which prohibits or enjoins prosecution of the D&C Work;
- Any Rules and Regulations Change or the RPW Change that materially and adversely impacts the Lessee's performance of the D&C Work;
- Certain D&C Work suspensions by the Port Authority longer than 24 hours;
- The occurrence of any Compensation Event or event that would have constituted a Compensation Event but for a Force Majeure event with respect to the Port Authority or an Emergency;
- Any breach of the material obligations outlined in the Lease by the Port Authority; and
- Any failure by British Airways to comply with its surrender obligations in the British Airways Lease with respect to the Terminal 7 Parcel on or prior to the end of the Existing Terminal Facilities Sub Operating Period as a result of delayed completion of the Terminal 8 site.

The Lessee is required to give notice to the Port Authority within 20 Business Days following the date on which the Lessee first became aware that an event has occurred that the Lessee claims is or is likely to become a Delay Event.

A Delay Event that is agreed between the Parties occurring during the D&C Work Period affecting the performance of the D&C Work will:

- Excuse the Lessee from performance of its obligations to perform the D&C Work pursuant to the Lease but only to the extent that such D&C Work is directly affected;
- Extend the Scheduled Phase 1 Completion Date and/or the Scheduled Completion Date day-for-day for any delays in the performance of the D&C Work directly caused by such Delay Event using a Time Impact Analysis; and
- Permit the Lessee to implement a Value Engineering Lessee Change in order to achieve costs savings to minimize the impact of such Delay Event.

A Delay Event that is agreed between the Parties affecting performance of the O&M Work will excuse the Lessee from performance of its obligations to perform O&M Work pursuant to the Lease and with respect to the Lessee's obligations to satisfy and achieve certain KPIs will entitle the Lessee to adjustments (either temporary or permanently) as necessary to reflect the impact of such Delay Event upon the Lessee's ability to satisfy such obligations.

11.12 Compensation Events

Compensation Events are defined as (Section 2(ee)(1) of the Lease):

- Any Port Authority Change;
- The willful failure of the Port Authority to provide the Lessee Temporary Rights of Access to the Project;
- The willful failure to provide the Lessee with access to the Off-Premises Facilities within the time periods specified in the Baseline Schedule and/or complete the Port Authority Enabling Work by [●];
- Certain suspensions of the D&C Work by the Port Authority for longer than 24 hours;
- The Port Authority's direction to remove, uncover and restore D&C Work, in certain circumstances;

- Any failure of the Port Authority to respond to any request from the Lessee for review and/or approval of specified schedules, plans, design documents or other submittals within the Submittal Review Period;
- With respect to Governmental Approvals the Lessee is required to obtain during the D&C Work Period, any willful failure or delay by the Port Authority to provide information required by Applicable Law for the Lessee to obtain or comply with such Governmental Approvals that is specifically requested in writing, is in the possession of the Port Authority and is not otherwise available to the Lessee within 30 days after a written request from the Lessee; and
- Willful failure by the Port Authority to provide their signature within a reasonable time period (not less than 10 business days) following the Lessee's request in order to obtain various Governmental Approvals.

If the events described above are not classified as Compensation Events due to the occurrence of a Force Majeure event, it is required that the Parties coordinate with each other to resume the performance regarding the event after the termination of such Force Majeure Event.

It is the Lessee's responsibility to prove the occurrence of a claimed Compensation Event and Lessee Damages. The Lessee is required to provide the Port Authority with written notice within 20 Business Days following the date on which the Lessee first becomes aware that an event has occurred that the Lessee is claiming to be a Compensation Event ("Compensation Event Notice"). The Compensation Event Notice must describe the following (Section 2(ee)(2) of the Lease):

- The claimed Compensation Event and its date of occurrence, described in reasonable detail;
- Any underlying disagreement or ambiguity of a technical nature contributing to or affecting the claimed Compensation Event;
- The amount claimed as Lessee Damages;
- Evidence demonstrating that the Lessee could not avoid the Compensation Event without incurring material cost or delays;
- Evidence demonstrating the Lessee's efforts to off-set Lessee Damages; and
- A written analysis and calculation for the Lessee Damages. If the required details for the written analysis and calculation are not available within this 20 business-day period, the Lessee may submit an estimate of the Lessee Damages and a written analysis no more than 30 days following the initial Compensation Event submission.

If the Port Authority rejects the Lessee's Compensation Event Notice, the Lessee will have the opportunity to correct the issues within three Business Days following the Port Authority's notification of rejection.

Following the submission of the Compensation Event Notice, the Port Authority may choose to hire a technical consultant, at their own cost and expense, to prepare a report regarding the Lessee Damages estimate and claimed Compensation Event. If the Port Authority concludes that the Lessee Damages are incorrect, the Lessee is responsible to reimburse the Port Authority for the costs of the technical consultant (Section 2(ee)(2)(iv) of the Lease).

The Lessee Damages with respect to any Compensation Event will be the sum of (Section 2(ee)(3) of the Lease):

- Any adverse Net Cost Impact with respect to a Port Authority Change; and
- Solely with respect to a Port Authority Change, any additional amount payable to the Lessee.

If the Lessee Damages required to be paid by Port Authority are due to a Port Authority Change, the Port Authority will not be required to pay any Lessee Damages until such Lessee Damages exceed the sum of:

- The Port Authority Contingency Amount; and
- The Port Authority Additional Contingency Amount.

The Lessee Damages will be net of all applicable insurance proceeds payable to the Lessee and the Contractors associated with the Compensation Event and include the costs of asserting the claim for insurance proceeds and any increased insurance premiums (Section 2(ee)(3) of the Lease):

If a Compensation Event occurs, the Lessee will be entitled to Lessee Damages, which will be payable as follows (Section 2(ee)(4) of the Lease):

- If the Lessee Damages is for prior D&C Work Costs which have already been incurred by the Lessee or its Contractor, the Port Authority will pay a lump sum amount within 40 Business Days unless otherwise agreed to by the Lessee;
- If the Lessee Damages is to pay for future D&C Work Costs, then the Port Authority will either pay the Lessee as the costs are incurred, or as a lump-sum payment equal to the net present value of the Lessee Damages;

11.12.1 FORCE MAJEURE EVENTS

If the performance by the Port Authority or the Lessee (the “Affected Party”) is delayed or prevented by any of the following (subject to certain limitations) (Section 45 of the Lease):

- Unforeseeable Law, rule, regulation, order, injunction or other action adopted or taken after the Effective Date by any Governmental Authority with jurisdiction over the airport or actions taken by Lessee-Related Entities in accordance with the Lease;
- Acts of God, floods, storms, war, civil disorder, terrorist act, public enemy, strike, labor dispute, shortages of materials, fuel, power; or
- Any other cause not within the control of the Affected Party to remedy.

In any of these circumstances, the Affected Party will be excused from performing their obligations described in the Lease and will not be classified as a violation to the Lease, to the extent that Affected Party’s performance is affected by the Force Majeure Event.

11.13 Payment Mechanism Calibration

This section will be completed in future versions of this report upon receipt and review of the Performance Standards and Measurement Provisions.

11.14 Conclusion

This section will be completed in future versions of this report upon receipt and review of the Performance Standards and Measurement Provisions and discussions with the Lessee and QTO.

12.0 Documentation

We have completed this review based on an examination of the following documents, amongst others:

- a) Lease, draft dated August 11, 2021;
- b) Design-Build Agreement Term Sheet, dated March 12, 2020;
- c) Section A – Requirements & Provisions for Design and Construction Work – General Provisions, dated July 22, 2021;
- d) Section B – Requirements & Provisions for Design and Construction Work – Technical Requirements, dated July 22, 2021;
- e) Section C – Operations & Maintenance Term Requirements, dated July 22, 2021;
- a) Term Sheet: JFK Terminal 7 Premises Transfer and Cooperation Agreement, S&C Draft of October 15, 2019;
- b) Preliminary Geotechnical Data Report (Revision 2), dated October 11, 2019;
- c) Environmental Document Review Report for Terminal 7, dated May 2020;
- d) Environmental Document Review Report for Terminal 6, dated May 2020;
- e) Finding of No Significant Impact Record of Decision, dated April 21, 2020;
- f) Terminal 6 Development Comprehensive Basis of Design (Revision 02), dated August 13, 2021;
- g) DESIGN_2021-08-02_JFK T6-T7_15% Piles and Foundations, dated August 2, 2021;
- h) DESIGN_2021-08-02_JFK T6-T7_15% Electrical, dated August 31, 2021;
- i) DESIGN_2021-08-02_JFK T6-T7_15% Mechanical, dated August 31, 2021;
- j) DESIGN_2021-08-02_JFK T6-T7_30% Structural, dated September 9, 2021;
- k) SCHED_2021-10-22_JFK T6-T7_Draft Preliminary Baseline Schedule, dated October 22, 2021;
- l) Interim Progress Estimate REV 1 (by Bid Package)_2021.10.25, dated October 25, 2021;
- m) Interim Progress Estimate REV 1 (Terminal Only)_2021.10.25, dated October 25, 2021;
- n) JFK T6 – Interim Progress Estimate REV 1 (HVAC and Electrical Reformatted)_2021.10.25, dated October 25, 2021;
- o) 01_Interim Progress Estimate REV 1 (by Uniformat)_2021.10.25, dated October 25, 2021;
- p) 02_Market Input Summary_2021.10.25, dated October 25, 2021;
- q) 04_GC and GR Estimate_2021.10.25, dated October 25, 2021;
- r) 05_Design and Professional Services Estimated Costs_2021.10.25, dated October 25, 2021;
- s) 07_Estimate Comparisons (Interim)_2021.10.25, dated October 25, 2021;
- t) 08_Estimate Clarifications_2021.10.25, dated October 25, 2021;
- u) COST_2021-09-24_JFK T6-T7_Total Project Cost for Construction;
- v) 2021-11-04_JFK T6 Contingency Summary, dated November 4, 2021;
- w) JFK T6 – Monthly Cost Projections (Interim Progress Estimate and Schedule), dated October 25, 2021;
- x) Interim Agreement, dated August 24, 2021;
- y) T7-T6Ph1-T6PhSS O&M Model 20211025, dated October 25, 2021.

The following documentation is outstanding:

- z) Life Cycle Model;
- aa) Design-Build Agreement;
- bb) Facility Maintenance Services Agreement PPA;

13.0 *Reliance on Report*

This report has been prepared by BTY US LLC at the request of JFK Millennium Partners (the “Sponsors”) for the reliance of the Lenders. The Lenders are to provide debt finance to the Lessee in connection with the Project.

This report has been prepared in accordance with the scope of BTY’s engagement with the Sponsor and is subject to the terms of that appointment. This report is for the sole and confidential use and reliance of the Sponsor and the Lenders. BTY, its directors, staff or agents do not make any representation or warranty as to the factual accuracy of the information provided to us on behalf of the Lessee, its sub-contractors or agents, or the Port Authority, upon which this report is based.

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Any advice, opinions, or recommendations within this document should be read and relied upon only in the context of this report as a whole. The contents of this report do not provide legal, insurance or tax advice or opinion.

This report is intended to provide a review of the fundamental technical features of the Project and provide an overview of the risks and mitigants of the Developer’s plan with regards to the construction and operation of the Project.



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