

ALBANY COUNTY AIRPORT AUTHORITY
ALBANY INTERNATIONAL AIRPORT
ADMINISTRATION BUILDING
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APPROVED

**Minutes of the Special Telephonic Meeting
of the Albany County Airport Authority
May 23, 2011**

**ACAA Approved
06/06/11**

Pursuant to notice duly given and posted, the Special Telephonic Meeting of the Albany County Airport Authority was called to order via telephone conference on Monday, May 23, 2011 at 2:07 pm in the 2nd Floor Conference Room in the Administration Building, located at the Albany International Airport by Chair David E. Langdon with the following present:

MEMBERS PRESENT

David E. Langdon, Chair
Tony Gorman
Elliott A. Shaw
Dorsey M. Whitehead

MEMBERS ABSENT

Rev. Kenneth J. Doyle
Dennis J. Fitzgerald

STAFF

John A. O'Donnell
Bill O'Reilly

Peter F. Stuto
Liz Charland

ATTENDEES

None

Chair Langdon noted that there was a quorum.

1. Lease Agreement: Sublease Between AFCO Cargo ALB Limited Partnership and General Services Administration (GSA) Lease No. GS-02B-23843 Building: NY7351ZZ - 44 Kelly Road, Latham, New York; and Subordination and Attornment Agreement by and among the AFCO Cargo ALB Limited Partnership, GSA and the Authority.

Mr. O'Donnell stated that pursuant to Article XI, Paragraph C of the Authority's Air Cargo Facility Agreement ("Master Lease"), AFCO is required to request approval from the Authority for any leases to tenants of the cargo building.

This is a lease between AFCO and GSA for a fifteen year term (with an option of GSA to terminate after five years) at the cargo building for 5,000 SF of warehouse and office space. For Years 1-5, the base rent will be \$6.00/SF plus Common Area Maintenance (CAM) charges of approximately \$3.38/SF for an annual total rent of \$46,900. In addition, the Authority will finance the fit up of the space to a maximum allowance of \$41,456. GSA will pay the fit-up costs to AFCO in the form of additional rent of up to \$1.66/SF during the first five years of the lease. AFCO has agreed to treat the additional rent for fit-up costs as an annual debt service expense payable to the Authority at 4% interest under the Master Lease.

GSA has an option to terminate the lease at any time after the fifth year by giving at least ninety (90) days notice. If the termination option is not exercised, the base rent will increase 15% in year six, and an additional 15% in year eleven.

Since the Master Lease between AFCO and the Authority expires in 2023, and this Lease could potentially run until 2026, the Authority needs to execute the attached Subordination and Attornment Agreement, in which the Authority agrees to honor and abide by the terms of the Lease with GSA.

Mr. O'Donnell asked if Chair Langdon would be available to sign the Subordination and Attornment Agreement tomorrow, May 24th. Chair Langdon advised that he would stop in our office tomorrow and sign the Subordination and Attornment Agreement.

Chair Langdon asked what exactly was the purpose of the lease; what the space was going to be used for; who is getting the rent money; and why do we have to sign the Agreement.

Mr. Stuto stated that the Authority entered into the Air Cargo Facility Agreement with AFCO. He stated that under the Facility Agreement AFCO may sign leases which the Authority must approve. AFCO has signed a lease agreement with General Services Administration (GSA). AFCO is now seeking the Authority's approval of the lease.

Mr. O'Donnell stated that GSA will be providing space to the FBI.

Chair Langdon asked what the revenue distribution was. Mr. O'Reilly stated that AFCO collects all of the rent, pays the operating expenses, reimburses the Authority for financing costs and then shares the net results with us on a 50/50 split.

Chair Langdon asked if at this time we were making anything with this deal. Mr. O'Reilly explained that the 50/50 split of net revenue with AFCO has resulted in a sharing of a modest loss since DHL pulled-out and we are sending periodic checks for our share of the net loss, but we hope to eliminate the net loss with additional rent from new tenants like this.

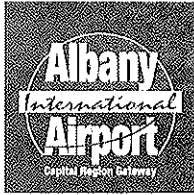
Chair Langdon asked how often AFCO was audited. Mr. O'Reilly advised that we can audit them any time, but we don't have any reason to be skeptical of them at this time as they provide a 25 page report annually and we have copies of all leases, operating costs, including utilities bills, and are confident we know what the cargo facility revenues and expenses are.

Mr. Shaw moved to authorize Lease Agreement: Sublease Between AFCO Cargo ALB Limited Partnership and General Services Administration (GSA).

A role call vote was called. Mr. Stuto verbally polled Mr. Whitehead, Mr. Gorman, Mr. Shaw and Chair Langdon as to each of their individual votes. Each responded "yes" to approve the Lease Agreement Between AFCO Cargo ALB Limited Partnership and General Services Administration (GSA) and the Subordination and Attornment Agreement. Mr. Stuto announced the vote as four in favor, none opposed, the resolution has been adopted.

The motion was adopted unanimously.

There being no further business, the meeting was adjourned at 2:17 pm



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**SPECIAL TELEPHONIC MEETING
AGENDA**

May 23, 2011

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