

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, December 14, 2006

Report of World Trade Center Redevelopment Subcommittee	290
Report of Security Subcommittee	290
Report of Committee on Finance	290
Report of Committee on Construction	290
Report of Committee on Operations	291
Staff Reports	291
2007 Budget	292
2007-2016 Ten-Year Capital Plan	298
Portfields Initiative – Extension and Supplement of Memorandum of Understanding with New Jersey Economic Development Authority	299
Lincoln Tunnel – Bus Ramp Deck Replacement – Phase II – Project Authorization	301
Transparency in Governance	303
John F. Kennedy International and LaGuardia Airports – Video Surveillance Systems in Public Areas – Program Authorization	312
Elizabeth-Port Authority Marine Terminal – Authorization of Phase I of the North Avenue Corridor Improvements Project and Memorandum of Agreement with New Jersey Department of Transportation, New Jersey Turnpike Authority, County of Union and City of Elizabeth	314
Downtown Restoration Program – World Trade Center Site Streets, Utilities and Related Infrastructure Project – Increase in Planning Authorization and Award of Related Contract for Expert Professional Architectural/Engineering Services	318
Downtown Restoration Program – WTC Retail LLC – Planning Authorization	320

Downtown Restoration Program – Implementation of the World Trade Center Memorial and Cultural Project and Authorization of Related Agreements for Project Construction and Funding	322
Downtown Restoration Program – World Trade Center Site Redevelopment – Exercise of Option Years for Jones Lang LaSalle Advisory Services	326
Downtown Restoration Program – World Trade Center Tenant Parking – Planning Authorization	327
Downtown Restoration Program – Freedom Tower – Lease Agreement Between 1 World Trade Center LLC and New York State Office of General Services	329
Lincoln Tunnel – North Bergen Park-and-Ride Lot – NJ Transit Bus Operations, Inc. – Agreement LT-NB – Extension Agreement	330
Port Authority Bus Terminal and George Washington Bridge Bus Station – Inflationary Adjustment of Bus Carrier Fees for Commuter Bus Services	331
Authorization to Provide Funding to City of Jersey City, New Jersey for Public Safety Communications Center and Public Parking Facility	332
LaGuardia Airport – Replacement of High-Pressure Water Storage and Pump Station (Contract LGA-124.063) – Contract Termination and Settlement of Claims	334
Regional Alliance for Small Contractors, Inc. - Renewal of Participation	336
Authorization to Provide Funding to the Intrepid Museum Foundation, Inc.	338
George Washington Bridge Bus Station Redevelopment – Exclusivity Agreement with George Washington Bridge Bus Station Development Venture LLC	340
New York State and Local Employees’ Retirement System – Retirement Incentive Program	342
Settlement of Claim – CIGNA Property and Casualty Insurance Company, et al. v. The Port Authority of New York and New Jersey	344

MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, December 14, 2006 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

Hon. Anthony R. Coscia, Chairman
 Hon. Angelo J. Genova
 Hon. Raymond M. Pocino
 Hon. Anthony J. Sartor
 Hon. David S. Steiner

NEW YORK

Hon. Charles A. Gargano, Vice-Chairman
 Hon. Bruce A. Blakeman
 Hon. Michael J. Chasanoff
 Hon. Christine A. Ferer
 Hon. David S. Mack
 Hon. Henry R. Silverman

Kenneth J. Ringler, Jr., Executive Director
 Darrell B. Buchbinder, General Counsel
 Karen E. Eastman, Secretary

Terry Benczik, Client Manager, Government & Community Affairs
 A. Paul Blanco, Chief Financial Officer
 John D. Brill, Director, Audit
 Ernesto L. Butcher, Chief Operating Officer
 Wilfred Chabrier, Director, Office of Regional and Economic Development
 Rosemary Chiricolo, Assistant Director, Financial Services, Management and Budget
 Arthur J. Cifelli, Deputy Chief of Staff
 James N. Colangelo, Supervising Financial Analyst, Management and Budget
 Steven J. Coleman, Public Information Officer, Public Affairs
 William R. DeCota, Director, Aviation
 John C. Denise, Supervisor, Audio Visual/Photography, Public Affairs
 Pasquale DiFulco, Senior Public Information Officer, Public Affairs
 Michael P. DePallo, Director, PATH
 Francis A. DiMola, Director, Real Estate
 Sandra Dixon, State Legislative Representative, Government and Community Affairs
 John Drobny, Director, Project Management
 Iran H. Engel, Assistant Treasurer
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
 Ziomara Y. Foster, Senior Administrator, Office of the Secretary
 James P. Fox, Deputy Executive Director
 Michael B. Francois, Chief, Real Estate/Regional and Economic Development
 Linda C. Handel, Assistant Secretary
 Howard G. Kadin, Senior Attorney, Law
 Victoria C. Kelly, Director, Tunnels, Bridges and Terminals
 Louis J. LaCapra, Chief Administrative Officer
 Richard M. Larrabee, Director, Port Commerce
 Marc LaVorgna, Senior Public Information Officer, Public Affairs
 John G. Lesko, Senior Program Manager, Project Management
 Timothy Lizura, Director, World Trade Center Redevelopment
 Francis J. Lombardi, Chief Engineer
 Stephen Marinko, Attorney, Law
 Michael G. Massiah, Director, Management and Budget
 John J. McCarthy, Director, Public Affairs

James E. McCoy, Manager, Board Management Support, Office of the Secretary
Anne Marie C. Mulligan, Treasurer
William P. Myers, Program Director, Project Management
Lynn A. Nerney, Senior Administrator, Office of the Secretary
Antoinette Peterson, Associate Board Management & Support Specialist, Office of the Secretary
Steven P. Plate, Director, Priority Capital Programs
Alan L. Reiss, Deputy Director, Aviation
Cruz C. Russell, Director, Office of Policy and Planning
Edmond F. Schorno, Chief of Staff
Stephen Sigmund, Chief, Public and Government Affairs
Timothy G. Stickelman, Chief, Public Securities Law, Law
Gerry Stoughton, General Manager, Forecast and Capital Planning, Management and Budget
Sheree R. VanDuyne, Manager of Policies and Protocol, Office of the Secretary
Peter J. Zipf, Deputy Chief Engineer/Director of Engineering

Guests:

Sonia Frontera, Authorities Unit, Office of the Governor of New Jersey
Sanjay Mody, Invited Guest

Public Speakers:

Gary Kaskel, United Action for Animals
Stephen Musso, American Society for the Prevention of Cruelty to Animals
Sheree Ramsey, Humane Society of the United States

The public session was called to order by Chairman Coscia at 1:38 p.m. and ended at 2:15 p.m. The Board met in executive session prior to the public session. Commissioner Silverman was not present for the vote in executive session.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in executive session at its meeting on December 14, 2006, which included matters involving ongoing negotiations or reviews of contracts or proposals, matters related to the purchase, sale or lease of real property or securities, where disclosure would affect the value thereof or the public interest and matters related to the development of future Port Authority facilities or projects or the redevelopment of existing facilities or projects, and the report was received.

Report of Security Subcommittee

The Security Subcommittee reported, for information, on matters discussed in executive session at its meeting on December 14, 2006, which included matters involving public safety or law enforcement and matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed in executive session at its meeting on December 14, 2006, which included matters related to, or which could impact upon, the issuance, sale, resale, or redemption of Port Authority bonds, notes or other obligations, as well as on matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters discussed in public and in executive session at its meeting on December 14, 2006, which included a project for the second phase of the rehabilitation of the Lincoln Tunnel elevated roadway ramps in New York, a project for the implementation of improvements to the North Avenue Corridor in the vicinity of the Elizabeth-Port Authority Marine Terminal and Newark Liberty International Airport, and a contract for the expansion of the satellite connectors in Terminal B at Newark Liberty International Airport, and matters involving ongoing negotiations or reviews of contracts or proposals, and matters related to proposed, pending, or current litigation or judicial or administrative proceedings, as well as on matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on certain matters discussed and action taken in public session at its meeting on December 14, 2006, which included the acquisition of certain property in Staten Island, New York as part of the Hudson-Raritan Estuary Resources Program, as well as matters discussed in executive session, which included matters involving ongoing negotiations or reviews of contracts or proposals, matters related to the purchase, sale or lease of real property or securities, where disclosure would affect the value thereof or the public interest, and matters related to personnel or personnel procedures, as well as matters filed with the Committee pursuant to Board action or separately reported to the Board of Commissioners at this meeting of the Board, and the report was received.

Staff Reports

Presentations were made by staff on: the 2007 Budget; the 2007-2016 Ten-Year Capital Plan; the Portfields initiative; and the rehabilitation of the elevated roadway ramps which connect the Lincoln Tunnel to the Port Authority Bus Terminal and local New York City streets.

2007 BUDGET

The 2007 Budget for The Port Authority of New York and New Jersey, including the anticipated expenditures of its wholly owned corporate entities, provides for capital and operating expenditures during calendar year 2007 necessary to achieve the Port Authority's goals and objectives.

Building on the more than \$130 million savings achieved to date through the Organizational Effectiveness and Change Management effort, this Budget commits to a further reduction in full-time staffing levels of 50 positions by June 30, 2007, based on further comprehensive reviews of Port Authority staffing, business needs and performance.

The Port Authority exists to enhance the region's competitiveness and prosperity by providing transportation services that efficiently move people and goods within the region and facilitate access to the nation and the world. The Port Authority strives to better coordinate terminal, transportation and other facilities of commerce in the New York-New Jersey metropolitan region surrounding the Port of New York and New Jersey, and does so by identifying and meeting the critical transportation infrastructure needs that support bi-state commerce, as well as trade in both goods and services between the region and the rest of the nation and world.

The agency meets its responsibility primarily through planning, constructing, financing, and operating trade and transportation infrastructure. It does so within the context of objectives that include enhancing safety and security, implementing new technologies, maintaining and enhancing infrastructure, advancing the delivery of capital programs, increasing agency cost effectiveness, pursuing improvements in regional mobility, and advancing regional economic competitiveness.

The Budget serves as a financial planning tool that outlines estimated expenditures for fulfilling these objectives through programs already authorized or to be considered.

The 2007 Budget totals approximately \$5,704 million. It consists of \$2,324 million for operating expenses, \$2,505 million for gross capital expenditures, \$806 million for debt service charged to operations, and \$69 million for other expenditures.

The proposed 2007 Budget provides for, among other things, maintaining a heightened level of security at all Port Authority facilities, growth in the Port Authority police force, higher rent payments to the City of New York and the City of Newark in accordance with the terms of the municipal lease agreements, and continued Port Authority management of the World Trade Center (WTC) site to provide a safe, secure and clean environment to facilitate construction and PATH's increased ridership. In order to accommodate higher costs, the 2007 Budget reflects additional savings initiatives recommended through the agency's Organizational Effectiveness and Change Management process.

The 2007 Budget includes \$2,505 million in capital plan spending. Our most critical capital initiative continues to be the restoration of Lower Manhattan, and we will continue to work closely with the Federal Transit Administration, the Lower Manhattan Development Corporation, the Lower Manhattan Construction Command Center, the Metropolitan Transportation Authority, and the New York State Department of Transportation, as well as with the City of New York, and WTC office and retail net lessees. The 2007 Budget continues to assume uninterrupted payments from tenants at all facilities, as specified in their lease agreements, and reflects a full-year impact of higher public parking rates at Newark Liberty International Airport. The 2007 Budget also provides for direct assistance to the two States for transportation and economic development projects and spending to maintain existing Port Authority facilities in a state of good repair.

The Executive Director would be authorized to take action, in accordance with appropriate procedures, in the aggregate amount of \$3,049 million with respect to: professional, technical, or advisory services, as appropriate; contracts for maintenance and services, construction, commodities (materials, equipment and supplies) purchases; the purchase of insurance; the settlement of employee and patron claims; and other actions, including personnel benefit, classification, range and procedural adjustments, as provided in the 2007 Budget. The Executive Director would also be authorized to take appropriate actions reflecting changes in how the Port Authority funds and recognizes post-employment benefits other than pensions (OPEB), in accordance with Government Accounting Standards Board Statement No. 45.

A provision of \$590,000 is also included to reimburse the States of New York and New Jersey for expenses incurred by the two States, including staff costs, in reviewing the Port Authority's annual Budget and any amendments thereto.

Circumstances arose during the year 2006 that were not foreseeable or determinable when the 2006 Budget was prepared, which are estimated to cause total expenditures to amount to \$362 million lower than the amounts set forth in the 2006 Budget.

The Executive Director would be authorized to permit applications from the Consolidated Bond Reserve Fund during 2007. In connection with the effectuation of the Port Authority's capital program from time to time, and consistent with the 2007 Budget and capital program projections, it is desirable to establish a maximum amount for 2007 in connection with the Executive Director's authority to apply moneys in the Consolidated Bond Reserve Fund to the Capital Fund, subject to statutory, contractual, and other commitments and financial policies of the Port Authority, not to exceed \$1,100 million (after reimbursement for temporary applications), in addition to other capital funds carried into 2007 and the proceeds of Port Authority obligations to be issued.

The Executive Director's authority, pending final adoption and approval of the annual Budget each year, to make operating expenditures and undertake contractual commitments for continuing operations and professional services as contained in the financial plan presented to the Commissioners, would also be confirmed.

Pursuant to the foregoing report presented by staff, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against;

RESOLVED, that the 2007 Budget of The Port Authority of New York and New Jersey, as set forth below, be and the same hereby is approved and adopted, including authority for the Executive Director to: (1) take action, in accordance with appropriate procedures, with respect to: professional, technical, or advisory services, as appropriate; contracts for maintenance and services, construction, and commodities (materials, equipment and supplies) purchases; purchase of insurance; settlement of employee and patron claims; and other actions, including personnel benefit, classification, range, and procedural adjustments; (2) establish a Voluntary Employees' Beneficiary Association or trust, with annual funding and an investment policy to include high-grade corporate stocks and bonds that will produce the necessary long-term yield to fund future payments for employee benefits other than pensions, consistent with Government Accounting Standards Board Statement No. 45; and (3) pending final adoption of the annual Budget each year, make operating expenditures and undertake contractual commitments for continuing operations and services:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
Including Wholly Owned Corporate Entities
2007 BUDGET
(In Thousands)

Item	Total Expenditures	Personal Services	Materials & Services
Audit	\$12,471	\$9,023	\$3,448
Aviation	857,621	128,319	729,302
Chief Administrative Officer	1,017	828	189
Chief Financial Officer	3,126	829	2,297
Corporate Enterprise Systems	17,846	-	17,846
Chief of Public and Government Affairs	458	388	70
Chief of Real Estate & Development	1,176	822	354
Chief of Strategic Planning	1,618	497	1,121
Chief Operating Officer	4,824	1,170	3,654
Chief Technology Officer	665	419	246
Comptroller's	14,869	11,711	3,158
Engineering	300,817	88,255	212,562
Construction Contracts	873,496	-	873,496
Executive Offices	2,897	2,280	617

Government & Community Affairs	5,312	2,055	3,257
Human Resources	13,116	7,550	5,566
Medical Services	4,607	2,442	2,165
Inspector General	5,774	4,351	1,423
Labor Relations	2,649	1,782	867
Law	21,658	20,955	703
Management and Budget	12,996	11,044	1,952
Office of Emergency Management	10,172	2,987	7,185
Office of Environmental Policy, Programs & Compliance	2,251	1,202	1,049
Office of the Secretary	3,999	1,944	2,055
Operations Services	67,317	32,494	34,823 ⁽¹⁾
Facility Construction Support	30,505	23,303	7,202
Operations Standards	1,645	1,188	457
Policy & Planning	6,985	2,920	4,065
Port Commerce	123,535	23,074	100,461
Priority Capital Programs	307,989	8,500	299,489
Procurement	14,939	11,076	3,863 ⁽¹⁾
Project Management	66,282	24,865	41,417
Public Affairs	17,481	5,873	11,608
Public Safety	394,474	353,865	40,609
Rail	262,987	135,292	127,695
Real Estate	79,014	6,223	72,791 ⁽¹⁾
Regional & Economic Development	38,414	2,883	35,531
Technology Services	7,107	19,620	(12,513) ⁽¹⁾
Treasury	22,807	6,109	16,698
Tunnels, Bridges and Terminals	195,855	107,206	88,649
World Trade Redevelopment (includes expenses related to 9-11)	65,528	2,857	62,671
Other:			
Amounts in Connection with Operating Asset			
Obligations	41,450	-	41,450
Bi-state Dredging Program	4,000	-	4,000
Debt Service - Operating	805,862	-	805,862
Debt Service – Capitalized Interest	109,000	-	109,000
Insurance	228,036	-	228,036
Municipal Rents and Amounts in Lieu of Taxes	227,378	-	227,378
Provision for Study and Development	23,750	-	23,750
Regional Programs - Operating	19,884	-	19,884
Regional Programs - Capital	281,000	-	281,000
Special Project Bonds Debt Service	85,777	-	85,777
Total Port Authority Budget	<u>\$ 5,704,436</u>	<u>\$ 1,068,201</u>	<u>\$ 4,636,235</u>

(1) Net after charges to other departments.

; and it is further

RESOLVED, that the revisions to the Budget for the year 2006 be and the same hereby are approved:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
Including Wholly Owned Corporate Entities
2006 ESTIMATE VS 2006 BUDGET
(In Thousands)

	<u>2006 ESTIMATE</u>	<u>2006 BUDGET</u>	<u>CHANGE</u>
Operating Expenses	\$2,181,828	\$2,299,352	(\$117,524)
Debt Service Charged to Operations	729,883	779,394	(49,511)
Deferred Expenses, Expenses Related to 9/11/01 and Other	<u>55,344</u>	<u>51,281</u>	<u>4,063</u>
Total Operating	2,967,055	3,130,027	(162,972)
Capital Expenditures	<u>1,680,738</u>	<u>1,880,163</u>	<u>(199,425)</u>
Total Port Authority Expenditures	<u>\$4,647,793</u>	<u>\$5,010,190</u>	<u>(\$362,397)</u>

; and it is further

RESOLVED, that, based upon a requisition of the Governor of the State of New York or the Governor of the State of New Jersey, or the duly authorized designee of each, the Port Authority shall pay to the State of New York or the State of New Jersey, or both, upon receipt of an appropriate expenditure plan from said State, an amount not in excess of \$295,000 to each said State to reimburse said State or States for expenses incurred by said State or States, including staff costs, in reviewing the annual Budget of the Port Authority and any amendments thereto; and it is further

RESOLVED, that the provision by the Executive Director of portions of the Port Authority's capital program from time to time, consistent with the 2007 Budget and capital program projections (including the continuing application of the Capital Fund on a temporary basis, subject to reimbursement), by application of moneys in the Consolidated Bond Reserve Fund to the Capital Fund for capital expenditures for the year 2007 in connection with the Port Authority's facilities, shall not, subject to statutory, contractual, and other commitments and financial policies of

the Port Authority, exceed \$1,100 million (after any such reimbursements and in addition to other capital funds carried into 2007 and the proceeds of obligations to be issued).

2007-2016 TEN YEAR CAPITAL PLAN

It was recommended that the Board adopt the Port Authority's 2007-2016 Ten-Year Capital Plan, which uses *The Port Authority Strategic Plan: Transportation for Regional Prosperity* to set the agency's capital investment in a regional context. This plan represents a transition year, as the Port Authority concludes the fifth and final year of the 2003-2007 Plan and begins the first year of the new Ten-Year Capital Plan, which includes significant construction activities in connection with the redevelopment of the World Trade Center site.

The Ten-Year Capital Plan is a culmination of a strategic planning effort undertaken by Port Authority staff in consultation with our regional partners, which produced *The Port Authority Strategic Plan: Transportation for Regional Prosperity*, and which included a regional needs assessment, a comprehensive review of the Port Authority's mission and long-term business strategies, programs, policies and projects, both operating and capital, to carry out that mission. This business planning process included an assessment of activities to be undertaken by the Port Authority to provide appropriate levels of service and accommodate regional growth. The process also involved review of various factors impacting the continuing operation of Port Authority facilities, including: contractual, municipal lease and other relationships; significant industry trends in each of the Port Authority's businesses; and the potential need for capital expenditures over a multi-year period for the modernization, renovation, rehabilitation, expansion or acquisition of existing and additional facilities, in order to maintain appropriate levels of service, security and regional investment.

The Port Authority Strategic Plan: Transportation for Regional Prosperity is intended to reinvigorate the Port Authority's commitment to its mission: "To enhance the region's competitiveness and prosperity by providing transportation services that efficiently move people and goods within the region and facilitate access to the nation and the world." The Strategic Plan deals with the short- and long-term needs of the region and the most effective ways for the Port Authority and its public and private partners to deliver transportation-based investments to address those needs. The 2007-2016 Ten-Year Capital Plan reflects the capital projects that have been identified as meeting the specific strategic campaigns. It is contemplated that the elements of the Capital Plan and the Strategic Plan will be revised from time to time, as appropriate, to reflect changes in programs, policies and projects and the environment in which the Port Authority operates. As revised, these plans are to be reviewed with the Commissioners annually.

Pursuant to the foregoing report presented by staff, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Port Authority's 2007-2016 Ten-Year Capital Plan, which uses *The Port Authority Strategic Plan: Transportation for Regional Prosperity* to set the agency's capital investment in a regional context, be and the same hereby is approved and adopted, subject to annual reviews with the Commissioners.

PORTFIELDS INITIATIVE – EXTENSION AND SUPPLEMENT OF MEMORANDUM OF UNDERSTANDING WITH NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

It was recommended that the Board authorize the Executive Director to enter into an agreement with the New Jersey Economic Development Authority (NJEDA) to extend and supplement the existing memorandum of understanding (MOU) between the Port Authority and the NJEDA regarding the Portfields initiative (Portfields), for a three-year term to expire on December 31, 2009. Pursuant to the MOU, the Port Authority would provide an amount not to exceed \$780,000, representing the unspent funds remaining from the first phase of Portfields, to advance potential Portfields projects identified during the first phase and fund development feasibility and planning studies for additional projects that would benefit Port Authority facilities in New Jersey. The NJEDA would match the Port Authority funds.

The New York/New Jersey region's maritime and transportation facilities rank among the largest and most productive in the nation, and are critical to the region's economic health. The Port Authority and NJEDA began Portfields to help private developers, communities and others transform underutilized and "brownfield" sites into productive properties to support the growing warehousing and distribution needs of port and airport facilities in New Jersey. In the first phase of the initiative, the Port Authority and NJEDA established a goal of advancing to "shovel ready" status at least six underutilized industrial sites to accommodate the growing demand for high value, high velocity distribution centers. Although most of the original sites have gone under contract for development, fewer have received their approvals to begin construction.

Pursuant to a December 2003 Board authorization, the Executive Director entered into a MOU regarding Portfields with the NJEDA for a three-year term, whereby each party would contribute \$300,000 per year, beginning in 2004. In December 2004, the Port Authority hired CB Richard Ellis, Inc. (CBRE) for the performance of expert professional real estate valuation and advisory services for Portfields, at a total cost of \$240,000. With funding from the NJEDA and the Port Authority, a land-use inventory was commissioned, along with an analysis of sites in the Port District section of New Jersey, to identify property most ready and available for development. This work involved a real estate market study and an assessment of the development potential of each of the sites, identifying the property's ownership and selected land-use issues. As a result of this work, 17 sites were identified to market and advance for redevelopment, of which 11 are now being developed for port-related uses. It is anticipated that over 10 million square feet of warehouse and distribution space will be built on these existing sites. Due to the high demand for large tracts of industrial land close to Port Newark and the Elizabeth-Port Authority Marine Terminal (collectively, the Ports), and Newark Liberty International Airport (EWR), and the extremely tight supply of sites larger than 30 acres, the Portfields team has begun identifying additional sites that could be assembled or bundled together to make a viable industrial tract.

As part of the next phase of work, the Port Authority and NJEDA are assisting in advancing existing sites through the approval process. Developers and users have requested assistance to help navigate their way through the complicated approval process. Staff and consultants have attended meetings to support industrial development of Portfield sites at both the local and state level. By extending the Portfields MOU, this vital work could be carried through to completion.

In connection with the proposed extension of the MOU, it is anticipated that the Port Authority would retain the services of real estate development and environmental/planning consultants to evaluate the development potential of a number of industrial sites in close proximity to the Ports and EWR, and to fund development feasibility and planning studies for additional projects that would benefit Port Authority facilities in New Jersey. Funds may also be used for property acquisition, environmental remediation and other improvements, in order to advance the development of port- and airport-related warehouse and distribution facilities.

Portfields has helped identify and develop several sites for warehousing/distribution operations that could be used by the Port Authority and EWR tenants that serve port-related functions, but do not necessarily need to be on port grounds. Utilizing these support facilities maximizes the efficient use of port and airport land, and allows a greater throughput of containers through our facilities. Also, the re-use of underutilized industrial parcels near EWR and the Ports would stimulate economic development around airport and port facilities and improve regional shipping operations that are critical to the regional economy.

Pursuant to the foregoing report presented by staff, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) enter into an agreement with the New Jersey Economic Development Authority (NJEDA) extending and supplementing the existing memorandum of understanding (MOU) between the Port Authority and the NJEDA concerning development feasibility and planning studies for projects that will benefit Port Authority facilities in New Jersey; and (2) provide \$780,000 toward the funding of this initiative through 2009, with this contribution to be matched by the NJEDA; and it is further

RESOLVED, that the form of the MOU and any other documents in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

LINCOLN TUNNEL – BUS RAMP DECK REPLACEMENT – PHASE II – PROJECT AUTHORIZATION

It was recommended that the Board authorize: (1) a project for Phase II of the replacement of the bus ramp decks at the Lincoln Tunnel, at an estimated total project cost of \$80.5 million; and (2) the Executive Director to enter into any agreements deemed necessary for the implementation and completion of the project, subject to advising the Commissioners of individual contracts or agreements to be acted on pursuant to this authorization prior to taking or authorizing such action.

The Port Authority Bus Terminal (PABT) opened in December 1950, and since that time has served as the region's primary ground transportation terminal. Three bus ramps constructed at the same time as the PABT are elevated roadways that extend from ground level at the New York portal of the Lincoln Tunnel and provide direct access from the tunnel and New York City streets to the third and fourth floors of the PABT. On a typical weekday, the PABT handles 7,000 buses and 187,000 passengers. An additional ramp structure, known as the Laz Parking Ramp (formerly, Kinney Ramp), was built in 1961, runs parallel to the bus ramps and provides access for passenger vehicles from the tunnel and nearby streets to the fifth floor parking level of the PABT.

The concrete roadway deck of the elevated structures is nine inches thick and is supported by steel beams and columns. It contains a snow-melt piping system (sovoloid system), which carries heated oil through the piping within the concrete slab and heats the deck to a temperature of 40 degrees Fahrenheit. The snow-melt system has the capacity to melt four inches of snow per hour.

In 2001, the Port Authority embarked on the replacement of the bus ramp decks in three phases, due to the age and fast-deteriorating condition of the bus ramps, as well as leakage of oil from the embedded snow melting system. The Phase I deck replacement began in 2002 and replaced approximately 38,000 square feet of concrete panels. The deck replacement work was completed in 2005, at an estimated total project cost of \$84.1 million. The presently proposed project, Phase II, would replace approximately 44,000 square feet of concrete panels, leaving approximately 24,000 square feet to be replaced under Phase III.

During construction of Phase I, insulation panels that line the underside of the roadways were removed from all of the ramps. As a result, the underside of the panels was more easily accessible for inspection. An evaluation of the condition of these panels in an August 12, 2003 report by Hardesty & Hanover indicates deterioration in these panels ranging up to approximately 53 percent of the surface area. The report also indicates that Federal Highway Administration Guidelines recommend full replacement of slabs with 40 percent or greater deterioration. In addition, there have been numerous additional leaks repaired in the sovoloid piping system over the last several years, in areas that are identified for replacement in this phase of the project. This indicates that the 54-year-old carbon steel piping system is corroding quickly, and more leaks can be expected.

To ensure a state of good repair, it was recommended that the Port Authority demolish and remove the existing roadway decks in the designated areas of the Lincoln

Tunnel bus ramps and replace them with new precast concrete panels, including stainless steel piping for the snow-melting system. This system was used in Phase I of the Bus Ramp Deck Replacement and has proven to be a very reliable and efficient means of construction.

This project would be another essential step in the Port Authority's rehabilitation of the bus ramps, and would complement the Phase I deck replacement work that started in 2002 and was completed in 2005. This project would help to significantly extend the useful life of the ramp structures by approximately 30 or more years.

Pursuant to the foregoing report presented by staff, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that a project for Phase II of the replacement of the bus ramp decks at the Lincoln Tunnel, at an estimated total project cost of \$80.5 million, including payments to contractors, allowances for extra work and net cost work, insurance and construction bonding, payments to consultants and third parties, program and engineering staff, general administrative and a project contingency, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take action with respect to purchase and construction contracts and agreements for professional, technical and advisory services as may be necessary to effectuate the foregoing project, subject to advising the Commissioners of individual contracts or agreements to be acted on pursuant to this authorization prior to taking or authorizing such action; and it is further

RESOLVED, that the form of all contracts and agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

TRANSPARENCY IN GOVERNANCE

Over the past several months, at the request of the Chairman, staff has been considering issues related to the way in which the Port Authority and its wholly owned corporate entities conduct the business of the public. As an agency with a vital public mission of creating a world-class transportation infrastructure and fostering growth in our region, it is clear that the Port Authority cannot accomplish its goals without public confidence in the agency. To this end, the Commissioners of the Port Authority are committed to holding the agency and its wholly owned corporate entities to the highest standards of accountability and transparency.

Staff has completed a review of the Open Meetings Policy adopted in 1992, particularly the Procedures and Subject Matter Exceptions, and has recommended that the procedures be replaced by Open Meetings Rules and Regulations more consistent with a number of initiatives adopted by the Board.

Among those initiatives, the Board has invited the public to participate in its public Board meetings during a comment period, and has begun individual consideration of and voting on items presented to it. Furthermore, to underscore this commitment to open consideration of the public's business, meetings of the committees of the Board are being conducted in public, unless there is a significant security or financial rationale for closing them.

So that the public's input can be meaningful and directed to the actual business of the agency, Board agendas and those for the committee meetings are being released to the press and posted on the Port Authority's Web site, with explanations for any meetings scheduled to be held in executive session. The public comment period procedures are also highlighted.

Other changes underway include the manner in which Port Authority business is being reported and disclosed. The Office of the Secretary will now begin to post on the Web site minutes of meetings as they become finalized and are no longer confidential; it is intended that the minutes will be archived on the Web site for informational purposes as well. Similarly, contract awards are to be published in more detail and with more regularity, and archived for information. And, recently, the proposed 2007 Budget and Ten-Year Capital Plan prepared by the staff were posted and issued for public comment before Board consideration at today's meeting.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that, as the governing body of The Port Authority of New York and New Jersey, the Commissioners express our continuing commitment to transparency in the conduct of the public's business, so that the Port Authority and its employees may hold the respect and confidence of the people of the States of New York and New Jersey; and it is further

RESOLVED, that the actions of the Chairman reported to the Board in connection with the conduct of the meetings of the Board and its committees, the

issuance of notice and the participation of the public be and they hereby are ratified; and it is further

RESOLVED, that the Commissioners of the Port Authority are committed to: (1) considering and voting on items presented to it individually; (2) releasing the agendas for meetings of the Board and its committees to the public prior to the meetings; (3) publishing the minutes of meetings through the Port Authority's Web site; (4) providing explanations for actions taken or meetings held in executive session; (5) encouraging public input; (6) publishing contract awards; and (7) providing for public consideration of and input into the annual Budget of the Port Authority; and it is further

RESOLVED, that it is the policy of the Port Authority to encourage and permit participation by the public in the business of the Port Authority, consistent with the resolution of the Board entitled "Open Meetings – Port Authority Policy" adopted on June 11, 1992 (appearing at page 305 of the Official Minutes of that date; the "Open Meetings Policy Resolution"), by considering matters in public session whenever possible and by providing for public comment at each meeting of the Board of Commissioners; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized and directed to continue to take steps for increasing public reporting and disclosure of the business of the Port Authority; and it is further

RESOLVED, that the resolution of the Board entitled, "Policy on Open Meetings," adopted on August 13, 1992 (appearing at pages 326, *et seq.* of the Official Minutes of that date), be and the same hereby is rescinded; and it is further

RESOLVED, that, in accordance with the Open Meetings Policy Resolution, the following "Open Meetings Rules and Regulations" submitted to the Board (including procedures and subject matter exceptions) be and the same hereby are adopted and approved for and on behalf of the Port Authority:

OPEN MEETINGS

Rules and Regulations

I. Introduction

- A. The policy of The Port Authority of New York and New Jersey (the “Port Authority”) relating to public attendance at meetings of the Board of Commissioners (the “Board”) and its committees was adopted on June 11, 1992. All meetings of the Board and its committees are open to the public, subject to subject matter exceptions and procedures to be provided for. These rules and regulations set forth such exceptions and procedures.

- B. The goals of these rules and regulations include: provision of advance public (and press) notice of all public meetings (including matters expected to be considered at the meetings); provision of notice by which, upon a determination to conduct business in other than open public session, individuals may be advised thereof; protection of rights of personal privacy from unwarranted invasion; exceptions from the general rules; accommodation of representatives of all groups and constituencies who may wish to attend meetings; dealing with groups or individuals who do not observe appropriate standards of decorum; release of materials that reflect actions taken both in public and executive session; and preparation of the minutes of meetings of the Port Authority, reflecting action taken in public or executive session.

II. Policy

- A. The activities and decisions of the Port Authority, involving the expenditure of public funds or the use of public assets, are the public’s business taken in the public interest and, therefore, members of the general public should have access to its meetings.

- B. For purposes of these rules and regulations, the term “meeting” means any gathering, whether corporeal or by means of communication equipment, which is attended by, or open to, the board of commissioners, held with the intent, on the part of the board members present, to discuss or act as a unit upon the specific public business of the Port Authority. The term “meeting” does not mean a gathering (1) attended by less than an effective majority of the board of commissioners, or (2) attended by or open to all the members of two or more other public bodies at a

convention or similar gathering.

- C. For the purposes of these rules and regulations, the term “public business” means matters which relate in any way, directly or indirectly, to the performance of the functions of the Port Authority or the conduct of its business.

III. Exceptions

- A. As the public interest could be adversely affected, or the personal privacy or guaranteed rights of individuals (including employees) could be in danger of unwarranted invasion, when certain subjects are considered by the Board or a committee, the meetings of which would otherwise be open to members of the general public, including representatives of the press, the Board or a committee acts in closed or executive session (unless the Board or committee otherwise determines) when taking action on or discussing such subjects (referred to as “subject matter exceptions”).
- B. Subject Matter Exceptions
 1. Matters involving public safety or law enforcement.
 2. Matters involving external or internal investigations or audits.
 3. Matters related to proposed, pending, or current litigation or judicial or administrative proceedings.
 4. Matters related to collective bargaining or negotiations.
 5. Matters related to personnel and personnel procedures.
 6. Matters related to the purchase, sale, or lease of real property, or securities where disclosure would affect the value thereof or the public interest.
 7. Matters related to, or which could impact upon, the issuance, sale, resale, or redemption of Port Authority bonds, notes, or other obligations.
 8. Matters rendered confidential, privileged, or private by federal or state law or regulations or rules or decisions of court.
 9. Matters in which the release of information could impair a right to receive funds from the United States or other grantor.

10. Matters involving ongoing negotiations or reviews of contracts or proposals not included in Item 4 above.
11. Matters related to the development of future Port Authority facilities or projects (or the redevelopment of existing facilities or projects) when public disclosure may impact on property values.
12. Matters disclosure of which would constitute an unwarranted invasion of the personal privacy of an individual.

IV. Procedures

- A. The duties of the Chairman of the Port Authority (or, in the event he is unable to perform his duties by reason of illness, disability, or absence, the Vice-Chairman of the Port Authority) and those of the Chairman (or Vice-Chairman) of each committee, in connection with meetings of the Board and the committees, respectively, under the By-Laws, include such powers as are necessary to conduct the meetings efficiently and in business-like fashion, giving due regard to the rights of members of the general public, including representatives of the press, to attend the meetings and the need for the Board and the committees to be able to act in a timely fashion.
- B. Time and Place of Meetings
 1. Meetings of the Board and its committees are held as often as one or more times each month. A yearly calendar of such meetings is prepared by the Office of the Secretary and made available on the Port Authority's Web site, to major newspapers in the New York/New Jersey region and to anyone who seeks a copy.
 2. Unless otherwise indicated, meetings are held at the principal offices of the Port Authority in the City of New York.
 3. The Office of the Secretary ensures that reasonable seating areas are established for members of the general public, including the press.
 4. In connection with the public presentation of a matter or matters for discussion or action at a meeting of the Board, members of the public present at the meeting who have registered a desire to comment may do so prior to action by the Board. In addition, prior to the end of any meeting of the Board, members of the public may address the

Commissioners on any Port Authority matter that a member of the public feels may be of concern to the residents of the Port District. Each commenter may be limited to a fixed time allotment, and all commenters may be limited to a fixed time allotment, taking into account the extent of the agenda; however, unless otherwise determined by the Chairman of the Port Authority, the fixed time allotment for all commenters shall be 30 minutes. The Commissioners are neither expected nor required to respond during the comment period.

5. Failure of the public or representatives of the press to observe proper decorum in the opinion of the Chairman of the Port Authority (or the Chairman of the applicable committee) may result in expulsion from the meeting or suspension of further proceedings.

C. Notice

1. A schedule of Board and committee meetings is included in a public calendar of meetings, updated as appropriate.
2. Notice of meetings is provided:
 - a. to each Commissioner, in accordance with the provisions of the By-Laws;
 - b. to the Governors, through their designated staff;
 - c. to the press, by means of providing notice information to major news wire services and major media outlets in the New York/New Jersey region;
 - d. to members of the public who, upon request, are included on a mailing list maintained by the Office of the Secretary; and
 - e. on the Port Authority's Web site no later than the afternoon prior to the scheduled Board meeting.
3. Notice for an individual meeting includes the time and place the meeting is to be held, whether it is a regular or special meeting, and whether it is planned to be held in open or closed, executive session or some combination thereof. To the extent possible, notice for an individual meeting includes a listing of items on the agenda.
4. Failure to provide such notice or any defect therein shall not

affect the validity of any action taken at the meeting.

D. Executive Session

1. When the need occurs for consideration of matters in a closed, executive session, such a closed session may be called by either:
 - a. the Commissioners present at the Board meeting (or the members of the committee present at the committee meeting) by a majority thereof upon motion of one of them.
 - (1) A motion to consider or vote on matters in a closed, executive session is entertained whenever made and takes precedence over all other business and motions.
 - (2) The motion identifies the general nature of the subjects to be considered in the closed, executive session and, if it is not to take place immediately, states, as closely as possible the time and circumstances for such session and when the matters discussed or acted upon may be disclosed; or
 - b. the Chairman of the Port Authority (or of a committee thereof), acting at any time (whether or not during a meeting of the Port Authority (or of a committee thereof)).
 - (1) If a closed, executive session is scheduled to be held, the notice therefor should identify the general nature of the subjects to be considered in the closed, executive session and, if it is not to take place immediately, states, as closely as possible the time and circumstances for such session and when the matters discussed or acted upon may be disclosed.
 - (2) If a closed, executive session is held in accordance with this subparagraph IV.D.1.b., the fact that such meeting was held is reported as provided for in paragraph V.D., below.

At the beginning of each closed, executive session, the Chairman of the Port Authority (or of a committee thereof) shall announce the reasons for discussing or acting upon

matters in closed, executive session consistent with one or more of the subject matter exceptions enumerated in paragraph III.B., above.

2. The Chairman of the Port Authority (or of a committee thereof), on his own motion or by unanimous consent of the Commissioners present, may permit members of the general public, including representatives of the press, to attend a closed, executive session or any portion thereof. In the case of a meeting of one of the committees, Commissioners who are not members of the committee are always permitted to attend a closed, executive session.
3. The decision to hold a closed, executive session results from a determination in the sole discretion of the Port Authority (or of a committee thereof) that the nature of the matter to be discussed or acted upon is encompassed by one or more of the subject matter exceptions enumerated in paragraph III.B., above, and requires a closed discussion.

V. Minutes

- A. Minutes are kept of all action taken at meetings of the Board and its committees. Consistent with provisions of law and the By-Laws, the Secretary provides such minutes to the Governors of New York and New Jersey for review.
- B. After the minutes of Board or committee meetings have been prepared, they are made available on the Port Authority's Web site. They are also made available, consistent with the Port Authority's policy on Freedom of Information, to members of the general public, including representatives of the press, upon request.
- C. The minutes are to be reasonably comprehensive and are to include the time and place at which the meeting was held, Commissioners (or in the case of a meeting of one of the committees, the members of the committee) and, as appropriate, others present, a summary or record of matters acted upon or discussed, and the vote, if any, on such matters.
- D Report of Executive Session
 1. If actions are taken or matters are discussed during a regular or special meeting in closed, executive session, that fact and the reasons therefor are disclosed in the minutes.
 2. If action taken in executive session, consistent with the

subject matter exceptions enumerated in paragraph III.B., above, must be maintained in confidence until a specific time or the happening of a specific event, that fact may be disclosed to the Governors but otherwise omitted from reports or public minutes until the specific time or event.

- E. Records are kept of reports made at Board and committee meetings involving matters other than subject matter exceptions enumerated in paragraph III.B., above.
 - 1. Such reports are disclosed in the minutes.
 - 2. Written materials, if any, prepared and distributed in connection with reports made, may be filed with the minutes maintained in the Office of the Secretary.
 - 3. As reports made at Board and committee meetings (and written materials, if any, related thereto) do not necessarily involve action taken by the Commissioners, such reports and materials are not an official part of such minutes, but are available in accordance with and to the extent provided by the Port Authority's policy on Freedom of Information.
 - 4. Calendars of items discussed or acted upon during Board meetings are made available at the close of each meeting and on the Port Authority's Web site until such time as the minutes of the meeting are posted. In addition, calendars of items acted upon in executive session or, notice of actions taken in executive session to the extent such actions are confidential due to significant security or financial reasons, are available at the close of each meeting and posted on the Port Authority's Web site until such time as the non-confidential minutes of the meeting are posted. Listings of contract authorizations or awards are also available at the close of each meeting and are posted on the Port Authority's Web site. Such materials are also available in accordance with and to the extent provided by the Port Authority's policy on Freedom of Information.

JOHN F. KENNEDY INTERNATIONAL AND LAGUARDIA AIRPORTS – VIDEO SURVEILLANCE SYSTEMS IN PUBLIC AREAS – PROGRAM AUTHORIZATION

It was recommended that the Board authorize: (1) a program (Program) for the deployment of video surveillance systems in public areas at John F. Kennedy International (JFK) and LaGuardia (LGA) Airports, at an estimated total cost of \$10 million; and (2) the Executive Director to: (a) increase the authorization under existing agreements and enter into supplemental agreements with AirRail Transit Consortium (ARTC), in the estimated amount of \$3.8 million, to expedite the implementation of the Program, and two agreements with Raytheon Company (Raytheon), the first in the estimated amount of \$3.7 million, to expedite the implementation of the Program, and the second in the estimated amount of \$0.7 million, for maintenance of the systems for a three-year period; and (b) enter into other agreements that may be necessary to facilitate the design, purchase and installation of the Program, subject to advising the Commissioners of individual contracts or agreements to be acted on pursuant to this authorization prior to taking or authorizing such action.

Urban Area Security Initiative (UASI) grants are part of a United States Department of Homeland Security program that provides states and urban areas funds to prevent, respond to and recover from acts of terrorism and other disasters. Recipients of most federal grants are required to follow strict guidelines to receive these funds. In the case of the UASI grant, the Port Authority must enter into the necessary agreements required to effectuate the implementation of the recommended video surveillance Program by March 31, 2007 in order to maintain the allocation of the \$8 million in federal funds. If the agreements are not entered into by that date, the Port Authority would risk losing the funds, which would jeopardize the agency's ability to deploy the video systems and apply for additional funds in the future.

The Port Authority Police Department (PAPD) has identified certain public areas at both airports, JFK and LGA, that would benefit from additional video surveillance. At JFK, the ARTC currently operates and maintains the AirTrain JFK system, which includes more than 180 closed-circuit televisions (CCTVs), digital recording and communications equipment units and an extensive fiber optic communications network. The AirTrain stations provide some of the best sight lines for the additional camera views requested by the PAPD. Employing the ARTC to design and install additional CCTVs on the AirTrain system, integrate other existing CCTVs into AirTrain's video surveillance system, and provide video recording and management capabilities in the PAPD headquarters at JFK, would significantly enhance surveillance capabilities. These additional cameras could be integrated at a later date into the Perimeter Intrusion Detection System (PIDS) that Raytheon is designing and which will be deployed at JFK in 2008.

At LGA, the Port Authority operates a limited video surveillance system, consisting of approximately 25 cameras. Development of functional requirements, estimates and technical review for a significantly expanded, state-of-the-art video surveillance system at LGA would be provided for through an existing call-in agreement for professional design services. It has been proposed that Raytheon design and build this video surveillance system at LGA based on these functional requirements.

This Program would: (1) enhance the potential for early detection and interdiction of possible security threats at JFK and LGA; (2) provide vital situational awareness for command and control in crisis response emergencies; and (3) facilitate the cost-effective deployment of PAPD and security staff.

Costs incurred to administer and implement this Program would be reimbursed up to \$8 million through the UASI grant. Costs that are not reimbursable through the UASI grant would be recoverable through the flight fees and various other agreements with the airlines operating at JFK and LGA. The Program is anticipated to be fully implemented by June 2008.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against; Commissioner Genova recused:

RESOLVED, that a program (Program) for the deployment of video surveillance systems in public places at John F. Kennedy International and LaGuardia Airports, at an estimated total cost of \$10 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) increase the authorization under existing agreements and enter into supplemental agreements with AirRail Transit Consortium, in the estimated amount of \$3.8 million, to expedite the implementation of the Program, and two agreements with Raytheon Company, the first in the estimated amount of \$3.7 million, to expedite the implementation of the Program, and the second in the estimated amount of \$0.7 million, for maintenance of the system for a three-year period; and (2) enter into other agreements that may be necessary to facilitate the design, purchase and installation of the Program, subject to advising the Commissioners of individual contracts or agreements to be acted on pursuant to this authorization prior to taking or authorizing such action; and it is further

RESOLVED, that the form of all contracts and agreements in connection with the foregoing Program shall be subject to the approval of General Counsel or his authorized representative.

ELIZABETH-PORT AUTHORITY MARINE TERMINAL – AUTHORIZATION OF PHASE I OF THE NORTH AVENUE CORRIDOR IMPROVEMENTS PROJECT AND MEMORANDUM OF AGREEMENT WITH NEW JERSEY DEPARTMENT OF TRANSPORTATION, NEW JERSEY TURNPIKE AUTHORITY, COUNTY OF UNION AND CITY OF ELIZABETH

It was recommended that the Board authorize: (1) Phase I of a North Avenue Corridor Improvements Project (NACI Project) to construct a series of improvements to the portion of North Avenue between its intersections with U.S. Routes 1&9/Dowd Avenue/Division Street and Kapkowski Road in Elizabeth, New Jersey, and various roadways located in its vicinity, which roadways are in the vicinity of the Elizabeth-Port Authority Marine Terminal (EPAMT) and Newark Liberty International Airport, at an estimated aggregate cost of \$224 million (inclusive of amounts to be provided or secured by other governmental entities); and (2) the Executive Director to enter into a Memorandum of Agreement (MOA) with the New Jersey Department of Transportation (NJDOT), the New Jersey Turnpike Authority (NJTA), the County of Union, New Jersey (County) and the City of Elizabeth, New Jersey (City) regarding the NACI Project, pursuant to which the Port Authority would provide an additional \$130 million toward the cost of the Project, and to take other actions necessary in connection with Phase I of the NACI Project.

Aggregate transportation demand on the section of North Avenue described above and surrounding roads is forecast to grow strongly, due to recent and continuing development of commercial facilities and anticipated growth in port and airport activity. The County has completed a Kapkowski Road Transportation Study (the Study), with participation from the City, transportation agencies, and local property owners and developers, concluding that comprehensive improvements to the North Avenue corridor would be more effective than requiring incremental traffic mitigation measures linked to individual development projects.

In addition, the Port Authority and the State of New Jersey, through the New Jersey Economic Development Authority (NJEDA), Department of Environmental Protection, Department of Community Affairs, New Jersey Commerce, Economic Growth and Tourism Commission, NJDOT and North Jersey Transportation Planning Authority Inc., have implemented a comprehensive planning and development strategy known as the Portfields initiative to create new development sites and economic opportunities in the Port District to meet the commercial cargo needs of the region, which include transportation access improvements. At its meeting of December 11, 2003, the Board authorized the Executive Director to enter into a memorandum of understanding (MOU) with NJEDA concerning the Portfields initiative and authorized the Port Authority to provide \$300,000 annually over a three-year period toward feasibility and planning studies in connection with that initiative. In a separate item being presented to the Board at today's meeting, authorization is being sought for an extension and supplement to the MOU with NJEDA regarding Portfields.

Based on the conclusions of the Study, the County and the Port Authority are undertaking the NACI Project to provide expanded roadway capacity needed to accommodate increasing commercial development in this area and to improve safety, traffic flow and connections with other roads, which is consistent with the goals of the Portfields initiative.

Based on traffic studies performed on behalf of the County and the Port Authority, the level of service on North Avenue and adjoining roadways is currently rated as a “D.” Within five years, and without any improvements contemplated by this Project, those studies indicate that service on North Avenue and the adjoining roadways will decline to an “F” level of service. With an “F” level of service, the vehicular demand volumes for the roadway would exceed the roadway’s throughput capabilities, resulting in significant delays and queuing. Upon completion of the NACI Project, the level of service for North Avenue and adjoining roadways will be improved to a desirable “C” level of service, based on current assumptions regarding local development and projected volumes from existing traffic generators.

At its meetings of September 19, 2002 and February 20, 2003, the Board authorized the Executive Director to enter into agreements with the County and the City to effectuate the payment of up to \$35 million for improvements to transportation infrastructure located in the County and related to Port Authority facilities. In accordance with those authorizations, the Port Authority and the County entered into an agreement in June 2004, pursuant to which the Port Authority has provided the County with up to \$15 million for engineering work incurred in connection with the NACI Project, with the Port Authority receiving an easement in North Avenue for the benefit of the EPAMT, for the emergency passage of pedestrians and vehicles to and from the EPAMT.

Under the proposed MOA, the Port Authority would provide total funding of \$159 million toward the cost of the NACI Project. Of that amount, \$15 million of the funds authorized by the Board in September 2002 and February 2003 has already been provided to the County for Project planning, and an additional \$6.5 million would be provided to the County for additional planning and design work. The remaining \$7.5 million in previously authorized funds would be used by the Port Authority for Phase II planning. In consideration of the additional funding to be provided by the Port Authority, the Port Authority would receive an additional easement in certain roadways leading to and from North Avenue, which would enhance the purpose of the original easement in providing for the emergency passage of pedestrians and vehicles to and from the EPAMT. In further consideration of the additional funding to be provided by the Port Authority, the City would transfer title in a certain portion of North Avenue near the EPAMT (the Roadway) to the Port Authority.

Under the terms of the MOA, NJDOT would provide \$20 million toward the cost of the NACI Project, and NJTA would contribute \$45 million. The County would be obligated to secure funding toward the construction cost of the Project from private sources and/or to contribute funding itself, in an amount not less than 25 percent of the construction cost of Sections 1, 2, 3 and 4 of the Project (as described below). The County also would be responsible for all construction costs in excess of the amounts to be contributed by the Port Authority, NJDOT and NJTA for the construction costs of the NACI Project.

The NACI Project consists of the following two phases comprising four sections: Phase I consists of Section 1 – construction of a direct ramp connection from North Avenue eastbound to Jersey Gardens Boulevard eastbound – and Section 2 – construction of a series of “flyover” ramps from Jersey Gardens Boulevard over the New Jersey Turnpike parallel to Jersey Gardens Boulevard, with ramps that will touch down on the property identified as Account Number 1-1390 on the tax map of the City. Phase II consists of Section 3 – construction of a “flyover” ramp over Kapkowski Road connecting the roadways in Section 2 with the property currently owned by Greenfield Builders on the east side of Kapkowski Road and identified as Account

Number 1-1430 on the tax map of the City – and Section 4 – construction of a grade separation of the intersection of North Avenue with Dowd Avenue and Division Street.

The County has overseen the design phase of the NACI Project, through a contract with Schoor DePalma, Inc. Under the proposed MOA, the Port Authority would be responsible for the overall management of the construction phase of the NACI Project.

The Port Authority already exercises control over a portion of North Avenue leading to the entrance of the EPAMT. The North Avenue Roadway over which the Port Authority would gain title and control under the proposed MOA is adjacent to the section of North Avenue over which the Port Authority already exercises control. The acquisition of this additional portion of North Avenue would provide a significant benefit to the EPAMT, because it would allow the Port Authority to exercise control over traffic signals and maintenance on the Roadway, thereby strengthening the Port Authority's ability to control the flow of traffic to and from the EPAMT.

It is anticipated that future authorization will be sought from the Board for Phase II of the NACI Project, and in connection with any other contracts and/or agreements that may be necessary to ensure completion of the NACI Project, based on future estimates of the cost of the project and the final amount of funding provided or secured by the County.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Chasanoff, Coscia, Ferer, Gargano, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against; Commissioners Blakeman and Genova recused:

RESOLVED, that Phase I of a North Avenue Corridor Improvements Project to construct a series of improvements to the portion of North Avenue between its intersections with U.S. Routes 1&9/Dowd Avenue/Division Street and Kapkowski Road in Elizabeth, New Jersey, and various roadways located in its vicinity (NACI Project), at an estimated aggregate cost of \$224 million (inclusive of amounts to be provided or secured by other governmental entities), including payments to contractors, allowances for extra work (if necessary) and net cost work, engineering, administrative and financial expenses and a contingency (if necessary), be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a Memorandum of Agreement (MOA) with the New Jersey Department of Transportation, the New Jersey Turnpike Authority, the County of Union, New Jersey and the City of Elizabeth, New Jersey (City) regarding the NACI Project, pursuant to which the Port Authority will provide \$130 million toward the cost of Phase I of the NACI Project, in addition to amounts previously authorized by the Board for this purpose; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to obtain necessary approvals and permits, and to take action with respect to purchase and construction contracts, contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate Phase I of the NACI Project, subject to advising the Commissioners of individual contracts or agreements to be acted on pursuant

to this authorization prior to taking or authorizing such action; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into such agreements with the City and any other entities as may be necessary in connection with the effectuation of property interests related to Phase I of the NACI project and the MOA, including, but not limited to, agreements for easements and rights of entry to be received by the Port Authority; and it is further

RESOLVED, that the form of all agreements necessary to effectuate Phase I of the NACI Project shall be subject to the approval of General Counsel or his authorized representative.

**DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER SITE
STREETS, UTILITIES AND RELATED INFRASTRUCTURE PROJECT –
INCREASE IN PLANNING AUTHORIZATION AND AWARD OF RELATED
CONTRACT FOR EXPERT PROFESSIONAL ARCHITECTURAL/
ENGINEERING SERVICES**

It was recommended that the Board: (1) authorize an increase of \$5 million in the authorization for the Preliminary Engineering (Stage II) design efforts for engineering, project administration and other requirements for completion of preliminary engineering through Stage II and the environmental review work associated with the construction of the streets and related infrastructure throughout the World Trade Center (WTC) site (WTC Streets Project), resulting in a total authorization of \$10 million for planning; and (2) authorize the Executive Director to award the agreement entitled, “Performance of Expert Professional Architectural and Engineering Services for the World Trade Center Streets, Utilities and Related Infrastructure Design,” authorization of which would be limited to performance of preliminary engineering services, at an estimated amount of \$6 million, with the award subject to approval by the Chairman of the WTC Redevelopment Subcommittee and the Executive Director, after consultation with the Subcommittee members.

Under prior actions through December 2003, the Board authorized funding for the WTC Site Public Infrastructure, in the amount of up to \$15 million for planning and coordination work. This work (previously known as WTC Site Public Infrastructure) included funds for both the Street and Sidewalk Improvements and the WTC Vehicular Security Center and Tour Bus Parking Facility. Of the \$5 million previously authorized for planning allocated for the Street and Sidewalk Improvements, \$4.5 million remains available. In December 2003, the Board authorized Planning and a Project Development Agreement with the Federal Transit Administration (FTA). In September 2006, New York Governor George E. Pataki requested an allocation from an FTA grant to fund the first phase of the WTC Streets Project.

This planning would support the future development and/or restoration of streets and sidewalks within and at the perimeter of the WTC site, and would create several public open spaces. Fulton Street and Greenwich Street will be constructed as new streets through the WTC site, and will be located above habitable spaces below -- including an east-west pedestrian corridor (that is part of the WTC Transportation Hub Project) and a subway structure. Liberty Street will be rebuilt and reconfigured to accommodate two-way vehicular traffic; part of the street will be located above the WTC Vehicular Security Center. Cedar Street will be reconfigured and will bend to merge into Washington Street. Vesey Street will receive new paving and markings from the existing northern curb to the new southern curb edge, with an adjacent sidewalk located above the existing slurry wall. Church Street will receive a new western curb edge and an adjacent sidewalk, with partial repaving of the existing lanes.

All sidewalk areas will have appropriate street furnishings, landscaping, lighting, signage, and perimeter security protective measures for vehicle interdiction. The design of each street provides for essential utilities, such as lighting, fire protection, storm water drainage and sanitation to support the operation of streets. Also included are temporary traffic measures, such as delineation devices, signals, signs and traffic barriers.

In addition, this planning would support engineering and design of utility connections for common electric, gas, steam and communications under the streets/sidewalks; these connections would run between the utility points of entry at the site perimeter to the common distribution facilities located within the site.

The development of a new Liberty Park is to be located on the southern site, above the roof of the Vehicular Security Center, and would serve as a public gathering place for workers and the growing number of residents in the surrounding areas. The edges of this space would remain visually open to the surrounding streets. This Project component includes pathways, benches, landscaped areas, lighting, and other furnishings and hardscape elements across approximately 80,000 square feet. This area will enhance pedestrian access at this location, complementing other construction at or near the site, including Route 9A, the Vehicular Security Center, St. Nicholas Greek Orthodox Church, and the (south) pedestrian bridge to the World Financial Center.

A Request for Proposals was prepared and will be publicly advertised for the agreement for Expert Professional Architectural and Engineering Services for the WTC Streets Project. It will be awarded to the proposer whose proposal is most advantageous to the Port Authority. The award of the agreement is essential to begin preliminary engineering work for the Project.

Pursuant to formal arrangements with the FTA, current expenditures associated with the WTC Streets Project are potentially eligible for reimbursement from a future FTA grant for the Project, subject to availability of remaining FTA funds for Lower Manhattan transportation projects, or other funding sources.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that an increase of \$5 million in the authorization for the Preliminary Engineering (Stage II) design efforts for engineering, project administration and other requirements for completion of preliminary engineering through Stage II and the environmental review work associated with the construction of the streets and related infrastructure throughout the World Trade Center (WTC) site (WTC Streets Project), resulting in a total authorization of \$10 million for this Project, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award the agreement entitled, “Performance of Expert Professional Architectural and Engineering Services for the World Trade Center Streets, Utilities and Related Infrastructure Design,” with funding to be limited to performance of preliminary engineering services, in the estimated amount of \$6 million, subject to approval by the Chairman of the WTC Redevelopment Subcommittee and the Executive Director, after consultation with the Subcommittee members; the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

DOWNTOWN RESTORATION PROGRAM – WTC RETAIL LLC - PLANNING AUTHORIZATION

It was recommended that WTC Retail LLC: (1) continue design development for a 500,000-square-foot retail project under and in accordance with its net lease of the retail components of the World Trade Center (WTC) site, as amended and restated as of November 16, 2006, and the Master Development Agreement for Towers 2/3/4 at the WTC site, entered into as of November 16, 2006 (the Retail Project), at a total estimated cost of \$27.5 million; and (2) enter into agreements for design development with: (a) Silverstein Properties Inc. (SPI) for the portion of the Retail Project associated with Towers 2, 3 and 4; (b) the Downtown Design Partnership (DDP) for the portion of the Retail Project associated with the WTC Transportation Hub; and (c) 1 World Trade Center LLC (1 WTC LLC) for the portion of the Retail Project associated with the Freedom Tower, at a total estimated cost of \$20 million, the cost of which is included in this planning authorization.

In 2003, the Port Authority acquired Westfield WTC LLC, which was subsequently renamed WTC Retail LLC (WTC Retail), the net lessee of the retail components of the WTC site, for the retail development of the WTC site. The Retail Project in its entirety consists of space in the subgrade portion of the Freedom Tower, the above and below-grade portions of Towers 2, 3, and 4, the WTC Transportation Hub, and Tower 5. The various stakeholders designing and building these areas are identified in the Master Development Agreement. SPI will design and build Towers 2, 3 and 4, DDP will design the WTC Transportation Hub, and 1 WTC LLC will design and build the area under the Freedom Tower. These stakeholders will perform the retail design development under this authorization in those areas for WTC Retail. Authorized expenditures for design development would be made from available insurance advances currently on deposit in WTC Retail insurance escrow accounts. Updates regarding details of the agreements authorized hereunder, including specific expenditures, would be provided to the WTC Redevelopment Subcommittee. It is anticipated that this phase of design development will be completed in 2008.

This planning authorization includes \$6 million for WTC site retail development services under the extension of an existing Port Authority agreement with Jones Lang LaSalle; authorization of an extension of that agreement is being sought separately at this meeting of the Board.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Mack, Pocino, Sartor, Silverman, and Steiner voting in favor; none against; Commissioner Genova recused:

RESOLVED, that the continuation by WTC Retail LLC (WTC Retail) of design development for a 500,000-square-foot retail project at the World Trade Center (WTC) site, under and in accordance with its net lease of the retail components of the WTC site, as amended and restated as of November 16, 2006, and the Master Development Agreement for Towers 2, 3 and 4 at the WTC site, entered into as of November 16, 2006 (the Retail Project), at a total estimated cost of \$27.5 million, be and it hereby is authorized; and it is further

RESOLVED, that WTC Retail be and it hereby is authorized to enter into agreements to effectuate the foregoing design development, at a total estimated cost of \$20 million, with: (1) Silverstein Properties Inc. for the portion of the Retail Project associated with Towers 2, 3 and 4; (2) the Downtown Design Partnership for the portion of the Retail Project associated with the WTC Transportation Hub; and (3) 1 World Trade Center LLC for the portion of the Retail Project associated with the Freedom Tower; and it is further

RESOLVED, that the form of all contracts and agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

DOWNTOWN RESTORATION PROGRAM – IMPLEMENTATION OF WORLD TRADE CENTER MEMORIAL AND CULTURAL PROJECT AND AUTHORIZATION OF RELATED AGREEMENTS FOR PROJECT CONSTRUCTION AND FUNDING

It was recommended that the Board authorize the Executive Director to: (1) enter into an agreement with the World Trade Center (WTC) Memorial Foundation (Foundation), pursuant to which the Port Authority would accept an assignment of the Foundation's contract with Bovis Lend Lease LMB, Inc. (Bovis) for Construction Manager/General Contractor (CM/GC) services; and (2) enter into such other agreements as may be necessary for the Port Authority to effectuate the construction of the WTC Memorial and Cultural Project (Project), including agreements with the Foundation, Lower Manhattan Development Corporation (LMDC), the City of New York (City) and the State of New York (State) regarding Project implementation roles and responsibilities, Project funding and reimbursement arrangements, property transfers and related matters. These actions would help effectuate the Port Authority's commitment, pursuant to an agreement with LMDC, the Foundation, the City and the State authorized by the Board at its meeting of July 6, 2006, to be responsible for the construction of the Project, in accordance with the Project's final design plans.

The Project currently include three components – the Memorial, the Memorial Museum and the Visitor Orientation and Education Center (VOEC) – that are currently being advanced for construction in the West Bath tub of the WTC site. An additional project, for the development of the Performing Arts Center, remains in the preliminary planning stage, and is not being advanced for construction at this time. These projects have been developed and designed by LMDC, within the context and setting of the overall WTC Site Master Plan. The Port Authority is also developing separate projects for common site infrastructure components, such as the WTC Chiller Plant, that will support the Project, as well as other site projects. Authorizations for the common site infrastructure projects are being sought separately.

Following a massive design competition for the WTC Memorial, in January 2004 LMDC announced the selection of a design concept entitled, "Reflecting Absence," by Michael Arad. In June 2004, LMDC adopted a WTC Memorial and Cultural Program General Project Plan, in cooperation with the Port Authority and the United States Department of Housing and Urban Development (HUD). LMDC also had undertaken an environmental review of the Project, culminating in a Record of Decision in June 2004. In late 2004, LMDC retained Davis Brody Bond, LLP to produce design drawings for the Memorial in accordance with the Arad concept. In addition, LMDC retained Snohetta Architects to develop the Cultural Building (now known as the VOEC). As part of the Port Authority's overall WTC site planning and project development activities, staff has provided input related to LMDC's environmental review and the design development of the Project, including coordination of key interfaces with the WTC Transportation Hub and other adjacent projects.

In January 2005, the Foundation was established to begin fundraising for the Project. In March 2006, following a competitive Request for Proposals process, the Foundation awarded a contract for CM/GC services for the Project to Bovis. In February 2006, the Port Authority, LMDC and the City entered into a Memorandum of Understanding establishing a framework for planned property transfers among LMDC, the Foundation and the Port Authority to effectuate construction of the Project. Additionally, in March 2006, the Port Authority, LMDC and the

Foundation executed a WTC Site Access Agreement that enabled Bovis to begin surveys and site preparation work, including protection of the “Tower Footprint” areas.

Following the completion of schematic designs and preliminary cost estimates for the Project in early 2006, the amount of the initial estimate of the Project costs led to an intensive effort, led by developer Frank Sciame (Sciame) and including the Port Authority, to bring the Project in line with a budget of \$500 million. Sciame conducted an independent assessment of the Project, completed in June 2006, which reconciled construction cost estimates, recommended various Project scope adjustments, and suggested that additional cost efficiencies could be achieved if the Port Authority implemented construction of the Project.

At its meeting of July 6, 2006, the Board authorized a Project Agreement among LMDC, the Foundation, the City and the State, which proposed a framework establishing the general areas of responsibility of several parties for the design, development, construction, financing and operation of the Project. Under the proposed framework, the Port Authority would be responsible for the construction of the Project, in accordance with the Project’s final design plans. The Foundation would be responsible for the development, finalization, presentation and integrity of the design for the Project. The Port Authority would not be responsible for any operations or maintenance of the Project.

The Project Agreement, executed in July 2006, provided that, in connection with the funding of all costs for the Project, including Project management, design, construction and other costs: the Foundation would be responsible, through its fundraising efforts, for providing \$260 million; LMDC would be responsible for providing \$250 million for the Memorial and Memorial Museum; the State would be responsible for providing up to \$80 million for the costs related to the VOEC; and the Port Authority would be responsible for providing \$150 million for WTC site (common and exclusive) infrastructure elements related to the Project. In addition, a Project contingency budget has been established, including \$45 million each to be provided by the Port Authority and LMDC, if necessary, and utilized following Value Engineering reviews.

Pursuant to the Project Agreement, the Port Authority has accepted a partial assignment from the Foundation of the Bovis contract for pre-construction services, as well as an assignment of the Foundation’s contract with E.E. Cruz & Company, Inc. (E.E. Cruz) for installation of footings and foundations, in order to implement that component of work.

The following conditions, set forth in the Board’s resolution of July 6, 2006 authorizing the Project Agreement as prerequisites for the authorization of the construction of the Project by the Port Authority, have been satisfied: (1) approval of the agreement and transactions contemplated and outlined in the April 26, 2006 Conceptual Framework by the Board at its meeting of September 21, 2006; (2) the confirmation of the scope of work, schedule of work and budgets for the Project to the reasonable satisfaction of the Port Authority; and (3) the establishment by the Foundation and LMDC of a plan of financing for the Memorial and Museum that is reasonably satisfactory to the Port Authority.

The Port Authority also has engaged in due diligence review of the Project’s plans, cost estimates and schedules, including a high-level Project risk assessment, in preparation for the transition of Project responsibilities. The Port Authority and the Foundation have reconciled to a Project budget of \$530 million, to be provided through the Foundation (representing an increase of \$20 million from the budget figure set forth in the Project Agreement, with it being

contemplated that the Foundation would be responsible for providing the increased amount through its fundraising efforts), and an infrastructure budget of \$150 million, to be provided by the Port Authority. The Port Authority also will separately review design plans for the Project, as part of its responsibilities for building code review. In addition, an interdepartmental staff evaluation team has been reviewing overall construction management options for the Project, as well as terms and conditions of the Bovis CM/GC contract. Staff recommended that the Bovis CM/GC contract be assigned to the Port Authority, as the most efficient and cost-effective option to expedite the construction work. Staff also recommended that the Port Authority manage the production of contract documents by Davis Brody Bond, to facilitate the Project schedule. Additional Project funds will be provided, as needed, to fully fund the Project budget, up to \$530 million.

At its meeting on July 27, 2006, the Board authorized procurement of project management support services and additional program management and construction management services to support the Project.

To effectuate the construction of the Project, the Port Authority would take an assignment of the two-phase CM/GC agreement with Bovis. The first phase consists of construction management services and early-action construction items, and the second phase consists of the construction of the remainder of the Project, at a negotiated Guaranteed Maximum Price. The assignment of the Bovis contract would be subject to completion of the Port Authority's due diligence review, including review of a Project financing plan. The Foundation expects to provide initial Project funding from HUD, pursuant to its expected sub-recipient agreement with LMDC. It is also anticipated that the initial contract assignments of the Bovis and E.E. Cruz contracts related to footings and foundations will be incorporated into the overall contract assignments the Port Authority would execute with the Foundation.

It is expected that the Project will be completed in phases, with the initial portion of the Memorial scheduled to open on September 11, 2009.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Gargano, Genova, Mack, Pocino, Silverman and Steiner voting in favor; none against; Commissioners Ferer and Sartor recused:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with the World Trade Center (WTC) Memorial Foundation (Foundation), to accept an assignment of the Foundation's contract with Bovis Lend Lease LMB, Inc. for Construction Manager/General Contractor services in connection with the WTC Memorial and Cultural Project (Project); and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into any other agreements that may be necessary to effectuate construction of the Project, including agreements with the Foundation, Lower Manhattan Development Corporation, the City of New York and the State of New York, regarding Project implementation roles and responsibilities, Project funding and reimbursement arrangements, property transfers and related matters, and an agreement regarding the Port Authority's management of contract documents to be produced by Davis Brody Bond LLP; and it is further

RESOLVED, that the form of all agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER SITE REDEVELOPMENT – EXERCISE OF OPTION YEARS FOR JONES LANG LASALLE ADVISORY SERVICES

It was recommended that the Board authorize the Executive Director to exercise the two-year extension option with Jones Lang LaSalle (JLL) under the Port Authority's existing agreement with JLL for advisory services in connection with the World Trade Center (WTC) site redevelopment, operations and maintenance, retail project development services, infrastructure and site-wide operations and maintenance and Tower 5 development advice, in an estimated amount of \$16 million.

In December 2003, the Executive Director authorized a contract with JLL for the provision of real estate advisory services in connection with the WTC site redevelopment. The term of the contract was from 2003 to 2006, and its value was \$7.5 million for the first three years of the term (ending December 31, 2006), with the Port Authority to have an option to extend the contract for an additional two years for \$5.1 million. In October 2005, the Board authorized an increase of \$500,000 in this contract, as part of its authorization of \$1.95 million in planning and preliminary design work for Phase One of the WTC retail development, bringing the total amount authorized for the initial term of the JLL contract to \$8 million. The Board further increased the authorization for the JLL contract in May 2006 by \$3.5 million and reallocated \$1.4 million of the amount authorized in October 2005 for the WTC retail development, for work associated with the WTC site Conceptual Framework.

The renewal of the JLL contract would permit a seamless flow of WTC real estate work for operations, finance, retail and Freedom Tower development. The proposed renewal agreement recognizes that the Port Authority's needs have changed, because it has recently taken on the implementation of the Conceptual Framework and development of the Freedom Tower. Consulting fees up to \$16 million, including compensation to subconsultants, are estimated for continuing real estate advisory services during the two-year renewal period.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against; Commissioner Genova recused:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to exercise the two-year extension option with Jones Lang LaSalle under their existing agreement for advisory services in connection with the World Trade Center site redevelopment, in an estimated amount of \$16 million for consulting services; and it is further

RESOLVED, that the form of the extension agreement shall be subject to the approval of General Counsel or his authorized representative.

**DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER
TENANT PARKING – PLANNING AUTHORIZATION**

It was recommended that the Board authorize: (1) planning and preliminary engineering (through Stage II) for the development of tenant parking at the World Trade Center (WTC) site, at an estimated total cost of \$5.75 million; and (2) the Executive Director to: (a) enter into an agreement with Silverstein Properties, Inc. (SPI) to provide parking design services for areas located under the proposed Towers 3 and 4 for the Port Authority, in the estimated amount of \$3 million; (b) increase by an estimated amount of \$2.5 million, the authorization under an existing contract with the Downtown Design Partnership (DDP) to provide parking design services for areas located under the WTC Transportation Hub and the Freedom Tower, on behalf of 1 World Trade Center LLC (1 WTC LLC), and in the West Bathtub; and (c) enter into any other agreements that may be necessary to effectuate the planning of the parking project.

The current WTC Site Master Plan provides for approximately 630 car parking spaces in four areas located in the East Bathtub, West Bathtub and under the Freedom Tower. During 2006, the tenant parking program for the WTC site was significantly advanced and configured pursuant to the Conceptual Framework agreements with SPI, and in conjunction with other work on all parts of the WTC site.

As part of the November 2006 Master Development Agreement (MDA) with the Silverstein net lessees, the Port Authority is obligated to pay for the construction and design of 300 parking spaces that will be used by SPI and SPI is obligated to pay a lump-sum amount of \$140 million for infrastructure that includes tenant parking provided by the Port Authority. As part of its responsibilities for constructing the Freedom Tower, 1 WTC LLC is responsible for providing Freedom Tower tenant parking. Parking fees from Freedom Tower tenants will be used to offset the design, construction and operating costs of the Freedom Tower parking. Tenants in the Freedom Tower and Towers 2, 3 and 4 will use the Freedom Tower parking. The timing for the development of the Freedom Tower, East Bathtub and West Bathtub requires that the parking be designed concurrent with the subgrade portions of these areas. The design work is expected to be completed in 2007. The tenants of all the office towers need the parking program, and without it the marketability of the towers will be severely impacted.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that planning and preliminary engineering (through Stage II) for the development of tenant parking at the World Trade Center (WTC) site, at an estimated total cost of \$5.75 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) enter into an agreement with Silverstein Properties, Inc. (SPI) for it to provide parking design services for areas located under the proposed Towers 3 and 4 for the

Port Authority, in the estimated amount of \$3 million; (2) increase by an estimated amount of \$2.5 million the authorization under an existing contract with the Downtown Design Partnership, to provide parking design services for areas located under the WTC Transportation Hub and the Freedom Tower, on behalf of 1 World Trade Center LLC, and in the West Bathtub; and (3) enter into any other agreements may be necessary to effectuate the planning of the parking project, subject to advising the Commissioners of individual contracts or agreements to be acted on pursuant to this authorization prior to taking or authorizing such action; and it is further

RESOLVED, that the form of all contracts and agreements in connection with the WTC tenant parking program shall be subject to the approval of General Counsel or his authorized representative.

DOWNTOWN RESTORATION PROGRAM – FREEDOM TOWER – LEASE AGREEMENT BETWEEN 1 WORLD TRADE CENTER LLC AND NEW YORK STATE OFFICE OF GENERAL SERVICES

It was recommended that 1 World Trade Center LLC (1 WTC LLC) enter into a lease agreement (Agreement) with the New York State Office of General Services (OGS) covering the leasing of approximately 412,043 square feet of office space on 11 contiguous mid-level floors in the Freedom Tower for a 15-year initial term, commencing on a rent commencement date following a free-rent period determined by whether 1 WTC LLC delivers completed space under a “turnkey” option or raw space with substantially completed base building work.

Subject to the approval of 1 WTC LLC, OGS would have the right to lease up to an additional 600,000 rentable square feet under the same terms and conditions if it elects to exercise such right by June 30, 2008. 1 WTC LLC would have the right to revoke OGS’ right to lease the additional 600,000 rentable square feet of space upon 30 days’ prior written notice. OGS also would have the right either to increase or decrease its space by a minimum of approximately one-half floor and a maximum of one full-floor within two years of lease execution, the space to be added or dropped to be determined by 1 WTC LLC in its sole discretion, and the further right to surrender a portion of the initial premises in full floor increments on the fifth and tenth anniversaries of the rent commencement date. The Agreement would provide a construction allowance for hard and soft construction costs, to be amortized in the base rent, and a finishing allowance to be repaid by OGS as additional rental over the initial term.

The Agreement would provide for OGS payment of increases in payments-in-lieu-of-taxes over a base amount and building operating expense and site-wide escalations over separate base-year amounts. 1 WTC LLC would have the right to terminate the letting of all or portions (in full-floor increments) of the space on the tenth anniversary of the rent commencement date, upon 36 months’ prior notice. OGS would have the one-time right to terminate the lease if installation of the building’s structural steel is not completed within four months of a designated date, and both parties would have the right to terminate the Agreement, without penalty, in the event either that the Board does not authorize the development of the Freedom Tower prior to June 1, 2008 or 1 WTC LLC does not award the Freedom Tower’s structural steel contract by September 30, 2008. The Agreement is subject to approval by the New York State Comptroller and approval as to form by the New York State Attorney General, and therefore execution of a final lease agreement may not occur for several months.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to enter into a lease agreement with the New York State Office of General Services for the letting of approximately 412,043 rentable square feet of contiguous mid-level office space in the Freedom Tower, substantially in accordance with the terms and conditions outlined to the Board; and it is further

RESOLVED, that the form of the foregoing agreement shall be subject to the approval of General Counsel or his authorized representative.

**LINCOLN TUNNEL – NORTH BERGEN PARK-AND-RIDE LOT – NJ TRANSIT
BUS OPERATIONS, INC. – AGREEMENT LT-NB – EXTENSION
AGREEMENT**

It was recommended that the Board authorize the Executive Director to enter into an agreement with NJ Transit Bus Operations, Inc. (NJ Transit), providing for NJ Transit's continuing operation of the North Bergen Park-and-Ride Lot through December 31, 2009, at an increased fixed rent, together with annual rent increases based on increases in the Consumer Price Index. The new terms would be effective over the period extending from July 1, 2006 through December 31, 2009. NJ Transit would bear all costs of operating and maintaining the lot during the effective period of the increased rental rates. The agreement would permit NJ Transit to change parking rates and modify lot operation without Port Authority approval.

Both parties would have the right to terminate the letting on 30 days' prior notice without cause or penalty. The park-and-ride lot is located approximately three miles west of the Lincoln Tunnel toll plaza, at the junction of New Jersey Routes 495 and 3.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against; Commissioner Genova recused:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with NJ Transit Bus Operations, Inc. (NJ Transit), providing for NJ Transit's continuing operation of the North Bergen Park-and-Ride Lot through December 31, 2009, and increasing the rental payable effective as of July 1, 2006, substantially in accordance with the terms and conditions outlined to the Board, or on such other terms and conditions as the Executive Director deems appropriate, subject to the conditions set forth in the following delegation; and it is further

RESOLVED, that the Committee on Operations be and it hereby is authorized to approve the final terms and conditions of the foregoing agreement in the event that the rental payment terms and/or the term of the letting are not substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the form of the foregoing agreement shall be subject to the approval of General Counsel or his authorized representative.

PORT AUTHORITY BUS TERMINAL AND GEORGE WASHINGTON BRIDGE BUS STATION - INFLATIONARY ADJUSTMENT OF BUS CARRIER FEES FOR COMMUTER BUS SERVICES

It was recommended that the Board authorize the Executive Director to revise bus carrier fees for commuter bus operations at the Port Authority Bus Terminal (PABT) and the George Washington Bridge Bus Station (GWBBS), and to enter into agreements with the commuter bus carriers using these facilities to effectuate those changes.

The proposed change in commuter bus carrier fees is designed to increase the activity fees and gate rates at the PABT and GWBBS by an inflationary adjustment from a 2001 base. The new rates are proposed to become effective for New Jersey Transit Corporation (NJ Transit) retroactively from July 1, 2006, with all the new fees for all other commuter carriers to become effective on January 1, 2007.

The proposed charges for bus departures for commuter services at the PABT and GWBBS would increase from the current \$1.74/departure to \$2.10/departure in the first year, with an incremental \$0.10/departure increase in each of the subsequent two years, and increases in accordance with the Consumer Price Index (CPI) thereafter. The proposed charges for commuter gates would increase from the current \$2,323/year to \$3,292 in the first year and \$4,646 in year two, with annual increases in accordance with the CPI thereafter.

The proposed charges for island platform positions would increase from the current \$871/year to \$1,234/year in the first year and \$1,742/year in year two, with annual increases in accordance with the CPI thereafter.

These proposed price adjustments have been negotiated with NJ Transit, which represents more than half the bus and passenger activity at the PABT and GWBBS. NJ Transit has agreed to work cooperatively with commuter carriers in New Jersey to implement the new fees. NJ Transit has also agreed to abide by the current fee structure for its long-distance departures and gates, which is consistent with the rates paid by the long-haul bus operators serving the PABT and GWBBS.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against; Commissioner Genova recused:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to revise bus carrier fees for commuter bus operations at the Port Authority Bus Terminal and the George Washington Bridge Bus Station, and to enter into agreements with the commuter bus carriers using these facilities to effectuate those changes; and it is further

RESOLVED, that the form of such agreements and related documents shall be subject to the approval of General Counsel or his authorized representative.

AUTHORIZATION TO PROVIDE FUNDING TO CITY OF JERSEY CITY, NEW JERSEY FOR PUBLIC SAFETY COMMUNICATIONS CENTER AND PUBLIC PARKING FACILITY

It was recommended that the Board authorize the Executive Director to enter into an agreement with the City of Jersey City, New Jersey (the City), pursuant to which the Port Authority would provide the City with an amount not to exceed \$4 million toward the cost of projects being undertaken by the City to construct, respectively, a Combined Public Safety Communications Center (Communications Center) and a public parking garage. One million dollars would be provided annually, beginning in 2007 and ending in 2010. The Communications Center and the public parking facility will be located in the vicinity of, and will benefit, several Port Authority facilities, including the Holland Tunnel and several stations of the Port Authority Trans-Hudson (PATH) rail system.

The City has acquired land and completed design for a Communications Center to be located on Bishop Street in downtown Jersey City. The purpose of the facility is to improve the coordination of emergency response by combining “9-1-1” communications operations for all of the City’s public safety and emergency response entities, including the Police and Fire Departments and Emergency Medical Services, in a highly secure, stand-alone facility. This modern Communications Center will facilitate communications and response among the City’s emergency service entities and the Port Authority Police Department and Emergency Management staff that support the Holland Tunnel and several PATH facilities, including the Journal Square Transportation Center, Exchange Place Station, Pavonia-Newport Station, and Grove Street Station. The funding agreement with the City would provide that the Communications Center would be available for use by the Port Authority Police Department and/or Emergency Management staff when practicable.

The total cost of the Communications Center project is approximately \$21 million. The City is spending approximately \$11 million, and a federal Department of Homeland Security grant is providing \$9 million towards this project. It is anticipated that construction will begin in early 2007, with an 18-month completion schedule.

The City also is constructing a public parking garage to be located at Jersey Avenue and Grand Street. This parking garage will make productive use of a recaptured “brownfield” site, and will be ideally situated near a critical automobile corridor and public transportation lines serving Jersey City, Hoboken and New York City. It will be located in the vicinity of the New Jersey Turnpike, approximately one mile south of the Holland Tunnel. The adjacent Jersey Avenue Station of New Jersey Transit Corporation’s Hudson-Bergen Light Rail system provides direct service to the Jersey City waterfront, as well as connections to PATH and trans-Hudson ferry service.

The five-story parking deck will contain 1,500 parking spaces and cost approximately \$20 million. By providing funding toward the cost of the parking deck, the Port Authority would promote the use of public transit facilities, including PATH, that reduce traffic congestion on major highway corridors and local Jersey City streets, thereby easing traffic on roadways in the vicinity of the Port Authority’s trans-Hudson vehicular tunnels.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with the City of Jersey City, New Jersey (the City) pursuant to which the Port Authority will provide the City with an amount not to exceed \$4 million toward the cost of the City's projects to construct a Combined Public Safety Communications Center and a public parking garage; and it is further

RESOLVED, that the form of the foregoing agreement shall be subject to the approval of General Counsel or his authorized representative.

LAGUARDIA AIRPORT – REPLACEMENT OF HIGH-PRESSURE WATER STORAGE AND PUMP STATION (CONTRACT LGA-124.063) – CONTRACT TERMINATION AND SETTLEMENT OF CLAIMS

It was recommended that the Board authorize the Executive Director to: (1) terminate the existing construction contract with Twin Towers Enterprises, Inc. (the Contractor) and accept a settlement with the Contractor's Performance Bond Surety (the Surety) in the amount of \$1,762,225, payable to the Port Authority, to include a release of all claims by the Port Authority, the Surety and the Contractor; and (2) enter into an agreement or agreements to effectuate the settlement.

Contract LGA-124.063 was awarded to the low bidder, the Contractor, on July 9, 2003, at a total estimated contract cost of \$9,858,326, including extra work, net cost and performance bond. The Contractor started work in September 2003. During the course of performing the work, the Contractor claimed hardship due to loss of production associated with extensive soil contamination found during excavation, along with the escalated cost of steel materials. In June 2004, the Contractor stopped work because the contaminated soil condition prevented job progress. The Contractor was unsuccessful in preventing water carrying contaminants from entering the excavated work areas. Net cost funds were expended to treat the contaminated water prior to discharge into the airport storm drainage system. Despite these efforts, no further progress was made by the Contractor with regard to the installation of underground utilities under the contract.

After depleting a significant portion of the net cost funds authorized for this contract, the Port Authority gave notice of impending breach of contract to the Contractor in May 2005, due to the Contractor's inability to perform the remaining work of the contract. The Contractor's Surety, Greenwich Insurance Company, XL Reinsurance America, Inc., and St. Paul Guarantee Insurance Company, offered a lump-sum cash payment in return for a settlement of all claims. The proposed settlement also would include a partial relinquishment of retainage, in the amount of \$208,325, due the Contractor and a release of all subcontractor claims.

Staff recommended that acceptance of the Surety's proposal to make a cash settlement and to release Contractor and subcontractor claims and part of the retainage due the Contractor would be in the best interest of the Port Authority. The Port Authority would gain a settlement payment of \$1,762,225 and would be able to re-bid the project in a shorter duration than it would take to proceed with a claim for breach and potential litigation.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to terminate existing construction Contract LGA-124.063 with Twin Towers Enterprises, Inc. (the Contractor) and accept a settlement offer from the Contractor's Performance Bond Surety (the Surety) in the amount of \$1,762,225 payable to the Port Authority, with the settlement to include a

release of all claims by the Port Authority, the Surety and the Contractor; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement or agreements to effectuate the foregoing settlement; and it is further

RESOLVED, that the form of the settlement agreement(s) shall be subject to the approval of General Counsel or his authorized representative.

REGIONAL ALLIANCE FOR SMALL CONTRACTORS, INC. – RENEWAL OF PARTICIPATION

It was recommended that the Board authorize the Executive Director to enter into an agreement with the Regional Alliance for Small Contractors, Inc. (Regional Alliance) for a one-year period, under which the Port Authority would: (1) obtain contractual services for an array of training services and programs to increase the ability of minority- and women-owned, small and disadvantage business enterprises (M/W/S/DBEs) to bid successfully, obtain financing and prepare for contracts in the Port Authority's Capital Plan, as well as those of our major tenants, at a cost not to exceed \$285,000, and M/W/DBE program oversight of aviation tenant construction projects, at a cost not to exceed \$335,000; and (2) provide a rental credit of \$20,000 to offset the cost of office space at the Port Authority Bus Terminal and approximately 500 square feet of office space at John F. Kennedy International (JFK) and Newark Liberty International (EWR) Airports for Regional Alliance staff performing aviation program oversight work.

The Regional Alliance is a not-for-profit corporation formed to carry out the cooperative effort initiated by the Port Authority, with participation by other public agencies and private firms, to increase the capacity of M/W/S/DBEs to bid on and perform public contracts. Through its array of training programs and other financial, management and marketing services, the Regional Alliance has been effective in increasing the growth and capacity of M/W/S/DBEs to compete for larger contracts in both the public and private sectors of New York and New Jersey.

Port Authority participation in the Regional Alliance initially was authorized by the Board in 1990 for the training and development of M/W/S/DBEs, and has been renewed continually thereafter. In April 2005, the Board authorized a supplemental agreement expanding the scope of services to include M/W/DBE program oversight for aviation tenant construction projects, based on a determination that an annualized cost savings could be gained by reducing and consolidating airport consultant staff performing this effort, utilizing one agreement with the Regional Alliance.

The Regional Alliance this year has assisted over 700 Port Authority-certified firms (an increase of 30 percent over the previous year) through classroom training, as well as providing one-on-one management and financial consultation services. This year alone, the Regional Alliance introduced several new programs and seminars focusing on growing M/W/S/DBEs in size, scale and capacity. The program highlights included: (1) a comprehensive four-week construction management course conducted in partnership with the Mechanics Institute, one of the premier construction training institutions in New York; (2) workshops on effective proposal writing, forming successful strategic alliances and bonding and insurance; and (3) training in Primavera Expedition, one of the leading project management software programs in the market, which is used by Port Authority staff.

The Regional Alliance is reimbursed for the services provided to the Port Authority on a "fee for service" basis. Extending the authorization for the services of the Regional Alliance is critical to ensuring the availability of a viable pool of M/W/S/DBE firms for Port Authority projects, given the significant level of construction anticipated over the next several years in connection with the redevelopment of the World Trade Center site and at

our airports, including the Terminal B Modernization Program at EWR and the redevelopment of Terminal 5 at JFK.

In 2005, the Port Authority and its aviation tenants awarded \$209 million in contracts to M/W/S/DBEs. In the last five years, the Port Authority's cumulative M/W/S/DBE awards of \$1.1 billion have created about 18,500 jobs, generating \$790 million in wages and more than \$2.4 billion in regional economic activity.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with the Regional Alliance for Small Contractors, Inc. (Regional Alliance) for a one-year period, under which the Port Authority would: (1) obtain contractual services for the training and development of Minority- and Women-Owned and Controlled, Small and Disadvantaged Business Enterprises (M/W/S/DBEs), at a cost not to exceed \$285,000, and M/W/DBE program oversight for aviation tenant construction projects, at a cost not to exceed \$335,000; and (2) provide a rental credit of \$20,000 to offset the cost of office space at the Port Authority Bus Terminal and approximately 500 square feet of office space at John F. Kennedy International and Newark Liberty International Airports for Regional Alliance staff performing aviation program oversight work; and it is further

RESOLVED, that the form of the foregoing agreement shall be subject to the approval of General Counsel or his authorized representative.

AUTHORIZATION TO PROVIDE FUNDING TO THE INTREPID MUSEUM FOUNDATION, INC.

It was recommended that the Board authorize the Executive Director to enter into an agreement with the Intrepid Museum Foundation, Inc. (Foundation), pursuant to which the Port Authority would provide the Foundation with \$5 million toward the reconstruction of Pier 86 in Manhattan, where the historic aircraft carrier, the U.S.S. Intrepid (Intrepid), has been berthed for many years after being decommissioned, as well as toward the cost of repairing the Intrepid's hull. The funds to be provided to the Foundation would be reallocated from the \$10 million previously authorized by the Board at its meeting of October 19, 2006 for the development of the new Urban Estuary Center in Lower Manhattan, to be constructed on Pier 26, and the purpose for the remaining \$5 million of funding for the Urban Estuary Center clarified to provide that it would be allocated by the Hudson River Park Trust and/or another appropriate entity for the study of Hudson River estuary preservation strategies by a consortium of educational institutions led by the State of New York and the Beacon Institute for Rivers and Estuaries (Beacon Institute) pursuant to the "Strategic Plan and Conceptual Design 2006" prepared by Gensler on behalf of the Beacon Institute.

The Intrepid Sea-Air-Space Museum (Museum) was established in 1982 with the goal of saving the Intrepid, which had been destined for the scrap yard, and converting it into a unique museum. The Intrepid was designated as a National Historic Landmark in 1986, and the Museum has become the world's largest naval museum, serving more than 750,000 visitors each year. For the past 24 years, the Intrepid had been berthed at Pier 86, which has deteriorated to the point of being unsafe and must be repaired. In addition, the hull of the Intrepid requires repair. A study was conducted to determine the best manner to repair both Pier 86 and the Intrepid's hull. As a result of the study, the Intrepid, has been relocated temporarily to the site of the Bayonne Dry Dock & Repair Corporation in Bayonne, New Jersey, where the hull will be repaired and, during such relocation, Pier 86 will be repaired.

The reconstruction of Pier 86 and the restoration of the Intrepid will be a multi-faceted project incorporating several phases scheduled to be completed in 2008, at an estimated cost of \$55 million. The project to repair Pier 86 will enable the New York State Department of Transportation to realign the path of New York State Route 9A, which will improve the flow of vehicular traffic along the West Side of Manhattan and enhance access to and from the Port Authority's tunnels and bridges serving Manhattan, particularly the Lincoln Tunnel.

Upon its return to New York, the Port Authority would continue to have access to the Intrepid as an emergency operations center, which Port Authority staff used for several weeks in response to the terrorist attacks of September 11, 2001.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the resolution adopted by the Board at its meeting of October 19, 2006 authorizing the Executive Director to enter into one or more agreements with the Hudson River Park Trust and/or another appropriate entity, pursuant to which the Port Authority was to provide up to \$10 million toward the development of the new Urban Estuary Center to be constructed on Pier 26 within the

boundaries of the Hudson River Park in Lower Manhattan, be and it hereby is amended (1) to reallocate \$5 million of the funds authorized for that purpose toward the reconstruction of Pier 86 in Manhattan, the berthing site of the U.S.S. Intrepid (Intrepid), and toward the cost of repairing the Intrepid's hull, and (2) to provide that the remaining \$5 million of such funding for the Urban Estuary Center be allocated by the Hudson River Park Trust and/or another appropriate entity for the study of Hudson River estuary preservation strategies by a consortium of educational institutions led by the State of New York and the Beacon Institute for Rivers and Estuaries (Beacon Institute) pursuant to the Strategic Plan and Conceptual Design 2006 prepared by Gensler on behalf of the Beacon Institute; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with the Intrepid Museum Foundation, Inc. (Foundation), pursuant to which the Port Authority will provide the Foundation with \$5 million toward the reconstruction of Pier 86 and the repair of the Intrepid's hull; and it is further

RESOLVED, that the form of all agreements necessary to effectuate the foregoing shall be subject to the approval of General Counsel or his authorized representative.

**GEORGE WASHINGTON BRIDGE BUS STATION REDEVELOPMENT -
EXCLUSIVITY AGREEMENT WITH GEORGE WASHINGTON BRIDGE BUS
STATION DEVELOPMENT VENTURE LLC**

It was recommended that the Board authorize the Executive Director to enter into an agreement (Exclusivity Agreement) with the George Washington Bridge Bus Station Development Venture LLC (Development Venture) providing for further negotiations to reach mutually acceptable terms for a net lease arrangement of 49 years, with possible renewal options totaling an additional 49.5 years, for the redevelopment of the George Washington Bridge Bus Station (GWBBS), whereby the Port Authority would retain a property interest in certain portions of the GWBBS for bus station operations.

Under the Exclusivity Agreement, the Port Authority would grant Development Venture a period of 120 days to allow Development Venture to complete its due diligence and to allow the Port Authority to negotiate a number of financial and business terms to improve the current return to the Port Authority. The final terms of the lease would be presented to the Board for review and approval at the conclusion of the 120-day exclusive period.

Development Venture is a joint venture of Acadia-P/A GWB LLC (Acadia-P/A) and Crown GWB LLC. An affiliate of Acadia-P/A, P/A Associates LLC (P/A Associates), specializes in the acquisition and development of complex multi-use projects in New York City. P/A Associates is not affiliated with the Port Authority. In 2004, P/A Associates formed a joint venture with Acadia Realty Trust (ART), with which they currently have 10 projects underway in Brooklyn, Queens, the Bronx, Manhattan and Westchester County. ART, headquartered in White Plains, New York, is a fully integrated, self-managed Real Estate Investment Trust, which specializes in the acquisition, redevelopment and operation of retail properties in urban areas. ART operates 62 properties totaling approximately 9 million square feet, with assets in excess of \$442 million.

The proposed business arrangement would support the Port Authority's revenue enhancement objective, by pursuing a unique opportunity to maximize retail revenues at the GWBBS while substantially decreasing the Port Authority's operating and capital investments in this facility. The redevelopment of this facility would provide our commuters with a higher level of service and improved facilities, and would create direct and indirect economic development benefits for the surrounding community.

In 2004, the Port Authority established a Revenue Development Project to identify and implement opportunities to maximize retail revenues at Port Authority facilities. Economics Research Associates (ERA) was retained through a Request for Proposals process to develop the strategic plan for the enhancement of revenues. ERA's study was completed in late 2005 and identified four major priority initiatives, one of which was the redevelopment of the GWBBS. The study indicated that redevelopment of the GWBBS through a net lease arrangement would create in excess of 150,000 square feet of space, providing a unique opportunity for large-scale as well as neighborhood retail development, while incorporating transit-oriented passenger services and GWBBS operations. ERA and Port Authority staff worked together to address the wide range of complex issues that needed to be explored to advance this project, and to develop a concept plan that would optimize the potential for balancing the efficiency of bus operations with the proposed private development.

Entering into the Exclusivity Agreement with Development Venture at this time would allow the Development Venture to make the necessary investments to complete its due diligence over the 120-day exclusive period, to investigate its costs for effectuating the project, confirm the final terms of the lease with the Port Authority and draft the lease documents. This exclusive period would assist the Port Authority with expediting the redevelopment of the GWBBS, which is anticipated to reduce its annual net operating deficit and would prevent the Port Authority from incurring substantial capital costs to maintain an aging facility. In addition, the proposed development would improve the efficiency of the GWBBS bus operations, improve customer service and bring new retail to the underserved surrounding neighborhood.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Executive Director be and hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with George Washington Bridge Bus Station Development Venture LLC (Development Venture) for further negotiations regarding a net lease arrangement for the redevelopment of the George Washington Bridge Bus Station for a period of 120 days, to allow Development Venture to complete its due diligence and to allow the Port Authority to negotiate a number of financial and business terms to improve the current return to the Port Authority, with the final terms of the lease to be presented to the Board for approval at the conclusion of the 120-day exclusive period; and it is further

RESOLVED, that the form of the foregoing agreement shall be subject to the approval of General Counsel or his authorized representative.

NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM – RETIREMENT INCENTIVE PROGRAM

Legislation presently under consideration in the New York State Legislature would enable employers participating in the New York State and Local Employees' Retirement System (the Retirement System), including the Port Authority, to adopt and implement temporary retirement incentives intended to achieve cost savings for public employers and avoid layoffs of public employees in this time of fiscal need. At this time, however, it is not possible to predict whether any legislation ultimately will be adopted as law.

It is possible that an incentive may be authorized which would be similar to those authorized by the Legislature and implemented by the Port Authority each year from 1995 through 2000 and 2002. For those years, non-police employees meeting certain criteria, who were at least 50 years of age and with at least ten years of credited service or otherwise eligible to retire, were offered, subject to reductions for those under 55 and to certain tax law restrictions and reductions, an additional one month of Retirement System-credited service for each year of service, up to a maximum additional Retirement System credit of three years, if they voluntarily chose to retire within specified effective periods. Employees eligible for any other lump-sum retirement incentive payments (such as severance allowances) from the Port Authority were not eligible for this Retirement System incentive unless they waived their eligibility for such lump-sum payments. In the past, certain discretion was given by law to the chief executive officer of the employer (here, the Executive Director), relating to the service needs of the agency or assurances of public health and safety, or the health or safety of employees, or the revenues or overtime or contract costs. The intent of the legislation was to assist employers in reducing staff and costs.

Pending adoption of law and an analysis of its provisions, and in order to maximize cost savings by encouraging the earliest possible retirements, it was recommended that the Board authorize any formal steps necessary for the Port Authority to participate in the 2006-2007 retirement incentive and to implement such a program, contingent on a determination, following compilation of information by staff, that such a program would be in the best interests of the Port Authority and achieve appropriate staff reductions, reorganization or economies. To this end, the Committee on Operations would have the power, on behalf of the Port Authority, to take or to authorize all necessary actions, to provide for administrative procedures and planning in a timely fashion, to make such determinations and findings as may be required, to fix such time periods as may be authorized, and to advise the Retirement System of such resolution.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman and Steiner voting in favor; none against:

RESOLVED, that the Committee on Operations be and it hereby is authorized to review the Port Authority's participation in retirement incentive programs which may be authorized by the New York State Legislature and, to the extent the Committee determines it to be in the best interests of the Port Authority, to perform (or authorize others to perform), for and on behalf of the Port Authority, all acts and to make (or delegate or authorize others to make) any and all elections or determinations necessary or appropriate in connection with the implementation,

effectuation, administration, or any other aspect of the retirement incentive programs which may be authorized under such legislation, including, without limitation, determining eligible titles (and the number of positions therein) to be covered by such a program, the development of any compensation savings plan in connection therewith, and determining the positions, titles, or employees who may be denied eligibility, and, subject to approval as to form by General Counsel, to arrange for staff to file any necessary or appropriate documents, affidavits, certifications, and forms.

SETTLEMENT OF CLAIM – CIGNA PROPERTY AND CASUALTY INSURANCE COMPANY, ET AL. v. THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

It was recommended that the Board authorize General Counsel to finalize the settlement of claims for property damage, business interruption, and lost profits in the action entitled, “CIGNA Property and Casualty Insurance Company, Atlantic Mutual Insurance Company, Fireman’s Fund Insurance Company, Aetna Casualty & Surety Company, St. Paul Fire & Marine Insurance Company, Zim American Israeli Shipping Co., Inc. and Guy Carpenter & Co., Inc. v. The Port Authority of New York and New Jersey”, in the aggregate amount of \$3.2 million, inclusive of attorneys’ fees, costs, disbursements and any claims for interest on the damages sustained. In return, the plaintiffs would provide the Port Authority with a General Release and Partial Stipulation of Discontinuance with Prejudice. However, the proposed offer of settlement will expire on December 31, 2006, if plaintiffs do not receive the settlement proceeds by the close of business on that date. The settlement amounts are to be paid directly to the plaintiffs by the Port Authority’s excess insurer.

The matter being settled involves subrogated claims brought by insurers and two uninsured claims, all arising from, or on behalf of, tenants in The World Trade Center at the time of the February 26, 1993 terrorist bombing. The plaintiffs allege that, as a result of the Port Authority’s negligence, they suffered property damage, business interruption damages and loss of profits.

Pursuant to the foregoing report, the following resolution was adopted in executive session with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor and Steiner voting in favor; none against:

RESOLVED, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to finalize the settlement of the action entitled “CIGNA Property and Casualty Insurance Company, Atlantic Mutual Insurance Company, Fireman’s Fund Insurance Company, Aetna Casualty & Surety Company, St. Paul Fire & Marine Insurance Company, Zim American Israeli Shipping Co., Inc. and Guy Carpenter & Co., Inc. v. The Port Authority of New York and New Jersey” in the amount of \$3.2 million, inclusive of attorneys’ fees, costs and disbursements.

Whereupon, the meeting was adjourned.

Secretary