

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**MINUTES OF SPECIAL BOARD MEETING
Thursday, July 6, 2006**

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MINUTES of a Special Meeting of The Port Authority of New York and New Jersey held Thursday, July 6, 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

NEW YORK

Hon. Charles A. Gargano, Vice-Chairman
 Hon. Bruce A. Blakeman
 Hon. David S. Mack

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

Gwendolyn Archie, Senior Administrator, Office of the Secretary
 Kayla M. Bergeron, Chief, Public and Government Affairs
 A. Paul Blanco, Chief Financial Officer
 Ernesto L. Butcher, Chief Operating Officer
 Arthur J. Cifelli, Deputy Chief of Staff
 Steven J. Coleman, Public Information Officer, Public Affairs
 John C. Denise, Supervisor, Audio Visual/Photography, Public Affairs
 Michael P. DePallo, Director, PATH
 Francis A. DiMola, Director, Real Estate
 John J. Drobny, Director, Project Management
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
 James P. Fox, Deputy Executive Director
 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
 Timothy Lizura, Director, World Trade Center Redevelopment
 Francis J. Lombardi, Chief Engineer
 Stephen Marinko, Attorney, Law
 John P. McCarthy, Director, Public Affairs
 James E. McCoy, Manager, Board Management Support, Office of the Secretary
 Lynn A. Nerney, Senior Administrator, Office of the Secretary
 Steven A. Pasichow, Assistant Director, Office of Investigation, Office of Inspector General
 Steven P. Plate, Director, Priority Capital Programs
 Alan L. Reiss, Deputy Director, Aviation
 Edmond F. Schorno, Chief of Staff
 Stephen Sigmund, Senior Policy Advisor, Office of the Deputy Executive Director
 Timothy G. Stickelman, Chief of Public Securities, Law

The Secretary reported that the meeting was duly called in accordance with the By-Laws.

The public session was called to order by Chairman Coscia at 9:18 a.m. and ended at 9:23 a.m. The Board met in executive session prior to the public session.

WORLD TRADE CENTER MEMORIAL/CULTURAL PROJECT – AGREEMENT

It was recommended that the Board authorize the Executive Director to enter into an agreement (Agreement) with the Lower Manhattan Development Corporation (LMDC), the World Trade Center Memorial Foundation, Inc. (Foundation), the City of New York (City) and the State of New York (State) for the construction of the World Trade Center Memorial and Cultural Project (Project), which is scheduled to have an opening by September 11, 2009.

The Agreement would establish the general areas of responsibility of the several parties for the design, development, construction, financing and operation of the Project, which will include the Memorial/Museum, the Visitor Orientation and Education Center (VOEC), and the common and exclusive infrastructure related thereto (Infrastructure). Under the Agreement, 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 Memorial/Museum and the VOEC. A preliminary scope of work, schedule for the work and budget for each of the Memorial/Museum, VOEC and Infrastructure elements of the Project would be set forth in the Agreement, and would be subject to confirmation by the Port Authority.

In connection with the funding of the costs of the construction of the Project, the Foundation would be responsible through its fundraising efforts to provide \$260 million, and LMDC would be responsible for providing \$250 million for the Memorial/Museum; the State would be responsible for providing \$80 million for the VOEC, and the Port Authority would be responsible for providing up to \$150 million for the Infrastructure. Additionally, in the event that, as a result of unforeseen events or unavoidable costs related solely to the construction of the Memorial/Museum and/or VOEC, the costs of the Memorial/Museum and/or VOEC exceed the budgets therefor as approved by the Port Authority, if, after a value engineering exercise, additional construction funding is required, the Port Authority would provide up to an additional \$25 million, and to the extent that such amount is not sufficient to complete the Memorial/Museum and/or VOEC, then up to an additional \$40 million would be provided, with funding in the amount of \$20 million to be provided by each of LMDC and the Port Authority on a *pro rata* basis, and to the extent that such amount is not sufficient to complete the Memorial/Museum and/or VOEC, then LMDC would provide up to an additional \$25 million to complete the Project. In the event that upon completion of the Memorial/Museum and VOEC, the full funding committed by the Port Authority and/or LMDC has not been expended, then the remaining amount of such committed funds would be applied to reimburse the Port Authority for any required construction funding for the Infrastructure in excess of the budget therefor approved by the Port Authority.

The Port Authority would not have any responsibility for the operation and maintenance of the Memorial/Museum or the VOEC, or any costs associated therewith. The Agreement would also recognize the Foundation's responsibility for the operations and programmatic elements of the Memorial/Museum and the VOEC, with the operating costs of the Memorial/Museum and the VOC to be provided by the Foundation.

The Agreement would also provide, subject to the identification by the LMDC, the Foundation and the Port Authority of a contractor for the construction of certain foundations for the Project and the identification of funding sources in the amount of \$20 million, for the Port

Authority to commence such foundation work. The Port Authority may provide such funding as part of its funding commitment for the Infrastructure component of the Project.

If the Port Authority and the Foundation cannot agree upon an issue that arises under the Agreement, such matter would be referred to the Executive Director of the Port Authority and the President of the Foundation for resolution. If the Executive Director (or his designee) and the President of the Foundation (or his designee) cannot agree on any such issue within two business days, then within one business day thereafter, the dispute would be referred to the Governors of the States of New York and New Jersey and the Mayor of the City of New York, who collectively would designate an independent mediator to engage in a fast-track dispute resolution process, and if as a result of such fast-track dispute resolution process such dispute is not resolved, then the mediator shall make recommendations to the Governors and the Mayor for the resolution of such dispute.

Subject to the satisfaction and completion of the following items, the Board would be requested to authorize the construction of the Project (as contemplated by the Agreement) by the Port Authority, at its September 2006 meeting: (1) approval of the agreement and transactions contemplated and outlined in the April 26, 2006 Conceptual Framework by the Board at its September 2006 meeting; (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/Museum that is reasonably satisfactory to the Port Authority.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Coscia, Gargano, Genova, Mack, Pocino and Sartor 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 Lower Manhattan Development Corporation, the World Trade Center Memorial Foundation, Inc., the City of New York and the State of New York for the construction of the World Trade Center Memorial and Cultural Project, substantially in accordance with the terms and conditions outlined to the Board; 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 a contract for the construction of certain foundations for the World Trade Center Memorial and Cultural Project to a contractor to be identified by the Lower Manhattan Development Corporation, the World Trade Center Memorial Foundation, Inc. and the Port Authority, in an amount not to exceed \$20 million, which may be provided by the Port Authority as part of its funding commitment for the infrastructure component of the World Trade Center Memorial and Cultural Project; and it is further

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

Whereupon, the meeting was adjourned.

Secretary