

**10396. RESOLUTION 11-26 - LEASE TERMINATION AGREEMENT
BETWEEN THE DELAWARE RIVER AND BAY AUTHORITY AND XO JET**

WHEREAS, The Delaware River and Bay Authority (the "Authority"), is the operator of the New Castle Airport; and

WHEREAS, XO Jet currently leases approximately 43,260 rentable square feet of space in the building commonly referred to as the 142 Old Churchmans Rd. Hangar pursuant to that certain Lease Agreement ("Agreement") dated November 20, 2007 between the Authority and XO Jet; and

WHEREAS, due to drastic changes in the economy and a change in XO Jets overall business strategy, XO Jet is looking to restructure its operations and terminate the Agreement; and

WHEREAS, XO Jet has agreed to pay an early termination fee of One Hundred Forty-Five Thousand Two Hundred Three and 96/00 Dollars (\$145,203.96); and

WHEREAS, the Authority and XO Jet agree that the Agreement shall expire on July 31, 2011.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to finalize the terms and conditions of the Lease Termination Agreement with XO Jet and, with the advice and consent of counsel, to have such Lease Termination executed by the Chairperson, Vice Chairperson, and the Executive Director.

A motion to approve Resolution 11-26 was made by Commissioner Favre, seconded by Commissioner Green, and approved by a roll call vote of 8-0.

Resolution 11-26 Executive Summary

Resolution:	Authorizing the Termination of a Lease Agreement between the Delaware River and Bay Authority and XO Jet
Committee:	Economic Development
Committee Date:	June 7, 2011
Board Date:	June 21, 2011
Purpose of Resolution:	To permit the Executive Director, Chairman and Vice Chairman to execute and deliver a Lease Termination Agreement for XO Jet at the New Castle Airport.

Background for Resolution:

XO Jet leased the hangar facility in November of 2007 by Resolution 07-32 due to an expansion to the east coast from their home base in California. The lease was to expire on 2017, but XO Jet has an early termination clause that allows them to terminate in December of 2012.

When the economy changed they took on new investors and with that investment there was also a change of general leadership at XO Jet. The new leadership has made a change in general business philosophy and has relocated all of their aircraft from the airport.

The Authority has been working with XO Jet to find a new user for the hangar space. The Authority has a letter of commitment from a major aircraft manufacturer to lease the facility. The Authority has asked XO Jet to terminate their lease early to allow the Authority to enter into a lease agreement with this manufacturer. The termination payment equals three months' rent, the amount of time we expect to pass between the termination of the XO Jet lease and when a lease with the manufacturer can be executed.