

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, November 16, 2006

Action on Minutes	277
Report of World Trade Center Redevelopment Subcommittee and the Committee on Finance	277
Report of Security Subcommittee	277
Report of Committee on Capital Programs/Port Planning	277
Report of Committee on Construction	277
Report of Committee on Operations	278
Staff Reports	278
Construction Management/General Contracting Services for the Security Capital Program – Award of Contract MF-100.507	279
Downtown Restoration Program – World Trade Center Site Redevelopment – Agreement with Lower Manhattan Development Corporation for Provision of Funding to Lower Manhattan Construction Command Center	281
Review of Stewart International Airport as an Opportunity to Expand Regional Airport Capacity	283
Port Newark – Waterfront Commission of New York Harbor – Lease No. L-PN-270 – New Lease	285
Settlement of Port Authority Claim against Polar Air Cargo, Inc.	286

MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, November 16, 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. Jack G. Sinagra
 Hon. David S. Steiner

NEW YORK

Hon. Bruce A. Blakeman
 Hon. Michael J. Chasanoff
 Hon. Christine A. Ferer
 Hon. David S. Mack
 Hon. Henry R. Silverman

Darrell B. Buchbinder, General Counsel
 Karen E. Eastman, Secretary

A. Paul Blanco, Chief Financial Officer
 John D. Brill, Director, Audit
 Ernesto L. Butcher, Chief Operating Officer
 Arthur J. Cifelli, Deputy Chief of Staff
 Jennifer Coady, Management Associate, Human Resources
 John D'Amore, Acting Chief Technology Officer
 William R. DeCota, Director, Aviation
 John C. Denise, Supervisor, Audio Visual/Photography, Public Affairs
 Pasquale DiFulco, Senior Public Information Officer, Public Affairs
 Francis A. DiMola, Director, Real Estate
 John Drobny, Director, Project Management
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
 Ziomara Y. Foster, Senior Administrator, Office of the Secretary
 Michael B. Francois, Chief, Real Estate/Regional and Economic Development
 Aaron Graham, Senior Business Consultant, Human Resources
 Howard G. Kadin, Senior Attorney, Law
 Kirby King, Deputy Director, PATH
 Louis J. LaCapra, Chief Administrative Officer
 Dennis Lombardi, Assistant Director, Port Commerce
 Francis J. Lombardi, Chief Engineer
 Robert F. Lurie, Chief of Strategic Planning
 Stephen Marinko, Attorney, Law
 James E. McCoy, Manager, Board Management Support, Office of the Secretary
 Lynn A. Nerney, Senior Administrator, Office of the Secretary
 Steven P. Plate, Director, Priority Capital Programs
 Samuel J. Plumeri, Jr., Superintendent of Police/Director of Public Safety
 Alan L. Reiss, Deputy Director, Aviation
 Edmond F. Schorno, Chief of Staff
 Stephen Sigmund, Chief, Public and Government Affairs
 Ralph Tragale, Client Manager, Government and Community Affairs
 Sheree Van Duyne, Manager, Policies and Protocols, Office of the Secretary
 Michael L. Valletta, Program Director, Project Management
 Peter J. Zipf, Deputy Chief Engineer/Director of Engineering

The public session was called to order by Chairman Coscia at 1:47 p.m. and ended at 2:02 p.m. The Board met in executive session prior to the public session. Vice-Chairman Gargano was present for the executive session.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of September 21, 2006 and October 19, 2006. She reported that copies of these Minutes were sent to all of the Commissioners and to the Governors of New York and New Jersey. She reported further that the time for action by the Governors of New York and New Jersey has expired.

Whereupon, the Board of Commissioners unanimously approved the Minutes.

Report of World Trade Center Redevelopment Subcommittee and the Committee on Finance

The World Trade Center Redevelopment Subcommittee and the Committee on Finance reported, for information, on matters discussed in executive session at their joint meeting on November 16, 2006, which included discussion of contract matters, matters which could affect the competitive economic position of the Port Authority, the Port District or businesses with which we deal, and matters related to, or which could impact upon, the issuance, sale, resale, or redemption of Port Authority bonds, notes or other obligations, in addition to matters filed with the Committee on Finance 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 Security Subcommittee

The Security Subcommittee reported, for information, on matters discussed in executive session at its meeting on November 16, 2006, which included discussion of public safety matters and matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Committee on Capital Programs/Port Planning

The Committee on Capital Programs/Port Planning reported, for information, on matters discussed in executive session at its meeting on November 16, 2006, which included discussion of matters which could affect the competitive economic position of the Port Authority, the Port District or businesses with which we deal, matters related to, or which could impact upon, the issuance, sale, resale, or redemption of Port Authority bonds, notes or other obligations, and matters related to the development of future Port Authority facilities or projects and the redevelopment of existing facilities or projects, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters discussed in public session at its meeting on November 16, 2006, which included discussion of a contract for the

implementation of an in-line baggage screening system in Terminal B at Newark Liberty International Airport, in addition to 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 matters discussed in public and executive session at its meeting on November 16, 2006, which included discussion of the adaptive reuse of Terminal 5 at John F. Kennedy International Airport and matters involving ongoing negotiations or reviews of contracts or proposals, and matters which could affect the competitive economic position of the Port Authority, the Port District or businesses with which the Port Authority deals.

Staff Reports

Presentations were made by staff on: the award of a contract for Construction Management/General Contracting services in connection with the Port Authority's Security Capital Program; an agreement for the provision of funding for the Lower Manhattan Construction Command Center; and a proposal to review Stewart International Airport as an opportunity to expand regional airport capacity.

SECURITY CAPITAL PROGRAM - AWARD OF CONTRACT MF-100.507 FOR CONSTRUCTION MANAGEMENT/GENERAL CONTRACTING SERVICES

It was recommended that the Board authorize the Executive Director to award Contract MF-100.507 for Construction Management/General Contracting (CM/GC) Services for the Security Capital Program to Tishman Technologies Corporation. This contract would provide support for the procurement, administration and performance of subcontractors for the execution of Security Capital Program contract packages.

In April 2005, the Executive Director authorized the award of Contract MF-100.506 for CM/GC services associated with the implementation and coordination of projects for the 2003-2007 Security Capital Program, in the amount of \$59.5 million, to Earth Tech Northeast, Inc. Staff anticipates that total authorized funding under that contract will be fully committed by December 2006, and, in order to continue the timely execution of security projects, a second CM/GC contract is needed. This second contract, MF-100.507, would cover CM/GC costs for contractor's labor, materials, equipment and subcontractors.

The CM/GC contract was publicly advertised as a Request for Qualification. Five firms were prequalified to submit bids for Contract MF-100.507. Four firms submitted bids on October 4, 2006, with Tishman Technologies Corporation being the low bidder.

Work anticipated to be performed under the proposed contract would include asset/perimeter strengthening, such as the installation of fencing, gates and barriers, and vehicular control, access control/alarm monitoring, closed-circuit television, radio communication systems, and integration of new systems with existing systems at Port Authority/Port Authority Trans-Hudson Corporation facilities.

Award of this contract would facilitate the implementation of subcontract packages for the Port Authority's Security Capital Program.

A portion of the subcontract packages issued under this contract will contain confidential/sensitive information, and would be protected as such.

Some elements of work related to aviation facilities may be recovered in part through federal grants from the Federal Aviation Administration under the Airport Improvement Program.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award Contract MF-100.507 for Construction Management/General Contracting Services for the Security Capital Program to Tishman Technologies Corporation to provide for the procurement, administration and performance of subcontractors for the execution of Security Capital Program subcontract packages, at an estimated total cost of \$77,935,000; and it is further

RESOLVED, that the form of the agreement 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 – AGREEMENT WITH LOWER MANHATTAN DEVELOPMENT CORPORATION FOR PROVISION OF FUNDING TO LOWER MANHATTAN CONSTRUCTION COMMAND CENTER

It was recommended that the Board authorize the Executive Director to enter into an agreement with the Lower Manhattan Development Corporation (LMDC) or its successor, pursuant to which the Port Authority would provide a total amount not to exceed \$21.7 million, inclusive of \$7.8 million to be directly authorized herein (\$2.8 million for the period of November 2006 through March 2007 - the remaining portion of LMDC/LMCCC's current fiscal year - and \$5 million for the period of April 2007 through March 2008), to support the programs and activities of the Lower Manhattan Construction Command Center (LMCCC), including work required for the Port Authority to successfully implement the World Trade Center (WTC) Transportation Hub and other federally funded projects through March 2011, in conjunction with various other Lower Manhattan project sponsors. The provision of Port Authority funds towards the operation of the LMCCC in future years would be subject to annual approval by the WTC Redevelopment Subcommittee.

The LMCCC, established by joint Executive Orders issued by New York Governor George E. Pataki and New York City Mayor Michael R. Bloomberg in November 2004, is charged with coordination and general oversight of all Lower Manhattan construction projects located south of Canal Street with a project cost of \$25 million or more. The Executive Orders direct all public agencies, departments and authorities to provide any such assistance as may be necessary for the LMCCC to fulfill its obligations.

The LMCCC's mission, as set forth in the Executive Orders, is to facilitate construction activities, mitigate their impacts on the community, and communicate with the public about the effects of the work taking place. In carrying out this mission, the LMCCC brings together private developers, public agencies, utilities, businesses, and residents to coordinate billions of dollars in construction work and mitigate the impact of that construction on multiple stakeholders.

Individual programs within the LMCCC focus on meeting key goals. Opportunity Downtown is one such program, helping to ensure participation by minority- and women-owned businesses and workers in the rebuilding efforts. Additional programs include: Fraud Prevention, which seeks to prevent construction-related fraud through the creation of a fraud prevention hotline and coordination with various agencies' Office of the Inspector General; Environmental Compliance, which coordinates contract requirements and protocols for environmental protection and works to ensure adherence to Environmental Performance Commitments; and City Operations, which serves as a single point of contact for all New York City agencies, addresses traffic and mobility issues, and facilitates the work for all construction-related activity in Lower Manhattan.

Through these extensive programs, the LMCCC ensures that projects move forward expeditiously and with the utmost integrity, while minimizing the impact of the rebuilding and revitalization on residents, businesses, workers, commuters and pedestrians.

The LMCCC is a subsidiary entity to the LMDC, and has received (through LMDC) funding from the Federal Transit Administration (FTA). Other project sponsor entities, including LMDC, the City of New York, the New York Metropolitan Transportation Authority, the New York State Department of Transportation, as well as the private sector, are also providing funding commitments to LMCCC. The participating (funding) entities also would annually review and concur with the LMCCC budget.

As part of this agreement, the Port Authority would be provided with a membership on the LMCCC Board.

The work of the LMCCC will facilitate the construction activities of the Port Authority in conjunction with other agencies.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Genova, Mack, Pocino, Sartor, Silverman, Sinagra 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 Lower Manhattan Development Corporation (LMDC) or its successor, pursuant to which the Port Authority will provide a total amount not to exceed \$21.7 million, inclusive of \$7.8 million directly authorized herein (\$2.8 million for the period of November 2006 through March 2007 - the remaining portion of LMDC current fiscal year - and \$5 million for the period of April 2007 through March 2008), to support the programs and activities of the Lower Manhattan Construction Command Center including work required for the Port Authority to successfully implement the World Trade Center (WTC) Transportation Hub and other federally funded projects through March 2011, in conjunction with various other Lower Manhattan project sponsors, subject to annual approval by the WTC Redevelopment Subcommittee of each future year's funding commitment; 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.

REVIEW OF STEWART INTERNATIONAL AIRPORT AS AN OPPORTUNITY TO EXPAND REGIONAL AIRPORT CAPACITY

It was recommended that the Board authorize the Executive Director to review Stewart International Airport (Stewart Airport) as an opportunity to expand regional airport capacity. It was further recommended that the Board authorize the retention of consulting services on an “as needed” basis related to the airport analysis and review of legal, financial, environmental and business issues.

Demand for service at regional airports has been robust and is expected to continue to grow strongly in the future. The Port Authority’s three major airports (John F. Kennedy International, Newark International and LaGuardia Airports) handled 99.792 million passengers in 2005 and are projected to handle 103 million this year. Staff projects that these airports, together with Teterboro Airport, will be expected to handle 125 million passengers annually by 2015 and 150 million by 2025. Even with proactive management and timely investments in facilities to meet these demand projections, the Port Authority’s regional airport system likely will experience continuing aircraft delays, a greater number of days approaching peak capacity, and deteriorating levels of service during peak customer periods.

Last year, the Port Authority announced that we were studying regional aviation capacity, and staff has been analyzing traffic at six other airports in the region to determine how well they can accommodate growth that is expected to occur on the fringes of the region. These include: Westchester County Airport, Atlantic City International Airport, Long Island MacArthur Airport, Lehigh Valley International Airport, and Trenton Mercer Airport, in addition to Stewart Airport. Of these airports, Stewart Airport has generated the highest level of interest. It is located in a high-growth area, with an emerging potential for commerce that would benefit from better airport capacity and service. Stewart Airport is well situated to provide increased capacity. Development and management of its 2,200 acres, and utilization of its two runways, may bring enormous benefits to regional trade, travel, tourism and economic development.

National Express Group (NEG) has an agreement with the State of New York Department of Transportation to lease and operate Stewart Airport for a term of 99 years, beginning on April 1, 2000. In September 2006, NEG announced that it intends to sell the lease under which it manages and operates the airport.

The proposed authorization would provide resources to review Stewart Airport as an opportunity to expand aviation capacity in the region.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Genova, Mack, Pocino, Sartor, Silverman, Sinagra 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 review Stewart International Airport as an opportunity to expand regional airport capacity, substantially in accordance with the report 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 take action with respect to contracts for professional, technical and advisory services as may be necessary or appropriate to conduct the foregoing review; and it is further

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

**PORT NEWARK – WATERFRONT COMMISSION OF NEW YORK HARBOR –
LEASE NO. L-PN-270 – NEW LEASE**

It was recommended that the Board authorize the Executive Director to: (1) enter into a lease agreement with the Waterfront Commission of New York Harbor (WC) for the letting of Building No. 189, an office trailer, and associated open area at Port Newark for a term of approximately fifteen years; and (2) accept the surrender of the WC's existing lease of Building No. 117 at Port Newark once the WC has completed improvements to Building No. 189 required under the proposed lease.

The term of the lease would commence on or about December 1, 2006 and expire on November 30, 2021. The basic rental would commence at the annual rate of \$61,200, which would escalate on December 1, 2007 and every year thereafter during the term of the lease. The WC would be obligated, at its sole cost and expense, to make capital improvements to Building No. 189 during the first lease year, in an amount estimated at \$1 million. During the period of its performance of the improvement work on Building No. 189, the WC would pay the Port Authority the basic rental under the proposed lease, but would not be required to pay the basic rental for Building No. 117 at Port Newark, which the WC occupies under Lease No. L-NS-398. It is contemplated that Lease No. L-NS-398 would be surrendered once the WC has completed the required improvements to Building No. 189. The Port Authority and the WC each would have the right to terminate the proposed lease at any time, without cause, upon 30 days' notice to the other. If the Port Authority exercises its right to terminate the lease without cause, it would reimburse the WC for the unamortized balance of its capital investment in Building No. 189, calculated on a straight-line basis, in an amount not to exceed \$1 million.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Genova, Mack, Pocino, Sartor, Silverman, Sinagra 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 a lease agreement with the Waterfront Commission of New York Harbor (WC) for the letting of Building No. 189, an office trailer, and associated open area at Port Newark for a term of approximately fifteen years; and (2) accept the surrender of the WC's existing lease of Building No. 117 at Port Newark once the WC has completed improvements to Building No. 189 required under the proposed lease, substantially in accordance with the terms and conditions outlined to the Board; and it is further

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

SETTLEMENT OF PORT AUTHORITY CLAIM AGAINST POLAR AIR CARGO, INC.

It was recommended that the Board authorize General Counsel, for and on behalf of the Port Authority, to provide a General Release to Polar Air Cargo, Inc. (Polar Air) in exchange for Polar Air's payment of \$1,750,097.70 to the Port Authority in settlement of its claim for property damage to a runway arrestor bed at John F. Kennedy International Airport (JFK) caused by an aircraft operated by Polar Air.

On January 22, 2005, a cargo aircraft owned and operated by Polar Air overran the landing area of Runway 4R at JFK and was stopped by the Engineered Material Arresting System (EMAS) located at the end of the runway. The EMAS is designed to absorb the impact of an aircraft that overshoots the runway landing area, and thereby bring it to a gradual and complete stop. The Port Authority incurred \$1,921,846.30 in costs associated with repairing the EMAS, which was approximately two years old at the time of the incident. The proposed settlement is fair and reasonable, and would avoid the need to litigate this matter.

Polar Air has agreed to pay \$1,750,097.70 in exchange for a General Release to be provided by the Port Authority.

Pursuant to the foregoing report, the following resolution was adopted in executive session with Commissioners Blakeman, Chasanoff, Coscia, Ferer, Gargano, Genova, Mack, Pocino, Sartor, Silverman, Sinagra 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 Port Authority's claim against Polar Air Cargo, Inc. (Polar Air) by accepting payment from Polar Air in the amount of \$1,750,097.70.

Whereupon, the meeting was adjourned.

Secretary